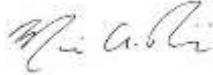


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 10, 2026

MEMORANDUM

To: Dr. Dacia F. Sewell, Principal
Forest Oak Middle School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
April 1, 2024, through December 31, 2025

Background

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. Principals are responsible for ensuring that the IAFs are administered in accordance with:

- Board Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Forest Oak Middle School is located in Gaithersburg, Maryland and is part of the Gaithersburg cluster. Forest Oak MS is a Title 1 and Community School. Forest Oak MS reported total IAF assets of \$26,825 as of December 31, 2025. Of this balance, \$17,788 is in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. For the fiscal year ended June 30, 2025, the school reported total receipts of \$60,222, and total disbursements of \$80,788. The total disbursements included \$12,669 and \$5,353 of fiscal year 2024 athletic and field trip transportation expenses and outdoor education expenses paid in July 2024, respectively. Fundraising efforts resulted in net proceeds of \$1,024. Field trip activities generated receipts of \$34,762 and disbursements of \$44,957 resulting in a deficit for the year. The deficit was partially attributable to the timing of fiscal year 2024 transportation expenses noted above and the remaining deficit was offset by the carryover field trip balance accumulated from all school years. The school received annual commissions from the Interagency Coordinating Board (ICB) and student pictures.

Audit Objective

The Internal Audit Unit (IAU) uses generally accepted auditing principles to provide an audit opinion on the school's financial activity by evaluating the adequacy of internal controls and compliance with Board of Education (Board) policies, and MCPS regulations and procedures. Specifically, the audit seeks to obtain reasonable assurance that:

- Evidence of fraud was not identified within the IAF.
- Funds are safeguarded against loss, misappropriation, or misuse.
- Transactions are accurately recorded and fairly reported in the school's financial records.
- Receipts and disbursements are appropriate, properly documented, and consistent with the intended purpose of the funds.
- Instances of misappropriation, misreporting, or waste, if they exist, are identified and evaluated for materiality.

The IAU is free from organizational impairments to independence. The IAU administratively reports directly to the chief of staff of the Office of the Board of Education and functionally reports to the Montgomery County Board of Education's Fiscal Management Committee.

Methodology

The audit is not designed to examine every transaction but instead relies on risk-based sampling and other generally accepted audit procedures to provide reasonable assurance. Audit procedures include interviews with key staff, a review of prior audit findings and the status of related action plans, testing of transaction samples, and an on-site assessment of internal controls and procedures.

Audit Opinion:

Needs Improvement – Moderate Risk

We found IAF is generally well managed, with no evidence of fraud or material misappropriation, misreporting, or waste. However, some deviations from policy and opportunities for improvement were noted. These items are not considered high-risk when evaluated collectively.

In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, use the attached action plan template to provide a written response, approved by the school's director of school leadership and improvement to the IAU within 30 calendar days of this report.

Repeat Findings from Prior Audit:

Prior audit dated June 12, 2024, was conducted for the audit period November 1, 2022, through March 31, 2024, and noted:

Finding 1 [Moderate Risk]: The procurement of goods and services did not always adhere to Board of Education policy, MCPS regulations and guidelines, and the *MCPS Procurement Manual*.

The procurement of goods and services must adhere to Board of Education policy, MCPS regulations and guidelines, and the *MCPS Procurement Manual*. In our sample of disbursements, we found instances where purchase requests were not approved by the principal prior to procurement. We also 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 signed by the receiver to indicate goods or services were received, and that payment could be processed.

We recommend that MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, 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 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. (Refer to *MCPS Financial Manual*, chapter 20, pages 4-6).

Finding 2 [Low Risk]: Purchase card activity did not comply with the *MCPS Purchasing Card User’s Guide*.

Schools must comply with the *MCPS Purchasing Card User’s Guide* on purchase card activities. In our sample of testing, we found that the cardholder did not always turn in the monthly landscape report with receipts and principal did not approve transactions using the online reconciliation program.

We recommend that the cardholder turn in the monthly landscape report with receipts and that the principal approves the transactions within ten calendar days of the following month, using the online reconciliation program as stated in the *MCPS Purchasing Card User’s Guide*.

Finding 3 [High Risk]: Cash receipts and checks were not properly handled or controlled.

The school must follow *MCPS Financial Manual*, chapter 7 to handle cash receipts and checks. In our sample of receipts, we found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school financial specialist (SFS).

We recommend that all funds collected must be remitted to the SFS daily and entered into the accounting software to minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs.

New Findings and Recommendations:

Finding 1 [Low Risk]: Principal have not attended School Finance Part 1 and Payroll training within the last three years.

MCPS Financial Manual, chapter 1, page 7, states the fiscal responsibilities of a principal and one of the responsibilities is to take School Finance Part 1 and Payroll trainings. We noted that you have not attended both of these trainings within the last three years.

We recommend you to attend the required School Finance Part 1 and Payroll trainings.

Exit Conference:

At our February 17, 2026, exit conference with Dr. Dacia F. Sewell, principal, and Mr. Dan Bamvi-Koua, school financial specialist, we reviewed the prior audit report dated June 12, 2024, and the status of the present conditions. You received a detailed report outlining each finding, best practices, and other areas for improvement. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for the school for the period designated.

