


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 12, 2024

MEMORANDUM

To: Mrs. Shenice N. Brevard, Principal
Shady Grove Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2022, through August 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 November 26, 2024, meeting with you and Mrs. Sharon A. Buyukcan, school financial specialist, we reviewed the prior audit report dated February 6, 2023, and the status of the present conditions. It should be noted that your appointment as principal 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

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. Invoices for goods or services must be signed by the purchaser to

indicate satisfactory receipt. The financial specialist will then mark the documentation as “paid” prior to disbursing the funds. In the school’s action plan, the former principal indicated that sponsors and the school financial specialist would prepare budget and/or Form 280-54 to obtain approval prior to purchase. In our sample of disbursements, we found instances in which purchases were not pre-approved, 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, and that payment could be processed. 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 support documents be marked “paid”, and 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” insures that goods or services have been satisfactorily received prior to payment.

MCPS allows schools to spend their IAF to purchase instructional materials and other eligible items, and later submit a request for reimbursement from MCPS to cover the cost from allocated funds for the current fiscal year. Account 0060.0000, MCPS Reimbursement, was established in the chart of accounts to track these reimbursements. It is the responsibility of the financial agent to submit a request for reimbursement by the 10th day of the following month and to monitor the account to insure all expenses are reimbursed. We found that the financial specialist did not submit reimbursement requests timely, causing the account to carry a negative balance. Due to the fact that these expenditures were from prior fiscal years, the financial agent transferred funds from the general account to cover the negative balances in the MCPS reimbursement accounts. It is further advised to review and reconcile this account on a monthly basis to avoid future delays in submitting MCPS reimbursement. We noted you currently have a negative balance in the account and it appears that reimbursement requests may not have been submitted. We recommend that you determine if reimbursement requests have been submitted and if not submit to the controller’s office immediately.

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed an activity fee to reimburse MCPS for personal expenses associated with the program. Students unable to pay the OEEP activity fee receive waivers. Any waivers must be reported to MCPS so that the total amount of the invoice billed to schools is adjusted accordingly. We found that the school did not correctly report all funds collected from students who were identified as needing assistance that resulted in an underpayment to MCPS. We recommend that you review the procedures for reporting students needing financial assistance with the sponsor, and that financial assistance forms are reviewed for accuracy before they are submitted. We also recommend that you reconcile your account to determine that all students who paid and attended were properly reported to MCPS. You will have to remit all funds previously collected from students that were not reported to OEEP.

Notice of Findings and Recommendations

- All purchase requests must be preapproved on Form 280-54 by the principal prior to placing an order or making a purchase (**repeat**).
- Purchase documentation must be annotated as “paid” and invoices/online confirmations must be signed as “received” (**repeat**).
- The financial agent should submit a request for reimbursement by the 10th day of the following month and reconcile the MCPS Reimbursement account monthly.
- OEEP sponsor records must correctly report funds collected and waivers granted for all participating students.

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 Miss. Aricka R. Porter, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Miss. Porter 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:HT:rg

Attachment

Copy to:

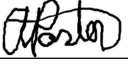
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FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2024 -2025	Fiscal Year: 2024 -2025
School or Office Name: Shady Grove MS #521	Principal: Shenice Brevard
OSSI Associate Superintendent: Sean McGee	OSSI Director: Aricka Porter
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2024 - 2025</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Ms. Buyukcan will review and revise procedures for reporting financial assistance for the OEEP program with the sponsor to ensure accuracy. Reconcile accounts to verify that all collected funds and waivers were properly reported, and remit any unreported funds to MCPS.	Ms. Buyukcan ODE Sponsors	NA	Procedure Checklist: Tracks revisions and accuracy of financial assistance reporting for the OEEP program. Reconciliation Log: Verifies all collected funds and waivers are reported and documents remittance of unreported funds to MCPS.	Ms. Brevard Ms. Buyukcan Ms. Hyman weekly meetings, as needed	Complete and accurate financial assistance forms submitted Reconciled accounts confirming proper reporting of funds and waivers Proof of remittance for unreported funds to MCPS.
Ms. Buyukcan will ensure reimbursement requests are submitted by the 10th of each month and reconcile Account 0060.0000 monthly to avoid negative balances.	Ms. Buyukcan	NA	Reimbursement Submission Log: Tracks reimbursement requests submitted by the 10th of each month. Account Reconciliation Tracker: Verifies monthly reconciliation of Account 0060.0000 to ensure no negative balances.	Ms. Brevard Ms. Buyukcan Ms. Hyman weekly meetings, as needed	Monthly reconciliation reports for Account 0060.0000 show a positive or zero balance. Documentation of reimbursement requests submitted by the 10th monthly.
Ms. Buyukcan will ensure all purchases are pre-approved using MCPS Form 280-54 with estimated expenditures and principal approval. Implement a process to verify, mark, and sign all supporting documentation as "received" and "paid" to confirm goods or services are satisfactorily received before payment is processed.	Ms. Buyukcan Staff requesting supplies materials	NA	Approval Log: Tracks MCPS Form 280-54 submissions with dates, expenditures, and principal approval. Receipt Tracker: Confirms invoices and packing slips are marked "received" and "paid" with signatures and dates.	Ms. Brevard Ms. Buyukcan Ms. Hyman monthly	Completed MCPS Form 280-54 with principal approval for all purchases Invoices and packing slips signed, dated, and marked "received" by recipients Documentation consistently marked "paid" by the financial specialist before disbursing funds
Ms. Buyukcan will ensure MCPS Form 280-54 is completed and approved before any expenditure of funds. Sponsors will develop and submit an annual budget at the beginning of the school year, following a checklist of outlined expectations.	Ms. Buyukcan Sponsors	MCPS Form 280-54 Budg. Checklist Template Training Materials : Guidelines or sessions for sponsors on completing budgets and MCPS Form 280-54 accurately Tracking System:	Approval Log: Tracks and verifies MCPS Form 280-54 approvals. Budget Tracker: Monitors timely submission and review of sponsor budgets. Audit Checklist: Ensures compliance with pre-approval and budgeting processes. Documentation Archive: Stores signed and approved forms and budgets.	Ms. Brevard Ms. Buyukcan Ms. Hyman weekly meetings, as needed	Approved MCPS Form 280-54 for all expenditures on file Annual budgets from sponsors submitted and aligned with the expectations checklist Documentation demonstrating compliance with pre-approval and budgeting processes.

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: _____ 	Date: <u>2/10/2025</u>