

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

December 12, 2024

MEMORANDUM

To: Mrs. Sherri A. Gorden, Principal  
Cresthaven Elementary School

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



Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2021, through September 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 November 19, 2024, meeting with you; Ms. Lucila J. Canales, school administrative secretary (secretary); and Ms. Barbara L. Miller, visiting bookkeeper, we reviewed the prior audit report dated October 19, 2021, and the status of the present conditions. It should be noted that Ms. Canales' assignment as secretary was effective July 1, 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**

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 10). We noted that you have not taken the SFT Part I since May 2010. 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 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 your action plan, you stated that the principal will approve all purchasing requests prior to procurement, and that the purchaser will confirm receipt of goods and services prior to disbursement. In our sample of disbursements, we found instances in which controls over purchases were weakened, that included documentation not adequate to assure the school benefited from the purchase, MCPS Form 280-54 not signed by the principal in advance of the purchase, documentation supporting purchases not always stamped or marked “paid,” and invoices not always annotated by the recipient to indicate purchased goods or services were satisfactorily received, and that payment could be processed. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAFs. 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. We also recommend that original invoices and receipts be attached to fully explain the reason for the purchase, and that support documents be marked “paid”, and 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.

To properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with MCPS Form 280-34, *MCPS Remittance Slip*. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pages 4-5). In our review of receipts, we found that some sponsors were holding funds collected rather than remitting them to the secretary on a daily basis. We also noted at times funds were held over allowable limits or over a weekend, end of month or holiday. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted daily to the secretary and deposited timely.

#### Notice of Findings and Recommendations

- Principal must attend SFT Part I.
- Purchase requests must be approved by the principal prior to procurement (**repeat**).

- Original purchase invoices and receipts must be annotated as paid to indicate disbursement was made, and purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary, and deposited timely.

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 Mr. 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, Mr. 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:AMB: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  
Mr. Dodd  
Mr. Klausning  
Mrs. Ripoli  
Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>Report Date:</b> 12/12/2024	<b>Fiscal Year:</b> 2024-2025
<b>School or Office Name:</b> Cresthaven ES	<b>Principal:</b> Sherri Gorden
<b>OSSI Associate Superintendent:</b> Donna Redmond Jones	<b>OSSI Director:</b> Robert Dodd

**Strategic Improvement Focus:**

As noted in the financial audit for the period 2021-2024, 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
Register & Attend SFT Part 1 Training	Principal	PDO			Registered for next training in 2/3/2025
Provide written notice/reminder of the processes for: - Purchase request approvals - Form 280-54 - School activity sponsor cash collection	Principal Administrative Secretary	Weekly Newsletter  Staff Handbook	Monthly Admin Finance Meeting		

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

**Approved**

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

Comments:

Director: \_\_\_\_\_

*[Handwritten Signature]*

Date: \_\_\_\_\_

*12/17/24*