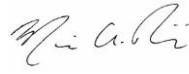


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 14, 2025

MEMORANDUM

To: Mrs. Kathryn C. West, Principal  
Bayard Rustin Elementary School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period  
March 1, 2022, through May 31, 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 30, 2025, meeting with you; Mrs. Melissa L. Goldberg, assistant principal; Mrs. Caitlin M. Ravida, school administrative secretary (secretary); and Mrs. Debra L. Taylor-Miller, visiting bookkeeper; we reviewed the prior audit report dated March 31, 2022, and the status of the present conditions. It should be noted that Mrs. Ravida's assignment as secretary was effective July 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**

Documents supporting the IAF reports are part of the financial records and must be maintained in the school office and filed logically to be readily available for audit or other purposes. IAF records shall be retained for five years after the close of the year to which they apply and until all audit requirements have been met, whichever is longer, and then destroyed (refer to the *MCPS Financial Manual*, chapter 20, page 16). Our review disclosed that many financial records were misfiled

and not available for review, such as bank deposit slips, year-to-date reports, bank statements including cleared checks, JP Morgan statement of account landscape with receipts, MCPS invoices and payments deposit analysis, receipts, remittance slips, and contracts for pictures and yearbooks.

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. The secretary will then mark the documentation as “paid” prior to disbursing the funds. In your action plan, you stated that the principal will approve all purchasing requests prior to procurement, the purchaser will confirm receipt of goods and services prior to disbursement, and invoices and receipts would be annotated as paid. In our sample of disbursements, we noted instances in which controls over purchases were weakened including documentation supporting purchases were not stamped or marked “paid”, and invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received. We recommend that when goods are received at the school, the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient.

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. The principal’s card transactions are to be reviewed and approved by Dr. Alana D. Murray, director, Division of School Leadership and Improvement. In the school’s action plan, you indicated that cardholders would reconcile purchase transactions by the fifth business day of the following month. Statements with receipts and invoices attached would be provided to the principal, and you would approve all transaction in the online system by the 10th of the following month. We found that cardholders had not always prepared their monthly statements, provided purchase receipts, nor reviewed transactions in the online reconciliation program until the time of the audit. We also found that the you had not approved all transactions online because cardholders had not reviewed their transactions. In addition, we found that your transactions had not been approved in the online system by your director. We recommend that all cardholders provide the principal with a copy of the monthly statement of landscape report with corresponding receipts even if they have not had any transactions for the month. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

To properly control receipts, cash and checks (funds) collected by sponsors for IAF activities must be remitted promptly and intact to the secretary along with MCPS Form 280-34, *MCPS Remittance Slip*. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. These receipts must then 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 the school's action plan, you indicated that the secretary would verify all funds collected and document the deposit. In our review of receipts, we found that some sponsors were holding funds collected rather than remitting them to the secretary on a daily basis. We also noted at times, funds were held by sponsors over allowable limits or over a weekend. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted daily to the secretary and deposited timely.

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

- The IAF must be managed in accordance with sound accounting practices and effective internal controls that include safeguarding financial records until required audits are completed.
- Purchaser must confirm receipt of goods or services and invoices and receipts must be annotated as paid prior to disbursement.
- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide (repeat)*.
- Cash and checks (funds) collected by sponsors must be promptly remitted to the secretary and deposited in the bank timely always by the end of the month and before each weekend or holiday (**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. Alana D. Murray, director, Division of School Leadership and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Murray 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.

MAP:AMB:rg

Attachment

Copy to:

Members of the Board of Education  
Dr. Taylor  
Mrs. Alfonso-Windsor  
Ms. McGuire  
Dr. Moran  
Ms. Seabrook

Mrs. Kathryn C. West

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July 14, 2025

Dr. Campbell

Mr. Francois

Mrs. Chen

Dr. Murray

Mrs. Ripoli

Mr. Santos Rodriguez

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> July 14, 2025	<b>Fiscal Year:</b> 2025
<b>School or Office Name:</b> Bayard Rustin Elementary School	<b>Principal:</b> Kathryn West
<b>OSSI</b> <b>Associate Superintendent:</b> Dr. Tamitha Campbell	<b>OSSI</b> <b>Director:</b> Dr. Alana Murray
<b>Strategic Improvement Focus:</b> As noted in the financial audit for the period <u>3/1/22-5/31/25</u> , strategic improvements are required in the following business processes :  proper financial file maintenance, purchase request/approval processes, and prudent money handling and remittance processes with regard to the IAF.	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
IAF records will be maintained in the school office for at least 5 years and filed logically for review, including bank deposit slips, year-to-date reports, bank statements including cleared checks, JP Morgan statement of acct landscape with receipts, MCPS invoices and payments deposit analysis, receipts, remittance slips, and contracts	Admin secretary Principal	MCPS Financial Manual	Weekly items meeting for finance check-in	Weekly	
All purchases will be requested via Form 280-54, approved by the principal, marked by the admin secretary as "paid" and then stamped and dated "received" once goods have arrived.	Admin secretary Principal	Form 280-54 "Paid" and "Received" stamps	Weekly items meeting for finance check-in	Weekly	
Implement purchasing card best practices to ensure Purchase card activity compliance with the MCPS Purchasing Card User's Guide. Specifically, admin secretary will collect all p-card documentation each month by the 5th day of the previous month and remit to principal for signatures. Admin secretary will then maintain files.	Principal Admin secretary	MCPS Purchasing Card User's Guide	Monthly reminders on Outlook	Principal Admin Secretary All P-card holders Ongoing	
Cash and checks (funds) collected by sponsors will be promptly remitted to the secretary and deposited in the bank timely always by the end of the month and before each weekend or holiday	Sponsors Admin secretary	MCPS Form 280-34, MCPS Remittance Slip	Daily remittance reminders for sponsors on Outlook  Bank deposit slips	Admin secretary Principal Throughout sponsored fundraising	

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

*Arlene D. Murray*

Date: 8.29.25