


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 25, 2024

MEMORANDUM

To: Mrs. Nadia J. Kline-Taylor, Principal  
Potomac Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2022, through January 31, 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 13, 2024, meeting with you and Ms. Kelly Matos de Oliveira, school administrative secretary (secretary), we reviewed the prior audit report dated March 8, 2022, and the status of the present conditions. It should be noted that your appointment as acting principal was effective July 1, 2023, and appointment as principal was effective March 8, 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. In our sample of disbursements, we noted instances where 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 also found that some items were shipped to staff members' home addresses. We recommend 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. We also recommend that all items purchased for the school to be shipped to the school address.

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 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 former principal had not promptly reviewed her transactions in the online reconciliation program and not all transactions had been approved online. We also found that cardholder's online reviews of purchase card transactions did not always include the IAF account number, staff or students, or detailed description of what was purchased. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the secretary. 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). We noted that MCPS Form 280-34, *Remittance Slip*, was not always completed in its entirety by the sponsor or secretary, and at times was missing the date, description, signature, total amount collected, account name and number and were also missing the secretary signature, receipt number and date received by the secretary. We recommend that all sponsors and the secretary complete the remittance slip in full.

#### **Notice of Findings and Recommendations**

- Purchaser must confirm receipt of goods or services prior to disbursement.
- All items purchased for the school must be shipped directly to the school.
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*;
- MCPS Form 280-34 must be completed in full with all required information by sponsor and the secretary.

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. Tamitha E. Campbell of school support and well-being, Office of School Support and Well-Being, for written approval of

your plan. Based on the audit recommendations, she 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:YSG: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

Dr. Campbell

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 04/11/2022	<b>Fiscal Year:</b> 2023-2024
<b>School or Office Name:</b> Potomac Elementary School	<b>Principal:</b> Nadia Kline-Taylor
<b>OSSWB Associate Superintendent:</b> Sean McGee	<b>OSSWB Director:</b> Dr. Tamitha E. Campbell
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>2022-2024</u>, strategic improvements are required in the following business processes :</p> <p>4. MCPS Form 280-34 must be completed in full with all required information by sponsor</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
3. - Administrative Secretary will provide a sample to sponsors with instructions on how form 280-34 should be completed. -Sponsors will also receive all relevant information to complete forms such as Account name and number the money is supposed to be deposited to.	Administrative Secretary, Kelly Matos de Oliveira	Slides/handout with specific instructions during pre-service week.	- Checking forms, ensuring all information is correct. - Ensure sponsors provide all relevant documentation.	Administrative Secretary as purchase requests are made.	-All forms will be verified upon receipt and changes will be made when necessary.
		- MCPS form 280-34.			

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**OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)**

Approved       Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director: \_\_\_\_\_

*[Handwritten Signature]*

Date: \_\_\_\_\_

*5/20/24*