


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 3, 2024

MEMORANDUM

To: Mr. Xavier Kimber, Principal
Brookhaven Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2021, through February 29, 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 May 16, 2024, meeting with you; Mrs. Alicia C. Beatley, school administrative secretary (secretary), and Mrs. Pamela K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated April 20, 2021, and the status of the present conditions. It should be noted that the assignment of your secretary was effective July 1, 2022. 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

School Financial Training (SFT) Part I, is required for principals within their first year of assignment. Refresher training is recommended every three years because policies, regulations, procedures, and technology applications are continuously updated (refer to the *MCPS Financial*

Manual, chapter 1, page 9). We noted that you have not taken the SFT Part I since 2014. We recommended that you immediately sign up to take SFT Part I.

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain the principal's approval to proceed with an intended purchase. After acquisition, the purchaser must submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the secretary. Upon disbursement, the documentation is to be stamped or marked "paid" to preclude duplicate payment (refer to the *MCPS Financial Manual*, chapter 20, page 6). In our sample of disbursements, we noted instances in which purchases were made prior to receiving the approval of the principal. By requiring prior approval, the principal retains control over the expenditure of IAF funds. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought.

Independent contractors or consultants working in schools must comply with all laws and MCPS requirements set forth in the *Procurement Manual*. MCPS Form 280-49A: *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)* is used to document authorization/approval for all consultant/independent contractor services paid with IAF. We found that MCPS Form 280-49A had not been completed for all payments to independent contractors during our audit period. We recommend that the project manager initiate MCPS Form 280-49A to document the authorization and approval to pay a consultant/independent contractor with IAF (refer to the *MCPS Financial Manual*, chapter 15, page 2).

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card User's Guide*. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements must be printed and provided to the principal with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found that cardholder's online reviews of purchase card transactions did not always include the IAF account number, staff or students, or detailed description of what was purchased. We also found that several transactions had not been reviewed by the cardholders or approved by the principal. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements. It was also noted that the principal has a purchasing card but is not submitting a monthly statement of landscape to their director as instructed on a few occasions. We recommend that the principal cancel their purchasing card.

Notice of Findings and Recommendations

- Principal must attend SFT Part I.
- Purchase requests must be approved by the principal prior to procurement.
- MCPS Form 280-49A must be completed for any independent contractors coming into the school to perform a service.

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.

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 Ms. Natasha Bolden, executive director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Ms. Bolden will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your secretary to support you with developing a well-defined plan to address the findings.

MJB:ABB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Felder

Mr. Hull

Dr. Johnson

Ms. Dempsey

Dr. Moran

Mrs. Williams

Mr. McGee

Mr. Reilly

Ms. Bolden

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Dr. Rubens

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 08/01/2024	Fiscal Year: 2023-2024
School or Office Name: Brookhaven ES	Principal: Xavier Kimber
OSSWB Associate Superintendent:	OSSWB Director: Dr. Rubens
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>03/1/21-02/29/24</u>, strategic improvements are required in the following business processes :</p>	


Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal will take SFT 1 training as recommended every 3 years to keep up to date with any changes and updates.	Xavier Kimber	none			Training completed on
Administrative Secretary will follow the MCPS guidelines of PCard. Maintaining the and reviewing transactions as well as input descriptions and send to Principal for approval. This unfortunately was not being done as the Admin. Secretary was unaware of how to do it.	Alicia Beatley	none	Principal will ask for reports monthly	Xavier Kimber First week of the new month	
Principal will send monthly statement of Landscape report to the directors office.	Xavier Kimber	none	Send report via Google form that was sent to Principals	Xavier Kimber	
Administrative Secretary will inform staff members at Preservice of the procedures on the properly fill out form 280-54 and remind them of the importance of keeping track of the balances in their IAF accounts.	Alicia Beatley Xavier Kimber	none	Financial Manual as a reference	Xavier Kimber Alicia Beatley	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
When independent contractors are requested to come to the school the Administrative Secretary will ensure that form 280-49A is completed and sent to procurement.	Alicia Beatley	none		Alicia Beatley Xavier Kimber	

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director:  Date: 8/1/24