


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 18, 2025

MEMORANDUM

To: Dr. Leroy C. Evans, Acting Principal
Quince Orchard High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2024, through April 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 9, 2025, meeting with you; Mr. Danilo Santos Rodriguez, school business administrator; and Mrs. Jessica L. Ayers, school financial specialist, we reviewed the prior audit report dated May 15, 2024, and the status of the present conditions. It should be noted that your appointment as acting principal was effective August 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

Independent contractors or consultants working in schools must comply with all laws and MCPS requirements set forth in the Procurement Manual. MCPS Form 280-49A: *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)* is used to document authorization/approval for all consultant/independent contractor services paid with IAF. MCPS Form 280-49A specifies that this form is required (in lieu of MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*) to document

authorization/approval for all consultant/independent contractor services paid with IAF, regardless of the amount due for services, EXCEPT when contracting with vendors from the MCPS Approved Carrier (charter bus) list. If payment due for the vendor's services is \$1,500 or more, a purchase order is required, EXCEPT when contracting with Montgomery County Police Officers for high school event security. We found that this form had not been completed for some of the payments to independent contractors during the audit period, and additionally there were some vendors paid more than \$1,500 during a fiscal year that should have been paid on a purchase order entered in the Business Hub (refer to the *MCPS Financial Manual*, chapter 15, page 2).

Retail sales tax must be collected by the school and remitted to the State of Maryland on the sales of all taxable merchandise. Taxable merchandise includes yearbooks, school store, fundraiser items, athletic uniforms, and other items that become the personal property of the individual making the purchase (refer to the *MCPS Financial Manual*, chapter 18, page 2). In the school's action plan, they indicated that the school financial specialist would maintain a spreadsheet to track all taxable items for accuracy. We noted that sales tax was not calculated correctly to account for all sales activities in Fiscal Year (FY) 2024. We recommend that you track all taxable sales on a spreadsheet to assist in calculating the correct amount of sales tax that needs to be remitted to the State of Maryland Controller's office.

Notice of Findings and Recommendations

- MCPS Form 280-49A must be completed in advance to document authorization/approval for all independent contractors.
- Tax must be collected on all taxable sales and remitted to the Comptroller of Maryland (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. Michael J. Zarchin, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Zarchin 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 financial agents 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. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mr. Francois

Mrs. Gomez

Mr. Klausling

Mrs. Ripoli

Dr. Zarchin

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: June 18, 2025

Fiscal Year: 2025

School or Office Name: Quince Orchard High School

Principal: Dr. Irina LaGrange

OSSI

Associate Superintendent: Dr. Tamitha Campbell

OSSI

Director: Dr. Michael Zarchin

Strategic Improvement Focus:

As noted in the financial audit for the period 1/1/24 - 4/30/25, strategic improvements are required in the following business processes :

1. Form 280-49A must be completed in advance to document authorization/approval for all independent contractors; 2. Accurate tax collection & payment for all taxable sales.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1. Utilizing MCPS form 280-49A -Form 280-49a will be completed every time (authorization and approval in advance) to document authorization and approval for independent contractor to get paid -Process will be started at least 15 business days prior to anticipated start of work	Jessica Ayers Irina LaGrange	Form 280-49A Verification performed by procurement Unit	Review submitted documents Grant approval once all the forms have been successfully submitted	Jess Ayers, start Kari Lantos, submit Irina LaGrange, approve	
2. Collecting Sales Tax -We will use a chart (already created, see attachment) to track all sales taxes on a spreadsheet to ensure accuracy with remitting sale tax to the State of Maryland Controller's Office.	Jessica Ayers Kari Lantos	Sales tax collection spreadsheet (example attached)	Sales tax collection spreadsheet	Kari Lantos will audit with Jess quarterly and share findings with Dr. LaGrange	

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

9-4-25