


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 24, 2025

MEMORANDUM

To: Mr. John W. Taylor, Principal
Winston Churchill High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2023, 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 26, 2025, meeting with you; Ms. Lisa L. Wellek, school business administrator; and Ms. Robin D. White, school financial specialist, we reviewed the prior audit report dated January 18, 2024, 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

Effective internal control includes the review by the principal of the monthly bank statement prior to reconciliation, the monthly bank reconciliation report, and the ledger reports in a timely manner. If online banking is used and no hard copy is received from the bank, the principal must independently access and review the bank statement, including all cancelled checks. To verify this, the bank statement and all cancelled checks must be printed, signed and dated by the principal prior to going to the independent bank reconciler (refer to the *MCPS Financial Manual*, chapter 20, page 9). We noted that the principal is not signing the bank statement used for bank

reconciliation prior to the reconciliation being completed, and cancelled checks were not being printed for review. We recommend that the principal review the bank statement, including all cancelled checks, prior to the completion of the monthly reconciliation.

Transfers of funds between general ledger accounts may be made only after MCPS Form 281-46, *Independent Activity Funds – Transfer*, has been executed by both the account sponsor and the principal. Transfers must be fully documented and must adhere to MCPS guidelines for allowable uses of funds. In your action plan, you indicated clear descriptions would be provided when creating transfers. We found that descriptions used on transfers did not convey the nature of the fund's movement. To improve internal controls, the reason for a transfer must be clear to convey to the sponsors what was transferred in and out of an account (refer to the *MCPS Financial Manual*, chapter 20, page 12).

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. In your action plan, you indicated that MCPS Form 280-49A would be completed in advance when consultant/independent contractor is used. We found that this form had not been completed for all payments, primarily in athletics, 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).

Notice of Findings and Recommendations

- The monthly bank statement and all cancelled checks must be reviewed by the principal prior to the completion of monthly reconciliation.
- Transfers must contain adequate information to convey movement of funds (**repeat**).
- MCPS Form 280-49A must be completed in advance for all independent contractors (**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 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. Alana D. Murray, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Murray 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:HT:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mrs. Gomez

Mr. Klausing

Dr. Murray

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 24, 2025

Fiscal Year: 2025

School or Office Name: Winston Churchill HS

Principal: John W. Taylor

OSSI

Associate Superintendent: Dr. Tamitha Campbell

OSSI

Director: Dr. Alana Murray

Strategic Improvement Focus:

As noted in the financial audit for the period 10/1/23-1/1/25, 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 monthly bank statement will be reviewed and signed by the principal prior to the monthly reconciliation process. Images of canceled checks will be provided with the paper statement each month for principal review.	Ms. White Mr. Taylor	Monthly Bank Statements (on-line and paper statements)	Signed monthly bank statements will be included in reconciliation folder and provided to reconciler. Canceled checks will be reviewed by reconciler.	Ms. Wellek, monthly	Signed statements will be present.
Transfers will contain adequate information to convey movement of funds. Finance office will utilize the audit suggestion of listing acct# >acct# in the transfer description.	Ms. White	Transfer forms and transfer register.	SBA will review transfers monthly during bank reconciliation.	Ms. Wellek, monthly	Transfers will show adequate information.
MCPS Form 280-49A will be completed in advance for all independent contractors. Athletics will attach to all HUB orders.	Mr. Smith Sponsors	280-49a 235-40 w-9	Work will not start prior to completed forms being approved	Ms. White, Ms. Wellek and Mr. Taylor during approvals.	280-49a forms will be completed and submitted in advance.

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

☒ **Approved**

☐ Please revise and resubmit plan by _____

Comments:

Director: *Alana D. McCreary*

Date: 5/12/25