


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 24, 2025

MEMORANDUM

To: Ms. Brittany T. Love-Campbell, Principal
Gaithersburg High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 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 April 3, 2025, meeting with you; Mrs. Patricia E. Donner, the school business administrator; and Mrs. Debra J. Hudson, the school financial specialist, we reviewed the prior audit report dated May 4, 2023, and the status of the present conditions. It should be noted that your appointment as principal 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

The IAF procurement of goods and services must be approved by the principal or designee prior to staff proceeding with any intended purchase. This prior approval may be granted by the principal's signature on MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, a budget prepared by the sponsor of a school activity and approved by the principal, a spending limit threshold per purchase documented in a Memorandum signed by the principal or the issuance of an MCPS purchasing card. In our sample of disbursements, we found instances in which

purchases were not consistently pre-approved by any of the four allowable approval methods. 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.

In order for the principal to retain control over the IAF, the principal's pre-approval is required for IAF disbursements. An accepted method of pre-approval is a budget document prepared by the sponsor of a school activity and approved by the principal that indicates projected revenue by source and projected expenditure by type of item for a period of time not to exceed a fiscal year. The sponsor cannot exceed the total amount of expenditures in the approved budget without receiving prior written approval of the principal to amend the budget (refer to *MCPS Financial Manual*, chapter 20, page 5). The financial agent is responsible for monitoring budgets to ensure expenditures conform to what the principal has approved. We found that some line items on the athletic budget had been overspent and a revised budget had not been prepared in order to obtain the principal's prior approval for these expenditures for Fiscal Year (FY) 2024 and FY25. We recommend that your approved athletic budget be monitored by a financial agent and revised, if necessary for the principal to approve, or utilize MCPS Form 280-54 to support prior approval of expenditures.

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. MCPS Form 280-49A specifies that this form is required (in lieu of MCPS Form 280-54) to document authorization/approval for all consultant/independent contractor services paid with IAF. If payment due for the vendor's services is \$1,500 or more, a purchase order is required, EXCEPT when contracting with Montgomery County Police Officers for high school event security. We found that MCPS Form 280-49A had not been completed for any athletic payments to independent contractors during our audit period. We recommend that the athletic specialist initiate MCPS Form 280-49A to document the authorization and approval to pay a consultant/independent contractor with IAF. Additionally there were some vendors that had been paid more than \$1,500 during a fiscal year that should have been paid on a purchase order entered in the Business Hub (refer to *MCPS Financial Manual*, chapter 15, page 2).

In order to properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly to the financial specialist. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. We found instances in which funds were placed in the school dropbox and not picked up by the financial specialist until the next business day. At times these funds were kept in the dropbox over the weekend or holiday. We also noted that the financial specialist collected fees/payments directly from students for non-obligations instead of the sponsor collecting the fees. Additionally, there is no evidence that funds were counted under dual control when sponsors were placing the funds in the dropbox. We recommend that no one person control all aspects of the cash receipt process from start to finish. We also recommend that funds are counted under dual control and that staff members remit all funds to the financial agent on the same day as collected. To improve controls,

we recommend adoption of the procedures outlined in the *MCPS Financial Manual*, chapter 7, page 4.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund-Raiser*. In our sample, we noted that some fund-raisers began before approval was obtained. We also found that sponsors were not obtaining written approval from the principal or designee for extending a fund raiser, changing the selling price, or ordering more merchandise for the fund raiser, and that sponsors were not keeping good control on the sales or on the merchandise being ordered/sold. Following internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the activity (refer to the *MCPS Financial Manual*, Chapter 20, page 13).

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*. Trip approval forms signed by the principal, and the director of school support and improvement, when required, should be retained. Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid by cash, check or online, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data together with a list of all chaperones and volunteers should be provided to the financial agent at the completion of each trip, and compared to remittances recorded in the trip account history report (refer to *MCPS Financial Manual*, chapter 20, page 10). We found that the school was conducting band field trips but payments were not collected by the school, but by the band booster club. We noted that the school was paying for the charter busses and requesting reimbursement from the band booster club. We also noted that for these field trips, non-approved charter bus carriers were used. In addition, there was no reconciliation completed for these field trips. We recommend that all school sponsored trips be controlled solely by the school and that sponsors are required to follow the procedures outlined above.

