


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

February 26, 2025

MEMORANDUM

To: Mr. Lee F. Derby, Supervisor  
Outdoor Environmental Education Programs

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

Subject: Report on Audit of Independent Activity Funds for the Period  
December 1, 2021, through December 31, 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 February 11, 2025, meeting with you; Mrs. Ebony N. Reddix, school administrative secretary (secretary); and Monika C. Roberts, visiting bookkeeper; we reviewed the prior audit report dated January 11, 2022, and the status of present conditions. It should be noted that your appointment as supervisor was effective July 1, 2022. 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 the school’s action plan it was stated that staff would be reminded to complete MCPS Form 280-54 and provide adequate documentation for the purchase. It was also noted that the secretary would confirm receipt of all goods by signing receipts as received. In our sample of disbursements, prior approval was not consistently obtained, MCPS Form 280-54 was not always completed and attached, and the documentation provided for some disbursements was insufficient to clearly articulate the purpose of the expenditure. We also noted that invoices and online purchase confirmations were not consistently signed by recipients to confirm satisfactory receipt of goods and services, and documents were not always stamped as paid, which increases the risk of duplicate submissions. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed/dated by the principal at the time verbal approval is sought. MCPS Form 280-54 must be completed in full by sponsor, secretary, and principal to include account name/number to be charged, the request date, the balance available in the account, and the signatures of the sponsor, secretary, and principal. We also recommend that all support documents be marked paid, and that 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.

#### **Notice of Findings and Recommendations**

- Purchase requests must be approved by the supervisor prior to procurement and MCPS Form 280-54 must accompany all disbursements.
- Purchaser must confirm receipt of goods or services prior to disbursement and invoices/receipts must be annotated as paid (**repeat**).
- Purchase documentation must be adequate to support disbursements (**repeat**).

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 Dr. Yolanda R. Allen director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Allen 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

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Mrs. Williams

Mr. McGee

Mr. Reilly

Dr. Allen

Mrs. Chen

Mr. Klausling

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> February 26, 2025	<b>Fiscal Year:</b> 2025
<b>School or Office Name:</b> Lathrop E. Smith Environmental Education Center	<b>Principal:</b> Lee F. Derby
<b>OSSI Associate Superintendent:</b> Mr. Sean McGee	<b>OSSI Director:</b> Dr. Yolanda Allen
<p><b>Strategic Improvement Focus:</b>          As noted in the financial audit for the period <u>12/1/21-12/31/24</u> , strategic improvements are required in the following business processes :          Purchase requests, receipts, and documentation.</p>	

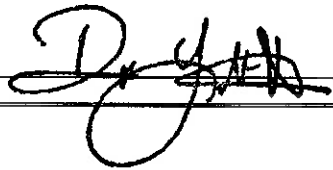
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
When a request for purchase is made, staff will be directed to fully complete and sign Form 280-54. Once the supervisor has indicated approval by signing the form, the purchase can be made. Supervisor will provide verbal and written instructions for all purchaing procedures.	All Staff  Supervisor	Form 280-54	Completed and signed forms dated prior to purchase.	Monthly review by supervisor, administrative secretary, and visiting bookkeeper	
Purchasers will confirm satisfactory receipt of goods and services by signing and dating the invoice/packing slip.  Supervisor will provide verbal and written instructions for all purchaing procedures.	All Staff  Supervisor	Invoices/ Packing Slips	Signed and dates invoices/ packing slips	Monthly review by supervisor, administrative secretary, and visiting bookkeeper	
Administrative secretary will attach the completed Form 280-54 to the signed invoices and mark as paid prior to disbursing funds.	Adminstrative Secretary		Completed forms with supporting documentation marked as paid prior to disbursement	Monthly review by supervisor, administrative secretary, and visiting bookkeeper	

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: 3/17/25