

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 3, 2023

MEMORANDUM

To: Ms. Carol L Goddard, Principal  
Watkins Mill High School

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



Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2021, through December 31, 2022

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 27, 2023, meeting with you; Mrs. Julia Broyles, school business administrator; and Ms. Lisa Holderman, school financial specialist, we reviewed the prior audit report dated October 11, 2021, 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 Procurement Unit'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, *IAF Request for a Purchase*, or a budget prepared by the sponsor

of a school activity. The budget must be approved by the principal and indicate projected revenue by source and projected expenditure by type of item for a period of time not to exceed a fiscal year. The sponsor cannot exceed the total amount of expenditures in the approved budget without receiving prior written approval of the principal to amend the budget. The financial agent and the sponsor are responsible for monitoring the budget to ensure revenues and expenditures conform to what the principal has approved. We found that there was not a detailed itemized athletic budget approved by the principal for Fiscal Year (FY) 2022 and FY 2023. We recommend that your athletic specialist prepare a detailed itemized budget each year for principal approval and that the approved budget is monitored and revised as needed.

MCPS Form 280-49A, *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)*, specifies that this form is required (in lieu of MCPS Form 280-54) to document authorization/approval for all consultant/independent contractor services paid with IAF, regardless of the amount due for services. If payment due for the vendor's services is \$1,500 or more, a purchase order is required, EXCEPT when contracting with Montgomery County Police Officers for high school event security (refer to the *MCPS Financial Manual*, chapter 15, page 2). We found that contractor for services and athletic field expenses did not have an MCPS Form 280-49A completed, submitted and approved for disbursement. We recommend that the school complete and submit MCPS Form 280-49A for all contractor/vendor services. We also recommend that the approved MCPS Form 280-49A is kept on file to document the authorization and approval to pay a consultant/independent contractor with IAF.

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

- Athletic specialist must prepare a detailed budget by line item each fiscal year and the budget must be approved by the principal, and monitored by the financial specialist and athletic specialist.
- Disbursements to contractors that perform a service must have a MCPS Form 280-49A *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)* approved prior to service being provided.

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. Christophe Turk, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Turk 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:LB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Reuben

Mr. Stockton

Mrs. Williams

Ms. Morris

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Mr. Turk

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 2023	<b>Fiscal Year:</b> 2023
<b>School:</b> Watkins Mill HS - 545	<b>Principal:</b> Carol Goddard
<b>OSSWB Associate Superintendent:</b> Ms. Diane Morris	<b>OSSWB Director:</b> Mr. Christophe Turk
<b>Strategic Improvement Focus:</b> As noted in the financial audit for the period <u>9/1/21 -12/31/22</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
Athletic specialist must prepare a detailed budget by line item each fiscal year and the budget must be approved by the principal, and monitored by the financial specialist and athletic specialist.	Athletic Specialist, Business Administrator, Principal	Detailed athletic budget.	AS will submit Fiscal Year detailed budget to SBA. SBA will review and present to principal for review and signature. Signed budgets will be filed.	AS will submit amended budgets when necessary. SBA will present to principal review and signature.	Signed budgets will be available in "Athletic Budget" folder found in SFS office.
Disbursements to contractors that perform a service must have a MCPS Form 280-49A Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF) approved prior to service being provided.	Sponsors, SBA, Principal	MCPS Form 280-49A, W-9 and MCPS Form 235-40	Sponsor submits 280-49A w/contractor W-9 and form 235-40 to SBA for review. SBA submits to principal for signature. SBA submits to procurement for approval.	Procurement approves 280-49A. SBA monitors approval of 280-49As and keep sponsor apprised.	Signed and approved 280-49A's will be kept on file in SBA's office. Once approved, independent contractor services and payments can be rendered

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

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

Comments:

Director: Christophe Turk      Date: 3/15/23