

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 29, 2025

MEMORANDUM

To: Mr. Elkin J. Pineda, Principal
Roscoe Nix Elementary School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2021, through June 30, 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 June 26, 2025, meeting with you and Mrs. Linda L. Taylor, school administrative secretary (secretary), we reviewed the prior audit report dated November 22, 2021, and the status of the present conditions. It should be noted that your appointment as principal was effective July 1, 2024. 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 our sample of disbursements, prior approval was not consistently obtained, MCPS

Form 280-54 was not always signed and dated by the principal, and the secretary was not completing MCPS Form 280-54 for iPayments. We also noted instances in which controls over purchases were weakened, including documentation supporting purchases that were not stamped or marked “paid”, and invoices and online purchase confirmations that were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. We also found that some items were shipped to staff members’ home addresses and that many check requests were not filled out completely by sponsors and the financial agent. In the prior audit action plan, the school indicated that the prior principal and secretary would ensure MCPS Form 280-54s were completed in their entirety and all invoices would be marked as received prior to the disbursement. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought, and that the secretary completes MCPS Form 280-54 for all iPayments. MCPS Form 280-54 must be completed in full by the sponsor, the financial agent, and the principal to include the account name/number to be charged, the request date, the balance available in the account, and the signatures of the sponsor, the financial agent, and the principal. After MCPS Form 280-54 is approved and payment is processed, the secretary must complete part B to include the following information: check date, check number, and check amount. 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”. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received before payment. We also recommend that all items purchased for the school be shipped to the school address.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the secretary with a completed MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*. MCPS Form 280-34 must be completed in full to include account information, amount remitted, and date remitted, then must be signed by the sponsor and the secretary when funds are verified in the presence of the remitter. Any discrepancies should be corrected at that time using ink and initialed by both parties. These funds must be recorded in School Funds Online (SFO), deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday. The secretary must then note the (SFO) receipt number on MCPS Form 280-34 (refer to the *MCPS Financial Manual*, chapter 7, pages 3-5). We noted that funds were not being counted under dual control, that MCPS Form 280-34 was not completed in its entirety, and in some cases, the secretary was completing the MCPS Form 280-34, white out was used to make revisions, and the remitter was not initialing the revisions. Additionally, we noted that the secretary was not always making regular deposits, and funds were held over weekends, holidays, or the last working day of the month. To minimize the risk of loss, all funds remitted to the secretary with a completed MCPS Form 280-34 must be counted under dual control and deposited promptly to the bank. A contingency plan should be in place to secure funds and take them to the bank in the unforeseen absence of the secretary.

Notice of Findings and Recommendations

- Check disbursements must be documented using MCPS Form 280-54.

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase documentation must be adequate to support disbursements.
- Purchase invoices and receipts must be annotated as “paid” to indicate disbursement was made.
- MCPS Form 280-34 must accompany every remittance and be filed per Chapter 7 of the *MCPS Financial Manual*.
- MCPS Form 280-34 must be completed in its entirety by the sponsor.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the school administrative secretary per 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 Dr. Robert W. Dodd, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Dodd 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MAP:LMB:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor
Mrs. Alfonso-Windsor
Ms. McGuire
Dr. Moran
Ms. Seabrook
Mr. Francois
Dr. Redmond Jones
Mrs. Chen
Dr. Dodd
Mrs. Ripoli
Mr. Santos Rodriguez
Ms. Webb



FINANCIAL MANAGEMENT ACTION PLAN

School or Office Name:	Roscoe R. Nix Elementary School	Principal:	Elkin Julian Pineda
OSSWB Associate Superintendent:	Dr. Donna Jones-Redmon	OSSWB Director:	Dr. Robert Dodd
Fiscal Year:	FY26	Report Date:	August 29, 2025

Strategic Improvement Focus:

