


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 25, 2019

MEMORANDUM

To: Dr. Jessica V. Palladino, Principal
Rolling Terrace Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2016, through September 30, 2019

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, 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 November 6, 2019, meeting with you, and Mrs. Anna W. Tredway, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated August 5, 2016, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2019. 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. We found that this form had not been completed for payments to

independent contractors during our audit period. Moving forward, project managers must initiate MCPS Form 280-49A prior to the start of work, to document the authorization and approval to pay a consultant/independent contractor with IAF (refer to *MCPS Financial Manual*, chapter 15, page 2).

Notice of Findings and Recommendations

- Independent contractor payments must comply with MCPS Regulation DIA-RB;

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 form, 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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Webster 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:LS:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Tallur

Mrs. Webster

Mr. Marella

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20	Fiscal Year: FY20
School: Rolling Terrace ES - 771	Principal: Jessica Palladino
OSSI Associate Superintendent: Diane Morris	OSSI Director: Jennifer Webster
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>7/1/16-7/1/19</u>, strategic improvements are required in the following business processes :</p> <p>Independent contractor payments must comply with MCPS regulation DIA-RB</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Prior to engaging independent/outside contractors, project managers will complete and submit MCPS form 280-49A for approval.	Project manager Principal Administrative secretary	MCPS form 280-49A	Review process with financial agent	Quarterly review of IAF with bookkeeper, principal and administrative secretary	All independent contractor fund requests will adhere to regulations on form 280-49A.

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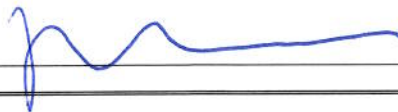
OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved

Please revise and resubmit plan by _____

Comments: _____

Director: _____



Date: _____

1/7/20