We thank you for your cooperation. Based on the **Needs Improvement** status of your IAF audit, an action plan must be completed. Prior to returning your completed audit action plan, please contact Ms. Nicole A. Sosik, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan, based on the audit recommendations.

MAP:HT:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor
Mrs. Alfonso-Windsor
Ms. McGuire
Dr. Moran
Ms. Seabrook
Mr. Francois
Dr. Jones
Mrs. Chen
Ms. Sosik
Mrs. Ripoli
Mr. Santos Rodriguez
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

School or Office Name: Forest Oak Middle School	Principal: Dr. Dacia F. Sewell
DSLI Associate Superintendent: Dr. Donna Redmond-Jones	DSLI Director: Ms. Nicole A. Sosik
Strategic Improvement Focus: As noted in the financial audit for the period April 1, 2024 through December 31, 2025 , strategic improvements are required in the following business processes: <ul style="list-style-type: none"> Procurement of goods and services in compliance with Board of Education policy, MCPS regulations, and the MCPS Procurement Manual (Repeat Finding 1 - Moderate Risk) Purchase card compliance with the MCPS Purchasing Card User's Guide (Repeat Finding 2 - Low Risk) Cash receipts and checks handling and control (Repeat Finding 3 - High Risk) Completion of required School Finance Part 1 and Payroll training by the principal (New Finding 1 - Low Risk) 	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Repeat Finding 1 [Moderate Risk]: Procurement of Goods and Services					
Ensure all staff prepare MCPS Form 280-55 (Independent Activity Funds Request for a Purchase) with an estimated expenditure prior to procurement and obtain principal signature before any purchase is made.	Principal; School Financial Specialist (SFS); All staff making purchases	MCPS Form 280-55; MCPS Financial Manual Chapter 20 (pp. 4-6); MCPS Procurement Manual Team Meeting Calendar	Review of completed Form 280-54s; Spot-check of purchase files for pre-approval signatures	Principal monthly review; SFS ongoing at point of purchase	5/14/26 Training for ILT
Mark all supporting documents (invoices, online purchase confirmations) as 'paid' immediately upon payment processing.	SFS; Principal	Stamp or written notation system; MCPS Financial Manual Chapter 20	Monthly audit of disbursement files for 'paid' markings on all support documents	SFS at time of payment; Principal monthly review	
Require all recipients to verify goods or services received, mark invoice/packing slip as 'received,' and sign and date prior to payment processing.	All staff receiving goods or services; SFS; Principal	MCPS Financial Manual Chapter 20; Stamp or designated marking process	Review of invoices/packing slips for 'received' signatures and dates prior to payment	SFS at receipt of goods; Principal monthly review	
Repeat Finding 2 [Low Risk]: Purchase Card Activity					
Require the purchase card cardholder to submit the monthly landscape report with all accompanying receipts by the established deadline each month.	Purchase card cardholder; SFS	MCPS Purchasing Card User's Guide; Monthly landscape report template	Review of monthly landscape reports and receipts for completeness and timeliness of submission	SFS at end of each billing cycle; Principal monthly review	
Principal approves all purchase card transactions using the online reconciliation program within ten calendar days following the close of each billing month.	Principal	MCPS Purchasing Card User's Guide; Online reconciliation program access	Confirmation of online reconciliation approval log; Review of approval dates versus billing close dates	Principal within 10 calendar days of each month's close; SFS to	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
				monitor and prompt as needed	
Repeat Finding 3 [High Risk]: Cash Receipts and Checks					
Communicate to all activity sponsors and staff the requirement that all funds collected must be remitted to the SFS on the same day they are collected, without exception.	Principal; SFS	MCPS Financial Manual Chapter 7; Staff communication (memo or training)	Daily remittance logs; Review of receipt entry dates in accounting software versus collection dates Email reminders (1st, 2nd, 3rd)	SFS daily; Principal weekly spot-check	
Conduct a training or briefing session with all activity sponsors and relevant staff to reinforce cash handling procedures, including same-day remittance and proper documentation.	Principal; SFS	MCPS Financial Manual Chapter 7; Meeting agenda and sign-in sheet Team Meeting Calendar	Staff sign-in sheet documenting attendance at training; Follow-up compliance spot-checks	SFS and Principal to conduct training within 30 days of audit action plan approval; annual refresher	
New Finding 1 [Low Risk]: Required Principal Financial Training					
Principal enrolls in and completes the School Finance Part 1 training within the next available session offered by MCPS.	Principal	MCPS Professional Learning system; School Finance Part 1 training schedule	Certificate of completion or transcript record from MCPS professional learning system	Principal to enroll within 30 days; complete within the current school year	
Principal enrolls in and completes the Payroll training within the next available session offered by MCPS.	Principal	MCPS Professional Learning system; Payroll training schedule	Certificate of completion or transcript record from MCPS professional learning system	Principal to enroll within 30 days; complete within the current school year	

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSL I)

Approved Please revise and resubmit plan by: _____

Comments:

Director: Nicole A. Sosik

Date: 6/10/26

