


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 18 2025

MEMORANDUM

To: Mr. Daniel Walder, Principal
Diamond Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 01, 2022, through April 30, 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 June 16, 2025, meeting with you and Ms. Alessandra R. Portillo, school administrative secretary (secretary), we reviewed the prior audit report dated May 12, 2022, and the status of the present conditions. It should be noted that Ms. Portillo's assignment as secretary was effective March 04, 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

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, we noted instances in which controls over purchases were weakened including documentation supporting purchases were not always stamped or marked “paid”, 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 instead of the school address. We recommend that all 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. We also recommend that all items purchased for the school be shipped to the school address.

Aggregate school expenditures of general funds for the procurement of refreshments in connection with meetings and staff appreciation items may not exceed \$60 per individual staff member per fiscal year without prior written authorization from the office of finance (OOF) (refer to the *MCPS Financial Manual*, chapter 20, page 5). These expenditures must be appropriately recorded in accordance with the IAF chart of accounts. We found that you exceeded the total amount allowed in Fiscal Year (FY) 2022 and FY 2024, without the approval of the OOF. We also found instances in which expenditures for these items were incorrectly classified and recorded in various accounts. Such commingling increases the time required to determine whether or not guidelines have been followed and decreases the value of your financial reports for decision making. We recommend that you adhere to the MCPS requirements, as well as correctly classify and record these transactions for more accurate accountability.

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 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. The principal’s card transactions are to be reviewed and approved by his director of school support and improvement, Office of School Support and Improvement. We found that your secretary had not prepared the monthly statements and provided purchase receipts to you for review and approval each month. We also noted that you had not submitted your statement and receipts to your director in a timely manner. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 5). A pre-numbered receipt shall be completed by the secretary, and the original shall be given to the person who remitted the funds. This establishes documentary evidence for both parties that provides a written record of the source and amount of the funds for accounting purposes (refer to

the *MCPS Financial Manual*, chapter 7, page 4). 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). We noted at times staff collecting funds were holding rather than remitting them timely to the secretary. Also, the secretary was not always making timely deposits and was holding money in excess of permitted amounts. We also noted that the secretary was not always providing a copy of the receipt to the sponsors. In addition, we noted that funds were not always counted under dual control. Infrequent deposits increase the possibility of a loss of funds, diminish the school's ability to fund activities, and are contrary to the MCPS Financial Manual. 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 to the secretary daily. In addition, all remittances on hand must be deposited promptly, and always before each weekend, end of the month, or holiday. Funds must be counted under dual control and secretary must give sponsors a pre-numbered receipt.

Notice of Findings and Recommendations

- Purchase invoices and receipts must be annotated as "paid" and purchaser must confirm receipt of goods or services prior to disbursement.
- All items purchased for the school must be shipped directly to the school.
- Total combined expenditures for staff appreciation and meeting refreshments may not exceed \$60 per individual staff member per fiscal year without prior approval of the OOF and must be recorded in appropriate account.
- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.
- Cash and checks (funds) collected by sponsors must be remitted daily, counted under dual control and sponsors must be provided a receipt.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the *MCPS Financial Manual*.

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

MJB:YSG: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

Mr. Chia

Mrs. Gomez

Mr. Klausling

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 06/18/2025

Fiscal Year: July 2024-June 2025

School or Office Name: Diamond Elementary School

Principal: Dan Walder

OSSI

Associate Superintendent: Dr. Tamitha Campbell

OSSI

Director: Mr. David Chia

Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/22-4/30/25, strategic improvements are required in the following business processes :

invoices/receipts annotated as paid, items shipped directly to school, staying within staff appreciation allocation, comply with purchase card guide, receipts counted.

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|--|---|----------------------------|--|---|------------------|
| Purchase invoices and receipts must be annotated as "paid" and purchaser must confirm receipt of goods or services prior to disbursement. | Administrative Secretary | invoices, receipts | | Administrative Secretary (Quarterly) Principal (Semester) | |
| All items purchased for the school must be shipped directly to the school. | Administrative Secretary Principal School Staff | | review invoices and shipping addresses | Administrative Secretary (Quarterly) Principal (Semester) | |
| Total combined expenditures for staff appreciation and meeting refreshments may not exceed \$60 per individual staff member per fiscal year without prior approval of the OOF and must be recorded in appropriate account. | Principal | Staff Appreciation Account | Staff Appreciation Account Updates | Quarterly by Principal | |
| Purchase card activity must comply with the MCPS Purchasing Card User's Guide. | Administrative Secretary Principal | Purchasing Card reports | | Administrative Secretary (Quarterly) Principal (Semester) | |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|---|--------------------------|------------------------------|--------------------------------|--|------------------|
| Cash and checks (funds) collected by sponsors must be remitted daily, counted under dual control and sponsors must be provided a receipt. | Administrative Secretary | Receipts | | Administrative Secretary/Principal Quarterly | |
| Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary in accordance with Chapter 7 of the MCPS Financial Manual. | Administrative Secretary | Receipts, Deposit statements | | Administrative Secretary (Quarterly) Principal (Semester) | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |


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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: 

Date: 7/22/25