


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

June 18, 2025

MEMORANDUM

To: Ms. Vilma C. Najera, Principal  
Watkins Mill High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2024, through April 30, 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 May 27, 2025, meeting with you; Mr. Edwin A. Solano, school business administrator; and Ms. Lisa A. Holderman, school financial specialist, we reviewed the prior audit report dated March 12, 2024, 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**

The procurement of goods and services must adhere to Board of Education policy, MCPS regulations and guidelines, and the Division of Procurement's Procurement Manual. In addition, the procurement of goods and services must be approved in writing by the principal prior to staff proceeding with any intended purchase. This prior approval may be granted by the principal's signature on MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, or a budget prepared by the sponsor of a school activity. The purpose of each disbursement must be fully

explained on MCPS Form 280-54 in order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. In your action plan, you indicated that staff would be reminded of the process for obtaining preapproval and that budgets would be utilized. In our review of purchases, we noted that prior approval was not consistently obtained and many purchases were not preapproved. We also noted that you only had a budget for athletics and not for other activities. We recommend that MCPS Form 280-54 be prepared by staff, with an estimate, and signed by the principal at the time verbal approval is sought. We further recommend having certain sponsors prepare an annual budget detailing expected income and expenses and obtaining your approval at the beginning of the school year. These budgets must be monitored to make certain line items are not overspent without preapproval.

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 approver, with all purchase receipts and invoices attached. The approver must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found that some cardholders had not prepared their monthly statements, attached their purchase receipts, nor indicated that items had been received. In addition, the approver did not have a tracking method in place for cardholders that did not have activity. We recommend that all cardholders provide the approver with a copy of the monthly statement of landscape report with corresponding receipts and indicate that items were received. In addition, we also recommend that the approver create a tracking system to record cardholders that do not have activity on their accounts for each month.

Cash and checks collected by sponsors and others for IAF activities should 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). It was noted that some sponsors are not remitting funds promptly to the financial specialist on the day they are received. To minimize the risk of loss, all funds collected must be remitted daily. We recommend staff be reminded that they must submit cash and checks collected for IAF activities to the financial specialist on the day collected for prompt deposit in accordance with MCPS policy and procedures.

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

- Purchase requests must be approved by the principal prior to procurement either by using MCPS Form 280-54 with an estimate or an approved budget (**repeat**).
- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.
- Cash and checks (funds) collected by sponsors must be remitted daily and promptly receipted and deposited in the bank by the school financial specialist in accordance with Chapter 7 of the *MCPS Financial Manual*.

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. David W. Adams, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Mr. Adams 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:ABB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Dr. Campbell

Mr. Reilly

Mrs. Chen

Mr. Adams

Mrs. Gomez

Mr. Klausling

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> June 18, 2025	<b>Fiscal Year:</b> FY25
<b>School or Office Name:</b> Watkins Mill High School	<b>Principal:</b> Vilma C. Najera
<b>OSSI</b> <b>Associate Superintendent:</b> Dr. Tamitha Campbell	<b>OSSI</b> <b>Director:</b> Mr. David W. Adams
<p><b><u>Strategic Improvement Focus:</u></b></p> <p>As noted in the financial audit for the period <u>1/1/24-4/30/25</u>, strategic improvements are required in the following business processes :</p> <p>Principal approval on MCPS Form 280-54 prior to purchase, budget creation/monitoring and complying with the MCPS Purchasing Card User's Guide.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
All purchases will continue to be approved in advance in writing, by the principal and financial agent. The purpose of the expenditure will be explicit with appropriate invoices attached prior to approval. Memo will be created and saved to audit file, indicating which staff have pre-approval for certain purchases.	Business Administrator, Financial Specialist, Principal	MCPS Form 280-54, Receipts after pre-approval to complete reimbursement	Ensuring the dates of receipts are after pre-approval date. All quotes and proper explanation to be completed prior to purchase.	SFS will review 280-54 prior to moving forward with approval process	All purchases will be approved prior to be executed to ensure funds are available in each IAF account.
Budgets will be submitted for fundraisers, athletics and school store. The budget will outline expected expenditure for the fiscal year and if budget is to be exceeded in a category, prior approval will be needed from the Principal.	Business Administrator, Financial Specialist, Principal	Completed budget with principal approval beginning of the fiscal year	Sponsors reconcile accounts monthly and ensure that budget is not exceeded. Match projected expenses to actuals, seek approval if a deficit is expected	Account sponsor monitors the monthly account history report EOM. Assess budget mid-year	Ensure that budgets are adhered to and if there are any fluctuations than the budget may need to be reassessed and approved by the principal.
All card members will continue to be required to submit completed, signed logs monthly, within 10 days of receiving the card statement. Principal will issue warnings and or confiscate cards for repeated delays or incomplete reports.	Business Administrator, Card Holders, Principal	Monthly statements along with receipts.	Track statement of account landscape reports. Ensure all transactions are reviewed by card holders so approver can approve in timely manner.	Business administrator will record cardholders that do not have activity on their accounts.	All transactions logs collected monthly. Memorandum from Principal

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

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

Comments:

Director:



Date:

7/31/25