


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 28, 2024

MEMORANDUM

To: Dr. Tiffany N. Awkard, Principal
Silver Creek Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 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 October 16, 2024, meeting with you, and Ms. Roxana Rivera Diaz, school financial specialist, we reviewed the prior audit report dated December 20, 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

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. Upon disbursement, the school financial specialist will stamp or mark the supporting documentation as “paid”. In your action plan, you indicated that purchase invoices would be signed and dated to indicate the receipt of goods and services, and that supporting documentation would be stamped “paid”. In our sample of disbursements, invoices and online purchase confirmations

were not always signed by the receiver to indicate goods or services were received, and supporting documentation was not always stamped “paid”. Purchasers must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed. All receipts and invoices must be stamped “paid” upon issuance of the check. We recommend that 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. We also recommend that documentation be stamped or marked “paid” upon issuance of the check (refer to the *MCPS Financial Manual*, chapter 20, page 6).

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the financial specialist. These receipts must 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 your action plan, you indicated that receipts would be promptly deposited to the bank. In our sample of receipts, we noted that the financial specialist was not always making deposits on the same day they were received, due to late remittance by staff. To minimize the risk of loss, we recommend staff be reminded to remit collected funds earlier in the afternoon to allow the financial specialist ample time to make bank deposit on the day funds are received.

Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made (**repeat**).
- Cash and checks (funds) collected by sponsors must be deposited in the bank by the financial specialist in accordance with Chapter 7 of the *MCPS Financial Manual* (**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 school financial specialist 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

Ms. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Mrs. Williams

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mr. Klausling

Mrs. Ripoli

Dr. Zarchin

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12.9.24 (FY 24-25)	Fiscal Year: 12.9.24 (FY 24-25)
School: Silver Creek MS – 835	Principal: Tiffany N Awkard
OSSWB Associate Superintendent: Dr. Tamitha Campbell	OSSWB Director: Dr. Michael Zarchin
Strategic Improvement Focus: As noted in the financial audit for the period <u>10/1/22-8/31/24</u> , strategic improvements are required in the following business processes :	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All JP Morgan transactions are marked "Paid" or "Received" As recommended, all support documents with checks will be marked "Paid" or "Received" as well.	Roxana Rivera Díaz, Financial Specialist	None	Check in with principal to ensure all JP Morgan transactions are paid and/or received. Weekly meeting notes/action, as applicable.	Financial Specialist Principal Regularly scheduled weekly Meetings	Evidence will demonstrate all JP Morgan transactions marked as Paid or Received during next Audit.
The school only held funds over the weekend when funds were collected on Friday nights or Saturday events. We will continue to promptly deposit any funds collected into the school bank account once school resumes the following day.	Roxana Rivera Díaz, Financial Specialist	None	Check in with principal to ensure funds have been deposited. Weekly meeting notes/actions, as applicable.	Financial Specialist Principal Regularly Scheduled weekly Meetings	Evidence will demonstrate all funds will continue to be deposited in the school bank account according to recommended time frame.


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:  Date: 12-16-24