


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

December 6, 2024

MEMORANDUM

To: Mrs. Monica G. Kellner, Acting Principal  
Twinbrook Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2021, 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 14, 2024, meeting with you; Mrs. Mary K. Kapp, school administrative secretary (secretary); and Mrs. Pamela K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated November 4, 2021, and the status of the present conditions. It should be noted that your appointment as acting principal was effective October 7, 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). In your school's action plan, the principal indicated that your secretary, with the assistance of your bookkeeper, would meet monthly to review financial records and procedures to ensure compliance with account expectations. Our review disclosed that many financial records were misfiled and not available for reviews, such as bank deposit slips, year-to-date reports, bank statements including the cleared checks, JP Morgan statement of account landscape with receipts, MCPS invoices and payments, deposit analysis, receipts, and remittance slips. We recommend that IAF records be properly filed and retained to be available for audit.

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 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 10<sup>th</sup> of the following month, using the online reconciliation program. We found that cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

### **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 (**repeat**).
- Purchase card transactions must be documented, reviewed by cardholders, and approved by the principal in the online program (**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 of school support and improvement, Office of School Support 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB: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

Dr. Murray

Mrs. Ripoli

Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School or Office Name:</b>	<b>Principal:</b>
<b>OSSI Associate Superintendent:</b>	<b>OSSI Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

<b>Action Steps</b>	<b>Person(s) Responsible</b>	<b>Resources Needed</b>	<b>Monitoring Tools / Data Points</b>	<b>Monitoring: Who &amp; When</b>	<b>Results/Evidence</b>

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: <u>Alana D. Murray</u>	Date: _____