


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 6, 2025

**MEMORANDUM**

To: Dr. Shelton L. Mooney, Principal  
Bethesda-Chevy Chase High School

From: Mary J. Bergstresser, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period  
April 1, 2023, through November 30, 2024

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 charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fundraisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies and MCPS regulations and procedures.

The IAF audits are conducted regularly to evaluate compliance with 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 any significant errors or omissions in the financial records are detected.

At our January 22, 2025, meeting with you; Mrs. Kari V. Lantos, school business administrator; and Mrs. Wagaye K. Williams, school financial specialist, we reviewed the prior audit report dated May 23, 2023, and the status of the present conditions. It should be noted that Mrs. Lantos' appointment as school business administrator was effective September 9, 2024. 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**

MCPS Form 281-55, *Restricted Independent Activity Fund (IAF) Purchases Request for the Deputy Chief of Finance's Approval*, specifies what type of purchases require the deputy chief of finance's approval to commit IAF funds. During our review of disbursements, we found that prior written approval of the Office of Finance was not always on file for procurement of furniture of

\$1,500 or more, and for non-furniture procurements of \$7,500 or more. We recommend that MCPS Form 281-55 be completed when appropriate, to ensure compliance with MCPS procurement requirements.

Retail sales tax must be collected by the school and remitted to the State of Maryland on the sales of all taxable merchandise. Taxable merchandise includes yearbooks, school store, fundraiser items, athletic uniforms, and other items that become the personal property of the individual making the purchase (refer to the *MCPS Financial Manual*, chapter 18, page 2). We noted that sales tax was collected on yearbook sales but was not calculated and remitted correctly to the State of Maryland in Fiscal Years (FY) 2023 and 2024. We recommend that you track all taxable sales on a spreadsheet to assist in calculating the correct amount of sales tax that needs to be remitted to the State of Maryland Controller's office.

### **Notice of Findings and Recommendations**

- Purchases of furniture over \$1,500 or non-furniture over \$7,500, with certain exceptions, must have OOF approval.
- Tax collected on taxable sales must be remitted to the Comptroller of Maryland.

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 action plan, 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 Dr. Michael J. Zarchin, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Zarchin 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 financial agents to support you with developing a well-defined plan to address the findings.

MJB:HT:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Mrs. Williams

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mr. Klausing

Mrs. Ripoli

Dr. Zarchin

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** February 6, 2025

**Fiscal Year:** 2025

**School or Office Name:** Bethesda Chevy Chase High School

**Principal:** Dr. Shelton Mooney

**OSSI**

**Associate Superintendent:** Dr. Tamitha Campbell

**OSSI**

**Director:** Dr. Michael Zarchin

**Strategic Improvement Focus:**

As noted in the financial audit for the period 4/1/23 - 11/30/25, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
The appropriate MCPS form, based on the type of request being submitted, will be completed in advance of the purchase to obtain the appropriate approval.	Project managers SBA/SFS	None	The information will be communicated in the business office presentation during preservice week and during individual meetings as purchase requests arise.	SBA/SFS review of all forms prior to approving.	All purchase requests that require higher level approval will contain the appropriate forms prior to purchase.
Tax must be collected on taxable sales and remitted to the Comptroller of Maryland	SFS/SBA	Spreadsheet for record of taxable sales	SFS will track all taxable sales on the spreadsheet. SBA will monitor to confirm that taxable sales are recorded on the spreadsheet.	SFS and SBA will collaborate on accounts that require sales tax. Spreadsheet used to keep track of	All sales tax will be collected and remitted to the State of Maryland.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

**OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)**

☒ **Approved**

☐ Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:



Date: 3-31-25