

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 16, 2020

MEMORANDUM

To: Mrs. Jamila W. Denney, Principal  
Pine Crest Elementary School

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit *mjb*

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2017, through January 31, 2020

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 April 30, 2020, virtual meeting with then principal, Ms. Cheryl E. Booker; Mrs. Donna L. Deane, school administrative secretary; and Mrs. Sue Reidy, visiting bookkeeper, we reviewed the prior audit report dated March 29, 2017, and the status of present conditions. It should be noted that your appointment as principal was effective June 11, 2020. 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 source of funds used to pay for staff development expenditures may not be student generated (refer to the *MCPS Financial Manual*, chapter 20, page 10). We found that you used student generated funds from the general student account (0010.0000) to pay for staff development training. We also noted that these expenditures for staff training were recorded in a staff-owned

account instead of the districtwide staff development account (0013.0000). Staff development expenditures must be recorded in the districtwide account established by MCPS, and that every school adhere to the MCPS requirements for the source of funds to support staff development (refer to the *MCPS Financial Manual*, chapter 20, Appendix A Chart of Accounts).

Independent contractors or consultants working in schools must comply with all laws and MCPS requirements set forth in MCPS Regulation DIA-RB, *Payments for Services and Reimbursements for Expenses from School Independent Activity Funds*, and the *Procurement Manual*. MCPS form 280-49A: *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)* is used to document authorization/approval for all consultant/independent contractor services paid with IAF. We found that this form had not been completed for payments to independent contractors during our audit period. The project manager must initiate MCPS Form 280-49A to document the authorization and approval to pay a consultant/independent contractor with IAF (refer to the *MCPS Financial Manual*, chapter 15, page 2).

#### Notice of Findings and Recommendations

- Staff development expenditures must be funded from non-student revenue sources.
- Independent contractor payments must comply with MCPS Regulation DIA-RB.

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 form, 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. Sean P. McGee, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Mr. McGee 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:KMH:sh

Attachment

Copy to:

Members of the Board of Education  
Dr. Smith  
Dr. McKnight  
Dr. Johnson  
Dr. Wilson  
Mrs. Ahn  
Mrs. Morris


Mrs. Camp  
Mrs. Chen  
Mr. Marella  
Mr. McGee  
Mr. Tallur  
Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2020	<b>Fiscal Year:</b> 2020
<b>School:</b> Pine Crest ES	<b>Principal:</b> Jamila Denney/(Cheryl Booker)
<b>OSSI Associate Superintendent:</b> Diane Morris	<b>OSSI Director:</b> Sean McGee
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period <u>2/1/17-1/31/20</u>, strategic improvements are required in the following business processes :          non-student revenue sources; MCPS Regulation DIA-RB</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
PCES will not use funds for staff development from student revenue sources.	Jamila Denney Donna Deane	School Finances II Consult with visiting book-keeper	ongoing financial review with administrative secretary and principal	Jamila Denney Donna Deane Monthly	No funds will be spent for staff development out of non-student revenue sources.
PCES will follow MCPS Regulation DIA-RB.	Jamila Denney Donna Deane	School Finances II Consult with visiting book-keeper	ongoing financial review with administrative secretary and principal	Jamila Denney Donna Deane Monthly	Independent contractor payments will comply with Regulation DIA-RB, and

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

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: _____ 	Date: <u>8/28/2020</u>