Notice of Findings and Recommendations

- All disbursements must be pre-approved by the principal or designee using MCPS Form 280-54.
- Budgets should be prepared and monitored to compare income and expense projections to actual results.
- MCPS Form 280-49A must be prepared and submitted to procurement for approval prior to the start of any work of independent contractors. Services over \$1,500 must be paid through an MCPS Purchase Order.
- Cash and checks (funds) must be collected by sponsors and promptly remitted to the school financial specialist.
- There must be dual control in the cash receipts process and the financial specialist can only collect obligations from students.
- Fund-raising must conform to *Guidelines for Sponsoring an IAF Fund Raiser*.
- Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Student Organization Trips*.

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 Ms. Nicole A. Sosik, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Ms. Sosik 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 business administrator and school financial specialist 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. Redmond Jones

Mr. Reilly

Mrs. Chen

Mrs. Gomez

Mr. Klausing

Mrs. Ripoli

Ms. Sosik

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 24, 2025	Fiscal Year: FY 25
School or Office Name: Gaithersburg High School	Principal: Brittany Love-Campbell
OSSI Associate Superintendent: Donna Redmond Jones	OSSI Director: Nicole Sosik
<u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>3/1/23 - 1/31/25</u> , 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
Ensure all disbursements are pre-approved by the principal or designee using MCPS Form 280-54 or preparation and approval of budget.	P. Donner (SBA) D. Hudson (SFS) J. Collins (AD) B. Love-Campbell (Principal)	None	Do not reimburse or pay for items that are not pre-approved.	PD, DH, JC and BLC at all times.	All disbursements are pre-approved using MCPS Form 28-54 or approved budget.
Ensure 280-49As are submitted and approved in advance and services over \$1,500 paid by via PO.	P. Donner (SBA) D. Hudson (SFS) J. Collins (AD) B. Love-Campbell (Principal)	None	Plan for use of independent contractors to ensure 280-49A approved in advance and pay appropriately.	PD, DH, JC and BLC at all times.	All 280-49As are approved in advance and payments over \$1,500 are paid via PO.
Ensure cash and checks are collected by sponsors and promptly remitted to SFS.	P. Donner (SBA) D. Hudson (SFS) J. Collins (AD) B. Love-Campbell (Principal)	None	Remind sponsors about collecting funds and remitting to SFS.	PD, DH, JC and BLC at all times.	Cash and checks are collected by sponsors and promptly remitted to SFS.
Ensure SFS only collects obligations from students.	P. Donner (SBA) D. Hudson (SFS) J. Collins (AD) B. Love-Campbell (Principal)	None	SFS does not collect any payments from students other than obligations - send students to sponsors.	DH and PC at all times.	Only obligations collected by SFS.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Ensure all fund raising conforms to Guidelines for Sponsoring IAF Fund Raiser.	P. Donner (SBA) D. Hudson (SFS) J. Collins (AD) B. Love-Campbell (Principal)	None	Remind staff of requirements, do not approve fund raisers that do not conform.	PD, DH, JC and BLC at all times.	Only fund raisers conforming to guidelines will be approved.
Ensure all field trips are conducted in accordance with MCPS Regulation IPD-RA, Travel-Study Programs, Field Trips and Student Organization Trips.	P. Donner (SBA) D. Hudson (SFS) J. Collins (AD) B. Love-Campbell (Principal)	None	Remind staff of requirements and do not approve field trips that do not conform.	PD, DH, JC and BLC at all times.	Only field trips conforming to regulation will be approved.

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments: _____	
Director: <u>Nicole A. Sosik</u>	Date: <u>5/30/25</u>