


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

January 24, 2025

MEMORANDUM

To: Dr. Karin M. Wade, Principal  
Travilah Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
August 1, 2022, through October 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 December 18, 2024, meeting with you; Mrs. Shelly W. Palacios, school administrative secretary (secretary); and Mrs. Yvonne M. Spencer, visiting bookkeeper; we reviewed the prior audit report dated September 20, 2022, and the status of the present conditions. It should be noted that Mrs. Palacios' assignment as secretary was effective January 8, 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 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 our sample of disbursements, prior approval was not consistently obtained, and MCPS Form 280-54 was not prepared and approved by principal when paying MCPS invoices through iPayments. We also 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, and that payment could be processed. We also found that some items were shipped to staff member’s home addresses instead of the school address. 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 and that your secretary completes MCPS Form 280-54 for all iPayments. 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” ensures that goods or services have been satisfactorily received prior to payment. We also recommend that all items purchased for the school to be shipped to the school address.

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

- All purchase requests must be preapproved by principal on Form 280-54 and this form must be prepared and signed when paying iPayments.
- Purchase documentation must be annotated as “paid” and invoices/online confirmations must be signed as “received”.
- All items purchased for school should be shipped to the school address

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 improvement, Office of School Support and Improvement, 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 secretary 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

Mr. McGee

Mr. Reilly

Mrs. Chen

Mr. Klausing

Mr. Mullenholz

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

|  |                                       |
|--|---------------------------------------|
| <b>Report Date:</b> 3/4/25                               | <b>Fiscal Year:</b> 2025              |
| <b>School or Office Name:</b> Travilah Elementary School | <b>Principal:</b> Karin Wade          |
| <b>OSSI Associate Superintendent:</b> Sean McGee         | <b>OSSI Director:</b> Greg Mullenholz |

**Strategic Improvement Focus:**

As noted in the financial audit for the period 08/1/22-10/31/24, 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   |
|--|---|--|--|--|--|
| Establish a clear protocol that requires staff to complete Form 280-54 with estimated costs before seeking verbal approval from the principal. | Administrative Secretary<br><br>Principal | staff handbook   | staff handbook, 280-54 documentation                             | ongoing by administrative secretary                      | 100% signed 280-54 forms each month  |
| Verify that Form 280-54 has been completed and signed before processing any payments, including iPayments.                                     | Administrative Secretary                  |  | 280-54 documentation, payment log                                | ongoing by administrative secretary                      | 100% signed 280-54 forms each month including iPayments.                         |
| Conduct monthly internal audits to verify compliance and address any noncompliance issues immediately.   | Administrative Secretary<br><br>Principal | 280-54 forms and log   | purchases request forms  | monthly by principal and administrative secretary        | 100% signed 280-54 forms each month  |
| Confirm that all required annotations ("paid" and "received") are present before processing payments.  | Administrative Secretary                  | purchase documentation forms, invoices, electronic confirmations | purchase documentation forms, invoices, electronic confirmations | ongoing by administrative secretary/monthly by principal | 100% annotations ("paid" and "received") are present before processing payments. |

| Action Steps   | Person(s) Responsible    | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When                           | Results/Evidence                               |
|--|--------------------------|------------------|--------------------------------|--|--|
| Review purchase orders to ensure the correct shipping address is used before processing any payment. | Administrative Secretary | purchase orders  | purchase orders                | ongoing by admin. secretary/monthly by principal | 100% purchase orders are shipped to the school |
|  |                          |                  |                                |  |  |
|  |                          |                  |                                |  |  |
|  |                          |                  |                                |  |  |

**OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)**

Approved       Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:       Date: 3/10/25