


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 11, 2025

MEMORANDUM

To: Mrs. Christine D. Oberdorf, principal
Piney Branch Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2021, through November 30, 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 4, 2025, meeting with you; Mr. Richard Weerts, assistant principal; Mrs. Victoria M. Welch, school administrative secretary (secretary); and Ms. Monika Roberts, visiting bookkeeper; we reviewed the prior audit report dated November 2, 2021, and the status of the present conditions. 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, the IAF account name/number to be charged, the request date, the balance available in the account, and the signatures of the sponsor,

financial agent and principal, are required in order to properly charge appropriate accounts and to ensure that expenditures comply with IAF requirements. In addition, 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 indicated that the purchaser would provide amount and purpose, the agent would certify the account balance, principal would approve, purchaser would sign to show received, and agent would mark as paid. In our sample of disbursements, we found prior approval was not consistently obtained, MCPS Form 280-54 was not always completed in its entirety, documentation was not annotated by recipients to indicate purchased goods or services were satisfactorily received, and the documentation was not being marked “paid” by the secretary upon payment. We also found that some items were shipped to staff member’s home addresses. By requiring prior approval, the principal retains control over the expenditure of IAFs. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditures, and be signed by the principal at the time verbal approval is sought. We also recommend that Form 280-54 be completed by staff with all requested information, invoices for goods or services be signed by the purchaser to indicate satisfactory receipt and the secretary marks the documentation as “paid” to preclude duplicate payment. In addition, we recommend that all items purchased for the school to be shipped to the school address (refer to the *MCPS Financial Manual*, chapter 20, page 6).

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, or the statement of account landscape report, 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. We found that the JP Morgan statement of landscape was not printed monthly, and not presented to the principal along with purchase receipts and invoices attached. We also noted that the principal had approved transactions in the online system prior to receiving the monthly statement of account landscape report with purchase receipts and invoices attached. We recommend that all cardholders provide the approver with a copy of the monthly statement of landscape report with corresponding receipts. In addition, we recommend that transactions are never approved in the online system without first reviewing the statement of account landscape with corresponding receipts attached.

In order to properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary together with MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*. Cash must be counted in the presence of the remitter and a receipt that is supported by the MCPS Form 280-34 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 your action plan, you indicated that sponsors would be reminded to remit funds daily and all funds would be deposited according to MCPS policy. We found that some sponsors were holding funds collected rather than remitting them to the secretary on a daily basis. We also noted that the secretary was not always making deposits on the last working day of each month and before each weekend or holiday. To minimize the risk

of loss, all funds collected must be remitted daily for prompt deposit in accordance with MCPS policy and procedures.

Notice of Findings and Recommendations

- Purchase requests must include all required information and be approved by the principal prior to procurement (**repeat**).
- Purchase invoices and receipts must be annotated as received by the purchaser and stamped as “paid” by the secretary upon disbursement (**repeat**).
- Purchase card transactions must be documented, reviewed, and approved by the principal.
- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary and deposited in accordance with MCPS policy and procedures (**repeat**).

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. Yolanda R. Allen, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Allen will indicate whether she 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:GK:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor
Ms. Alfonso-Windsor
Ms. McGuire
Dr. Moran
Mrs. Williams
Mr. McGee
Mr. Reilly
Dr. Allen
Mrs. Chen
Mr. Klausling
Mrs. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2.11.2025	Fiscal Year: 9.1.2021 - 11.30.2024
School or Office Name: Piney Branch Elementary School	Principal: Chris Oberdorf
OSSI Associate Superintendent: Dr. Sean McGee	OSSI Director: Dr. Yolanda Allen
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>9.1.21 - 11.30.24</u>, strategic improvements are required in the following business processes :</p> <p>Procedures for purchase requests and purchases, purchase card transactions, and funds collection by sponsors must be followed with oversight monitored by the principal.</p>	

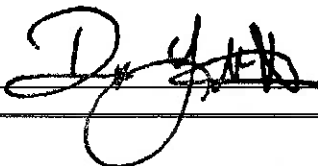
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase requests will include all required information (including account balance) and be approved by the principal prior to procurement.	Purchaser Administrative Secretary Principal	Form 280-54 Account balance summary sheet	Form 280-54 Account Balance	Financial Agent -review when request submitted Principal-review when approve and sign request	Independent Activity Funds Request for a Purchase Form 280-54 all sections complete prior to purchase (as verified by dates).
Purchase invoices and receipts are annotated as received by the purchaser and stamped 'paid' by the secretary upon disbursement.	Purchaser Administrative Secretary Principal	Invoices and receipts PAID stamp	Invoices and receipts signed by purchaser to indicated satisfactorily received. Receipt marked 'paid' to preclude duplicate payment.	Administrative secretary will check for signature and mark receipt 'paid' when disperse funds.	Principal will verify signature and 'paid' stamp when signing check for disbursement of funds.
Purchase card transactions must be documented, reviewed, and approved by the principal.	Administrative Secretary/ Purchasing Cardholder Principal	Monthly statement of account landscape report with receipts	Online reconciliation program, monthly statement, statement of account landscape report	Cardholder use the on-line program by 5th, principal review and approve by the 10th of each month	Cardholder (administrative secretary) provide principal with a copy of monthly landscape report with receipts, which are then approved on-line by 10th.
Funds collected by sponsors will be promptly remitted to the secretary and deposited according to MCPS policy.	Sponsors Administrative Secretary	Form 280-34	Daily deposits, Deposits on last working day of each month and before each weekend or holiday.	Administrative Secretary when receipt of Form 280-34 Principal when sign deposit slips	Daily deposits with no funds secured in the safe overnight, over the weekend or past last working day of month .

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: 3/24/25