


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 10, 2024

MEMORANDUM

To: Mrs. Kiera D. Butler, Principal
Newport Mill Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2022, through February 29, 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 March 19, 2024, meeting with you and Ms. Marlene C. Pineda, school financial specialist, we reviewed the prior audit report dated October 19, 2022, and the status of the present conditions. It should be noted that Ms. Pineda's assignment as school financial specialist was effective July 1, 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

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 financial specialist will then mark the documentation as “paid” prior to disbursing the funds. In our sample of disbursements, prior approval was not consistently obtained and the former financial specialist was not completing MCPS Form 280-54 for iPayments. We also noted instances in which controls over purchases were weakened including 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, and that your financial specialist completes MCPS Form 280-54 for all iPayments. We also recommend 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 preapproved by the principal prior to procurement and all invoices must be marked “received”.
- All payments to MCPS must be documented and approved on MCPS Form 280-54.

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. Joe L. Rubens Jr., director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Dr. Rubens 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:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Felder

Mr. Hull

Dr. Johnson

Ms. Dempsey

Dr. Moran

Mrs. Williams

Mr. McGee

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Dr. Rubens

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 05/17/2024

Fiscal Year: 2023-2024

School or Office Name: Newport Mill Middle School

Principal: Ms. Kiera Butler/ Dr. Leroy Evans

OSSWB

Associate Superintendent: Mr. Sean P. McGee

OSSWB

Director: Joe Rubens Jr.

Strategic Improvement Focus:

As noted in the financial audit for the period 2023/2024 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
Purchase Request will be pre-approve by the principal	Ms. Kiera Butler	MCPS Financial Manual	MCPS form 280-54	Principal	in the future Principal will pre approve all purchase request.
Invoices will be marked received prior to payment	Ms. Pineda	MCPS Financial Manual & Charts of Accounts	Invoices	Ms. Pineda	in The future all invoices will marked received prior to payment.
form 280-54 will be filled out by staff prior to principal approval.	Staff	MCPS Financial Manual & Chart of Accounts	MCPS form 280-54	Principal and Ms. Pineda	In the Future all 280-54 all payments will be fully explained

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

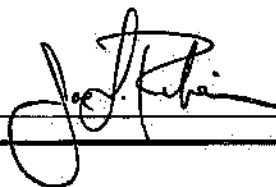
OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved

Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

5/17/24