


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 19, 2025

MEMORANDUM

To: Mrs. Wanda A. Coates, Principal
S. Christa McAuliffe Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 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 13, 2025, meeting with Mr. Steven J. Marconi, acting principal; Mrs. Karen I. Majano, school administrative secretary (secretary); and Mrs. Monika C. Roberts, visiting bookkeeper; we reviewed the prior audit report dated November 4, 2021, and the status of present conditions. It should be noted that Mrs. Majano's assignment as secretary was effective March 9, 2023. 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

Documents supporting the IAF reports are part of the financial records and must be maintained in the school office and filed logically to be readily available for audit or other purposes. IAF records shall be retained for five years after the close of the year to which they apply and until all audit

requirements have been met, whichever is longer, and then destroyed (refer to the *MCPS Financial Manual*, chapter 20, page 16). Our review disclosed that many financial records were misfiled and not available for review, such as bank deposit slips, year-to-date reports, bank statements including the cleared checks, JP Morgan statement of account landscape with receipts, MCPS invoices and payments, deposit analysis, receipts, and remittance slips. We recommend that IAF records be properly filed and retained to be available for audit.

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 your action plan, you stated that the purchaser and the secretary would confirm receipt of goods and services prior to disbursement and that proper documentation would be attached. In our sample of disbursements, prior approval was not consistently obtained, MCPS Form 280-54 did not always contain all relevant information and signatures, 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 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 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.

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. In your action plan, you stated that purchase documentation would include MCPS Form 280-49A to show approval. We found that this form had not been completed for all payments to independent contractors during our audit period. We recommend that the project manager initiate MCPS Form 280-49A, to document the authorization and approval to pay a consultant/independent contractor with IAF (refer to the *MCPS Financial Manual*, chapter 15, page 2).

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 reconciliation 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. In your action plan, you stated that a reminder will be entered on the Outlook calendar to ensure the review of purchase card activities. We found that cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

To properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with MCPS Form 280-34, *MCPS Remittance Slip*. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. 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). In our review of receipts, we noted at times that the secretary held funds over allowable limits or over a weekend, end of month or holidays. 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 daily to the secretary and deposited timely.

Notice of Findings and Recommendations

- The IAF must be managed in accordance with sound accounting practices and effective internal controls that include safeguarding financial records until required audits are completed.
- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices must be annotated as “paid” to indicate disbursement was made.
- Independent contractor payments must comply with MCPS Regulation DIA-RB, *Payments for Services and Reimbursements for Expenses from School Independent Activity Funds* (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User’s Guide* (**repeat**).
- 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 well-being, Office of Student Support and Well-Being, 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Mrs. Williams

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mr. Chia

Mr. Klausling

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2/19/25	Fiscal Year: FY25
School or Office Name: S. Christa McAuliffe Elementary	Principal: Wanda Coates
OSSI Associate Superintendent: Tamitha Campbell	OSSI Director: David Chia
<p><u>Strategic Improvement Focus:</u></p> <p>As noted in the financial audit for the period <u>10-1-21-12/31/24</u>, strategic improvements are required in the following business processes :</p> <p>See below.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase requests will be approved by the principal prior to procurement.	Administrative secretary Principal Staff requesting a purchase.	Form 280-54	Properly completed form 280-54 prior to purchases for reimbursement	Ongoing, by principal, as requests for purchases are received.	Form 280-54, with documentation of purchase and receipt of purchase.
Purchaser will confirm receipt of goods or services prior to disbursement.	Administrative secretary	PAID stamp	Annotation and marking of all goods and services	Checked by bookkeeper and principal monthly and/or as needed.	Invoices will be stamped as "paid".
Purchase invoices will be annotated as "paid" to indicate disbursement was made. Invoices and receipts will be annotated as paid to indicate disbursement was made.	Administrative secretary	PAID stamp	Invoices will show they have been paid upon receipt.	Periodically by principal.	Paid invoices
Independent contractor payments will comply with MCPS Regulation DIA-RB, Payments for services to independent contractors or consultants who are not corporations will be obtained by vendors by a completed IRS form W-9.	Administrative secretary	W-9 forms from the IRS	All W-9 documentation will be collected and saved with financial documents.	Principal each time a contractor is used for services. (Reptile Man, landscaping, authors, etc.	W-9 forms on file.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase card activity must comply with the MCPS Purchasing Card User's Guide.	Principal Administrative secretary	Repeat training on JP Morgan purchasing cards.	Proper paperwork will be completed for JP Morgan purchases. Landscape statements provided by admin sec.	Monthly approval, monitoring, and landscape statements by principal.	Monthly landscape statements.
Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by secretary.	Administrative secretary	Notice provided to staff regarding time money needs to be turned in.	Timely deposits made to the bank.	Monitored monthly by bookkeeper.	Bank deposit time stamp.
Financial records will be safeguarded and managed until required audits are completed.	Administrative secretary	Boxes and storage space in a locked closet.	Check at the end of each school year that financial documents are labeled, boxed properly and stored in a locked closet.	Monitored by administrative secretary and principal.	Financial documents in labeled storage boxes and stored in closet.

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director:



Date:

4/24/25