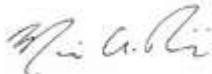


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 2, 2026

MEMORANDUM

To: Dr. Jonathan L. Garrick, Principal
Northwood High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2023, through September 30, 2025

Background

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. Principals are responsible for ensuring that the IAFs are administered in accordance with:

- Board Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

As part of Montgomery County Public Schools' Downcounty Consortium, Northwood High School is a four-year comprehensive high school that boasts a diverse population of over 1,700 students. The community collaborates with Montgomery College to provide students with opportunities to pursue higher education and personal growth. Northwood originally opened in 1956, but the school was closed in 1985. The expanding student population in the Silver Spring area prompted the re-opening of Northwood in 2004. (per the school's website)

Northwood HS students and staff are currently at the Charles W. Woodward High School location on Old Georgetown Road.

At the time of the audit, Northwood HS reported total IAF assets of \$242,485. Of this balance, \$116,519 was in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. The school received commissions from the Interagency Coordinating Board (ICB), vending and student pictures.

Audit Objective

The Internal Audit Unit (IAU) uses generally accepted auditing principles to provide an audit opinion on the school's financial activity by evaluating the adequacy of internal controls and compliance with Board of Education (Board) policies and MCPS regulations and procedures. Specifically, the audit seeks to obtain reasonable assurance that:

- Evidence of fraud was not identified within the IAF.
- Funds are safeguarded against loss, misappropriation, or misuse.
- Transactions are accurately recorded and fairly reported in the school's financial records.
- Receipts and disbursements are appropriate, properly documented, and consistent with the intended purpose of the funds.
- Instances of misappropriation, misreporting, or waste, if they exist, are identified and evaluated for materiality.

The IAU is free from organizational impairments to independence. The IAU administratively reports directly to the chief of staff of the Office of the Board of Education and functionally reports to the Montgomery County Board of Education's Fiscal Management Committee.

Methodology

The audit is not designed to examine every transaction but instead relies on risk-based sampling and other generally accepted audit procedures to provide reasonable assurance. Audit procedures include interviews with key staff, a review of prior audit findings and the status of related action plans, testing of transaction samples, and an on-site assessment of internal controls and procedures.

Audit Opinion:

Needs improvement – Moderate Risk

Based on the results of our audit, we noted that the IAF is generally well managed, with no evidence of fraud or material misappropriation, misreporting, or waste. However, some deviations from policy and opportunities for improvement were noted. These items are not considered high-risk when evaluated collectively.

In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, using the attached action plan template, provide a written response approved by the school's director of school leadership and improvement to the IAU within 30 calendar days of this report.

Findings and Recommendations:

Finding 1 [Low-Risk]: School Cash Online (SCO) processing fees were not used in accordance with MCPS Regulations.

According to a memorandum dated October 27, 2022, fees collected at the school level can be utilized for waiver/fee reduction for students to participate in school activities as well as to offset incurred operational expenses for managing school finances, not limited to purchasing check and receipt stock, endorsement stamps, and deposit slips.

We recommend that the school use the funds for their intended purpose per the memo.

Finding 2 [High-Risk]: Purchase requests were not approved by the principal prior to procurement.

Schools must follow *the MCPS Financial Manual, Chapter 20, Independent Activity Funds*, to manage the procurement of goods and services using IAF. In our sample of disbursements, we found that the MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, was not approved by the principal before the procurement of goods or services.

We recommend that staff obtain the principal's approval using MCPS Form 280-54, before purchasing goods or services. If the sponsor is seeking immediate approval, the sponsor should have the MCPS Form 280-54 prepared, allowing for a signature to be captured at that time.

Finding 3 [Moderate-Risk]: Purchasing card transactions were not reviewed/approved in a timely manner.

According to the *Purchasing Card Guide*, all cardholders are required to reconcile each transaction using the online reconciliation program (PaymentNet), print the required reports, attach receipts to the report, and send the report and receipts within five working days from end of reporting period to their approving official. Approving officials are required to approve each transaction by the 10th of each month following the purchase.

