


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 12, 2024

MEMORANDUM

To: Mrs. Ann B. Dolan Rindner, Principal
Gaithersburg Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2022, through December 31, 2023

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 February 21, 2024, meeting with you; Ms. Erminia Rosanova, assistant principal, and Mrs. Tyleen M. Krop, school financial specialist; we reviewed the prior audit report dated September 12, 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

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 financial specialist 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 always filled out completely by sponsors and the financial agent. We also noted instances in which 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. MCPS Form 280-54 must be completed in full by the sponsor, financial agent, and principal to include account name/number to be charged, the request date, the balance available in the account, and the date and signatures of the sponsor, financial agent, and principal. We also 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” ensures that goods or services have been satisfactorily received prior to payment.

Notice of Findings and Recommendations

- Purchase requests must be preapproved by the principal prior to procurement.
- MCPS Form 280-54 must be completed in full by sponsor, financial agent, and principal.
- Invoices for goods or services must be marked as received.

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 Ms. Nicole A. Sosik, director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Ms. Sosik 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:

Members of the Board of Education

Dr. Felder

Mr. Hull

Dr. Johnson

Dr. Moran

Mrs. Williams
Dr. Redmond Jones
Mr. Reilly
Mrs. Chen
Ms. Eader
Mr. Klausling
Mrs. Ripoli
Ms. Sosik
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 3/12/2024	Fiscal Year: 3/12/2024
School or Office Name: Gaithersburg Middle School	Principal: Ann Dolan
OSSWB Associate Superintendent:	OSSWB Director: Nicole A. Sosik
Strategic Improvement Focus: As noted in the financial audit for the period <u>8/1/22-12/31/23</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
In the future, on all MCPS 280-54 IAF Request for a Purchase Forms, purpose will be fully explained for proper recording of expenditures in appropriate accounts to ensure the expenditures comply with IAF requirements. All Purchasers will be reminded to sign invoices, indicate receipt date. We will remind all staff that Prior Approval	Principal, Financial Specialist, Sponsors	MCPS Financial Manual	Monthly IAF Reconciliation Report MCPS Financial Manual	Principal Financial Specialist	FY24 and forward will show evidence of improvement and proper use of MCPS form 280-54
is needed on All purchases in advance. All staff will be reminded to fill out complete 280-54 form with an estimate at the time of verbal approval and signed by Principal.					

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: *Michelle Sault* Date: *4/15/24*