


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 11, 2025

MEMORANDUM

To: Mr. Michael D. Bayewitz, Principal
Cloverly Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2021, through December 31, 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 February 4, 2025, meeting with you and Mrs. Laura P. Wellen, school administrative secretary (secretary), we reviewed the prior audit report dated November 23, 2021, 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

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). The purpose of each disbursement must be fully explained on this form to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. Invoices for goods or services must be signed by the purchaser to indicate

satisfactory receipt. The secretary will then mark the documentation as “paid” prior to disbursing the funds. In our sample of disbursements, prior approval was not consistently obtained, MCPS Form 280-54 did not always contain all relevant information and signatures, and invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. We also found that some items were shipped to staff member’s home addresses. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed/dated by the principal at the time verbal approval is sought. MCPS Form 280-54 must be completed in full by sponsor, secretary, and principal to include account name/number to be charged, the request date, the balance available in the account, and the signatures of the sponsor, secretary, and principal. After MCPS Form 280-54 is approved and payment is processed the secretary must complete part B to include the following information: check date, check number and check amount. We also recommend that when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment. We also recommend that all items purchased for the school to be shipped to the school address.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users 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, or the statement of account landscape report, 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 the principal had not approved all transactions online. We recommend that action be taken to correct this condition and bring purchasing card usage into conformity with MCPS requirements.

Notice of Findings and Recommendations

- All purchase requests must be preapproved on Form 280-54 by the principal prior to placing an order or making a purchase.
- Purchaser must confirm receipt of goods or services prior to disbursement and all items must be shipped to the school.
- The principal must review and approve each cardholder’s transactions by the 10th of the following month, using the online reconciliation program.

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. Robert W. Dodd, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Dodd 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 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

Ms. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Mrs. Williams

Dr. Redmond Jones

Mr. Reilly

Mrs. Chen

Dr. Dodd

Mr. Klausling

Mrs. Ripoli

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

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

☒ **Approved** ☐ **Please revise and resubmit plan by _____**

Comments: _____

Director: Robert W. Dodd Date: 4/4/25