


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 2, 2025

MEMORANDUM

To: Mrs. Kimberly L. Lloyd, Principal
Burtonsville Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2022, through January 31, 2025

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 March 14, 2025, meeting with you and Mrs. Tagreed K. Dubbaneh, the school administrative secretary (secretary), we reviewed the prior audit report dated March 22, 2022, and the status of the 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

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 this form 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).

Sponsors of field trips must have a complete class or club roster of student names and annotate how much each student paid, date paid, students who did not participate in the trip, and students who received waivers, scholarships or reduced fees. This data must be remitted to the secretary at the completion of each trip, and compared to remittances recorded in the trip account history report. We found not all sponsors are turning in completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent, and provide complete data at the conclusion of each trip. This data must be reconciled by the secretary with remittances recorded in activity accounts (refer to the *MCPS Financial Manual*, chapter 20, page 10).

All received commissions for pictures and cell tower must be recorded in their respective designated accounts for Pictures and Cell Tower commissions. Disbursements are not permitted from these commission only accounts; instead, fund transfers should be initiated to the appropriate beneficiary accounts. We observed disbursements being made directly from these commission only accounts. We recommend that transfers are completed for any expenditures to accounts that would benefit from these commissions.

Notice of Findings and Recommendations

- MCPS Form 280-49A must be prepared and submitted to procurement for approval prior to the start of any work of an independent contractor.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate, and the secretary must reconcile funds collected with account history reports.
- No disbursements can be made from commission only accounts.

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 Mrs. Jewel A. Sanders, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Mrs. Sanders 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:BK:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Mr. Meuser

Dr. Moran

Dr. Redmond Jones

Mr. Reilly

Mrs. Chen

Mrs. Gomez

Mr. Klausing

Mrs. Ripoli

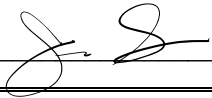
Mrs. Sanders

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN	
Report Date:	Fiscal Year:
School or Office Name:	Principal:
OSSI Associate Superintendent:	OSSI Director:
<p><u>Strategic Improvement Focus:</u></p> <p>As noted in the financial audit for the period _____, 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

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments: _____ _____	
Director: <u>  </u> Date: _____	