MEMORANDUM

To: Mrs. Victoria A. Casey, Principal
    Whetstone Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit

Subject: Report on Audit of Independent Activity Funds for the Period
         February 1, 2015, through January 31, 2018

Independent Activity Funds (IAFs) of Montgomery County Public Schools (MCPS) are
established to promote the general welfare, education, and morale of students as well as to finance
the recognized extracurricular activities of the student body. School principals are the fiduciary
agents for the IAFs and are charged with determining the manner in which funds are raised and
expended for activities such as field trips, admission events, and fund-raisers. They are responsible
for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and
procedures.

The IAF audits are conducted regularly to evaluate compliance with MCPS policies, regulations,
and procedures, and to review processes for continuous improvement. Generally accepted audit
procedures guide the work of the auditors who examine samples of the IAF records and financial
accounts selected from documentation of various activities to verify their accuracy as well as to
assess the effectiveness of financial control procedures. An IAF audit does not review every
transaction or school activity but seeks to provide reasonable assurance that there is compliance
with MCPS policies, regulations, and procedures and that any significant errors or omissions in
the financial records are detected.

At our March 22, 2018, meeting with you and Ms. Eva Brooks, school administrative secretary,
we reviewed the status of the conditions described in our prior audit report dated
March 6, 2015, and the status of present conditions. This audit report presents the findings and
recommendations resulting from our examination of the IAF records and financial accounts for
your school for the period designated above.

Findings and Recommendations

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly
to the school administrative secretary together with MCPS Form 280-34, Independent Activity
Fund (IAF) Remittance Slip (refer to MCPS Financial Manual, chapter 7, page 4). We noted that
field trip and yearbook sponsors were holding fees collected rather than remitting them to the
school administrative secretary on a daily basis. In addition, MCPS Forms 280-34 were frequently not signed by the sponsors. We recommend that staff submit cash and checks collected for the IAF activities together with a signed MCPS Form 280-34 to the school administrative secretary on the day funds are collected from the students for prompt deposit.

Summary of Recommendations

- Cash and checks collected by sponsors must be promptly remitted with a signed MCPS Form 280-34 to the school administrative secretary (repeat).

Other matters were discussed and satisfactorily resolved. We appreciate the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, Accounting for Financial Operations/Independent Activity Funds, using the attached form, please provide a written response to the Internal Audit Unit within 30 calendar days of this report. In your response, please share a detailed plan for addressing these issues, including appropriate staff training and support.

Prior to returning your completed audit action plan, please contact Mr. Michael D. Bayewitz, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Bayewitz will indicate whether he will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school financial agent to support you with developing a well-defined plan to address the findings.

RWP:SMY

Attachment

Copy to:
  Members of the Board of Education
  Dr. Smith
  Dr. Navarro
  Dr. Statham
  Dr. Zuckerman
  Mr. Civin
  Dr. Johnson
  Dr. Kimball
  Mrs. Camp
  Mrs. Chen
  Mr. Bayewitz
  Ms. Diamond
  Mr. Reilly
  Mr. Tallur
  Mr. Ikheo
FINANCIAL MANAGEMENT ACTION PLAN

<table>
<thead>
<tr>
<th>Report Date: FY15-FY18</th>
<th>Fiscal Year: FY15-FY18</th>
</tr>
</thead>
<tbody>
<tr>
<td>School: Whetstone ES - 558</td>
<td>Principal: Victoria A. Casey</td>
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<td>OSS</td>
<td>Director: Mr. Michael Bayewitz</td>
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<td>Associate Superintendent: Dr. LaVerne Kimball</td>
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**Strategic Improvement Focus:**
As noted in the financial audit for the period 2/1/15-1/31/18, strategic improvements are required in the following business processes:

To ensure practices are in place that are aligned with MCPS policies for financial control procedures.

<table>
<thead>
<tr>
<th>Action Steps</th>
<th>Person(s) Responsible</th>
<th>Resources Needed</th>
<th>Monitoring Tools / Data Points</th>
<th>Monitoring: Who &amp; When</th>
<th>Results/Evidence</th>
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<tbody>
<tr>
<td>Cash and checks collected by sponsors must be promptly remitted with a signed MCPS form 280-34 to the school administrative secretary</td>
<td>Sponsors</td>
<td>Form 280-34</td>
<td>Principal to follow up as needed</td>
<td>Administrative secretary ongoing</td>
<td>Review procedures with sponsors to remit funds the day it is received with a complete and signed remittance form</td>
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**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

☑ Approved  □ Please revise and resubmit plan by ____________

Comments:

Director: [Signature]  Date: 6/5/16