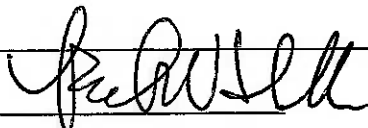
As noted in the financial audit for the period October 1, 2021 through June 30, 2025, strategic improvements are required in the following business processes: (a) disbursement approvals and documentation (MCPS Form 280-54; iPayments), (b) receiving and paid annotations, (c) remittances and cash handling (MCPS Form 280-34), (d) dual control cash counts, and (e) timely deposits and contingency coverage.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results / Evidence
Require MCPS Form 280-54 to be fully completed (sponsor, financial agent, principal) with prior approval before any purchase; ensure secretary completes 280-54 for all iPayments.	Principal; Admin Secretary; All Sponsors	MCPS Form 280-54; sample packet	Monthly sample of 10 disbursement packets; % packets complete; iPayment packets present	Principal review monthly; spot-check by Director/Assoc. Supt. as requested	Signed forms with all fields; dated prior approval; iPayment 280-54 attached
Require purchaser/receiver to mark invoices/packing slips as 'RECEIVED' and date/sign; stamp all paid documentation as 'PAID' with check #, date; ship all items to school address only.	Admin Secretary; Receivers/Sponsors	RECEIVED & PAID stamps; school address template on vendor accounts	% of packets with RECEIVED + PAID; zero home shipments	Weekly secretary self-check; monthly principal sample	Stamped/initialed packets; vendor profiles show school shipping address

Standardize remittances: sponsor completes MCPS Form 280-34 in full; funds counted under dual control; no white-out; corrections initialed; SFO receipt # recorded on 280-34.	Sponsors; Admin Secretary	MCPS Form 280-34; Dual-Control Count Log	% remittances with dual signatures; % with SFO receipt #; zero white-out occurrences	Secretary daily check; principal weekly review of remittance file	Complete 280-34s; dual-control log; SFO receipt numbers present
Timely deposits: deposit all receipts by last working day of each month and before weekends/holidays; set 2:00 p.m. daily deposit target on days with receipts.	Admin Secretary; Backup Designee	Deposit log; bank supplies; tamper-evident bags; safe access log	Average days-to-deposit; % on-time by policy; exceptions log	Principal weekly review of SFO 'Receipts by Date'; monthly dashboard to Core	Bank deposit slips; SFO reports; exception logs with resolution
Establish a written contingency plan for secretary absence to secure funds and complete deposits; assign backup designee and train.	Principal; Admin Secretary; Backup Designee	Written SOP; training agenda; keys/access list	Evidence of designee training; backup used when needed	Principal to verify plan each quarter; drill once per semester	Signed SOP; training sign-in; drill notes
Train all sponsors and the secretary on MCPS Financial Manual Chapters 7 & 20; hold refresher every semester and for new staff.	Principal; Internal Audit/Finance Liaison	Training slides; sign-in sheet; quick reference cards	Attendance; pre/post check; reduction in errors quarter over quarter	At BOY and midyear; new-hire onboarding within 10 days	Agendas; sign-ins; improvement trend on monthly samples
Create a monthly compliance dashboard: (a) 280-54 completeness, (b) dual-control %, (c) deposit timeliness, (d) exceptions closed.	Admin Secretary (prep); Principal (review)	Dashboard template; SFO reports	Dashboard posted monthly; trend lines improving	Due by the 5th of each month; reviewed at admin meeting	Saved dashboards; meeting notes with follow-up actions
Perform quarterly internal mini-audits: random	Principal; Designee	Mini-audit checklist; sample	Completion of quarterly audit; corrective	End of each quarter (Oct/Jan/Apr/Ju	Completed checklists; email to

sample of 10 disbursements and 10 remittances; document findings and corrective actions.		tracker	actions closed in 30 days	n)	Director/Assoc. Supt. if requested
Communicate SOPs to all staff engaging in fundraising/field trips; require annual acknowledgment.	Principal; Sponsors	SOP one-pager; acknowledgment form	100% acknowledgments on file	Collected by Sept 30; new staff within 10 days	Signed acknowledgments; list on file

Approval (OSSWB):

<input type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by: _____	Comments:
Director Signature:  Date: <u>9/11/25</u>	