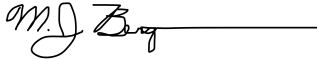


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

November 2, 2021

MEMORANDUM

To: Mr. Vincent R. Liburd, Principal  
Montgomery Village Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2020, through August 31, 2021

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 fund-raisers. 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 October 19, 2021, virtual meeting with you, and Mrs. Angela E. Cosby, school financial specialist (financial specialist), we reviewed the prior audit report dated July 28, 2020, and the status of present conditions. It should be noted that your appointment as principal was effective July 27, 2021. 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 in order to properly record expenditures in appropriate accounts and to ensure that expenditures

comply with IAF requirements. In our sample of disbursements, prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditure of IAF activities. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditures and signed by the principal at the time verbal approval is sought.

According to the MCPS *Purchasing Card User's Guide*, there are certain permitted items and items excluded from the purchase card program. We found weaknesses in the use of MCPS purchase cards. We noted instances in which cards were used to purchase items excluded from the purchase card program. We recommend that action be taken to correct this condition and bring purchasing card usage into conformity with MCPS requirements.

#### Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchasing card cardholders must only use cards on permitted items.

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. Christophe Turk, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. Turk 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 school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education	Mr. Klausung
Dr. McKnight	Mrs. Ripoli
Mr. D'Andrea	Mr. Turk
Ms. Dawson	Ms. Webb
Ms. Reuben	
Mrs. Williams	
Mr. Koutsos	
Mr. Reilly	
Mrs. Chen	
Mrs. Eader	

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School:</b>	<b>Principal:</b>
<b>OSSI Associate Superintendent:</b>	<b>OSSI Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

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

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

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: <u>Christophe Turk</u>	Date: <u>11/29/2021</u>