


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 26, 2024

MEMORANDUM

To: Mr. Matthew T. Niper, Principal
Redland Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2022, through November 30, 2023

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 December 20, 2023, meeting with you and Ms. Myrian E. Fuentes, school financial assistant, we reviewed the prior audit report dated June 28, 2022, 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

The monthly bank statement reconciliation must be performed by an employee who is independent of recording the financial transactions; however, the employee performing the independent bank reconciliation cannot be a check signer. We found that your administrative secretary was a check signer during the audit period, and also performed the bank reconciliations. Because the monthly bank statement reconciliation is performed by an employee who is independent of recording the

financial transactions, the principal may authorize the school financial agent to be an additional individual with authority to sign checks (refer to the *MCPS Financial Manual*, chapter 20, page 6). We recommend that you take the administrative secretary off of the school's bank signature card and add your school financial specialist as a check signer.

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 in order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. In our sample of disbursements, we found instances in which purchases were not consistently pre-approved. We also noted that the sales tax electronic payment and MCPS iPayments had not been reviewed and authorized for payment by the principal. 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. We also recommend that all MCPS iPayments be reviewed and approved by the principal using MCPS Form 280-54.

Notice of Findings and Recommendations

- Monthly checking account reconciliation must be performed by someone independent of financial transactions and cannot be a check signer.
- Check disbursements, electronic payments and MCPS iPayments must be documented using MCPS Form 280-54.

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 Mr. Gregory C. Mullenholz , director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Mullenholz 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 financial assistant, to support you with developing a well-defined plan to address the findings.

MJB:PJM:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Dr. Collins

Mr. Hull
Dr. Kimball
Mrs. Williams
Ms. Dempsey
Mr. Reilly
Mrs. Chen
Ms. Eader
Mr. Mullenholz
Mr. Klausling
Mrs. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY24

Fiscal Year: FY24

School: Redland MS - 562

Principal: Mr. Matthew T. Niper

OTLS

Associate Superintendent: Mrs. Lance Dempsey

OTLS

Director: Mr. Greg Mullenholz

Strategic Improvement Focus:

As noted in the financial audit for the period 5/1/22 - 11/30/23, strategic improvements are required in the following business processes :

Purchase Requests must be documented using 280-54 and monthly checking account reconciliation must be performed by a non-check signer.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Pre-Service Week Financial Training: During the training, all staff will receive a copy of Form 280-54. All staff will be reminded the process for a purchase is to have principal approval prior to expenditures and reason for/description of purchase must be fully explained.	Myrian Fuentes- Financial Spec.	MCPS Form 280-54	Pre-Service Week Presentation Monthly Principal/Financial Spec. Meeting - Review 280-54 forms.	Myrian Fuentes - FS Matthew Niper - Principal	
Copies of Form 280-54 available on MCPS Website and in Financial Specialist office for staff to access.	Myrian Fuentes	Form 280-54	Providing a form to any staff who needs to make a purchase with a reminder to get approval FIRST.	Ongoing.	
During monthly Financial Specialist/Principal meeting, review all MCPS iPayments and use 280-54 created by Myrian Fuentes to approve the expenditures.	Principal	Form 280-54 MCPS iPayments	Monthly Financial Meeting Review MCPS iPayments requests	Myrian Fuentes - FS Matthew Niper - Principal	
Remove Cara Witmer, Administrative Secretary as a check signer.	Myrian Fuentes- Financial Spec.		Verification from SSB	Matthew Niper - Principal	

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OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director:



Date:

2/22/24