


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 26, 2025

MEMORANDUM

To: Dr. Bernard X. James, Principal
Kemp Mill 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 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 February 25, 2025, meeting with you and Ms. Zuleika Rodriguez, the school administrative secretary (secretary), we reviewed the prior audit report dated December 20, 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 280-49A, *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)*, specifies that this form is required (in lieu of MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*) to document authorization/approval for all consultant/independent contractor services paid with IAF, regardless of the amount due for services, EXCEPT when contracting with vendors from the MCPS Approved Carrier (charter bus) list. Services that exceed \$1,500 per year are required to be secured through an MCPS purchase order. The data is entered into the MCPS Hub as a non-catalog request (NCR)

using the NCR Category code of 918.00 (refer to the *MCPS Financial Manual*, chapter 15, page 2). We found that this form had not been completed for all payments to independent contractors during our audit period. We recommend that the secretary initiate MCPS Form 280-49A to document the authorization and approval to pay a consultant/independent contractor with IAF.

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card Users Guide*. By the 5th 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 tenth of the following month, using the online reconciliation program. We found that the principal had not approved all transactions online. We also found that the cardholder had not indicated IAF account numbers and invoices attached to the statement were not initialed by the receiver to acknowledge satisfactory receipt of goods or services. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Notice of Findings and Recommendations

- MCPS Form 280-49A must be prepared and submitted to procurement for approval prior to the start of any work of independent contractors.
- Purchase card transactions must be documented, reviewed, and approved by the principal by the tenth of the following month in the online system.

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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:BK:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor

Ms. Alfonso-Windsor
Mrs. McGuire
Dr. Moran
Mrs. Williams
Dr. Redmond Jones
Mr. Reilly
Mrs. Chen
Mr. Klausling
Mrs. Ripoli
Ms. Sosik
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

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 type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments: _____ _____	
Director: <u> <i>Nicole A. Sosik</i> </u> Date: _____	