We recommend that the school develop a process to ensure that cardholders review their transactions timely and that the principal approves the transactions by the 10th of the following month.

Finding 4 [High-Risk]: The school did not adhere to the MCPS Procurement process according to the MCPS Financial Manual when contracting with a consultant/independent contractor using Independent Activity Funds (IAF) that provided a service to the school.

Schools must follow *the MCPS Financial Manual, Chapter 20, Independent Activity Funds*, to procure goods and services using IAF. In our sample, we noted a payment to an independent contractor who provided services to the school. The services included the setup of inflatables and lighting for homecoming. The vendor and the service provided required procurement approval on MCPS Form 280-49A, *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)* and a review by MCPS Systemwide Safety Programs prior to contracting and issuing payment to the vendor.

We recommend that the sponsor, the financial agent, and the principal review all purchase requests in advance to determine whether additional authorization is required before procuring goods or services. If the school is unsure whether a request requires additional approval, the MCPS Financial Manual, Chapters 15 and 20, should be referenced, or the school can contact the MCPS Procurement Unit.

Exit Conference:

At our November 17, 2025, exit conference with Dr. Jonathan L. Garrick, principal; Ms. Thuy Trang Duong, school business administrator; Mr. Marco G. Fuggitti, athletic director; and Mrs. Timasha B. Adams, school financial specialist, we reviewed the prior audit report dated December 13, 2023, and the status of the present conditions. You received a detailed report outlining each finding, observation, and other areas for improvement. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for the school for the period designated.

We thank you for your cooperation. Based on the **Needs improvement** status of your IAF audit, an action plan must be completed. Prior to returning your completed audit action plan, please contact Ms. Aricka Porter, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan. Based on the audit recommendations.

MAP:ABB:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor
Mrs. Alfonso-Windsor
Ms. McGuire
Dr. Moran
Ms. Seabrook
Mr. Francois
Mr. McGee
Mrs. Chen
Ms. Aricka Porter
Mrs. Ripoli
Mr. Santos Rodriguez
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: January 5, 2026	Fiscal Year: FY26
School or Office Name: Northwood High School	Principal: Jonathan L. Garrick
DSLI Associate Superintendent: Sean McGee	DSLI Director: Aricka Porter

Strategic Improvement Focus:

As noted in the financial audit for the period 11/1/23 - 9/30/25, strategic improvements are required in the following business processes :

Consistent focus on correct policy and process in the areas of SCO fee usage, 280-54 and 280-49A approvals, and P-Card approvals with staff training and oversight as needed.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
School Cash Online (SCO) processing fees will be used towards students assistance instead of students recognition.	Jonathan Garrick, Suzy Duong	Memo 10/27/2022 regarding use of funds	Monthly reconciliation statements.	Principal, SBA, SFS	Funds will be used according to the Memo dated 10/27/2022.
No funds will be disbursed without a signed MCPS 280-54 by the principal or his designee prior to purchasing.	Jonathan Garrick, Suzy Duong, Timasha Adams	MCPS Financial Manual, Chapter 20 IAF	MCPS 280-54 date of requests versus date on receipts.	Principal, SBA, SFS	Funds will not be disbursed without principal's (designee's) signature before purchasing of goods or services.
Staff will reviewed their transactions on-line and submit the receipts by the 10th day of each month.	Jonathan Garrick, Suzy Duong	MCPS Purchasing Card Guide	Monthly transaction on-line approval and monthly statement approval	Principal, SBA, SFS	Monthly automatic reminders set and accept.
MCPS Form 280-49A will be used for all outside consultants and contractors for goods and services.	Jonathan Garrick, Suzy Duong, Timasha Adams	MCPS Financial Manual, Chapter 20 IAF	MCPS 280-49A for any events using outside consultants and contractors for goods and services	Principal, SBA, SFS	Funds will not be disbursed without the signed MCPS 280-49A

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

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSLI)

Approved

Please revise and resubmit plan by _____

Comments: _____

Director: _____



Date: 1/6/2024