


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

April 16, 2024

MEMORANDUM

To: Ms. Shauntae F. Spaugh, Principal  
Fallsmead Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2023, 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 March 12, 2024, meeting with you; Mrs. Paola T. Valle, school administrative secretary (secretary), and Ms. Susan Baumgardner, school visiting bookkeeper, we reviewed the prior audit report dated February 9, 2023, and the status of the present conditions. It should be noted that your appointment as principal was effective July 1, 2023. 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 in

order to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. In our sample of disbursements, prior approval was not consistently obtained. By requiring prior approval, the principal retains control over the expenditure of IAF funds. 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.

Cash and checks collected by sponsors and others for IAF activities must be remitted promptly to the secretary, along with a completed MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*. 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). We found that at times, staff were holding funds and not remitting to the secretary when received. We also noted that funds had been held by the secretary over the allowable *Cash Holding Authority (CHA)*. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (refer to the *MCPS Financial Manual*, Chapter 7, page 4). In addition, all remittances on hand must be deposited promptly, and always before each weekend, end of the month, or holiday.

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

- Purchase requests must be approved by the principal prior to procurement.
- Cash and checks (funds) collected by sponsors must be promptly remitted intact with MCPS Form 280-34 to the secretary.
- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the secretary 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. Christophe Turk, 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, 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:YSG:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Felder

Mr. Hull

Dr. Johnson

Ms. Dempsey

Dr. Moran

Mrs. Williams

Mr. Adams

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Mr. Turk

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

|   |  |
|---|--|
| <b>Report Date:</b> 04/24/2024  | <b>Fiscal Year:</b> 2023-2024          |
| <b>School or Office Name:</b> Fallsmead Elementary School   | <b>Principal:</b> Shauntae Spough      |
| <b>OSSWB Associate Superintendent:</b> David Adams  | <b>OSSWB Director:</b> Christophe Turk |
| <p><b><u>Strategic Improvement Focus:</u></b><br/>         As noted in the financial audit for the period <u>1/1/23-12/31/23</u>, strategic improvements are required in the following business processes :</p> <p>Purchases must be pre-approved using form 280-54. Sponsors collecting school funds are not authorized to retain them overnight and admin sec must go to the bank each day.</p> |  |


| Action Steps  | Person(s) Responsible    | Resources Needed                           | Monitoring Tools / Data Points   | Monitoring: Who & When                                   | Results/Evidence |
|---|--------------------------|--|--|--|------------------|
| Remind staff at pre-service of process for request of purchases and other financial procedures.                         | Administrative Secretary | Google slides                              | Presentation created by Administrative Secretary   | Administrative Secretary<br>August 2024                  |                  |
| Create a google form (attestation) that staff received training by Admin Secretary at pre-service on financial matters. | Administrative Secretary | Google forms                               | Time will be provided during pre-service week to allow secretary to do presentation and for staff to ask questions | Administrative Secretary and Principal<br>August 2024    |                  |
| Create monthly staff reminders to turn in the collected funds the same day as well as other financial procedures.       | Administrative Secretary | Outlook                                    | Reminders will be sent to staff via email  | Administrative Secretary and Principal<br>Start May 2024 |                  |
| Administrative secretary will make bank deposits every day at 11am.   | Administrative Secretary | Attendance secretary will cover the office |  | Principal  |                  |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|--------------|-----------------------|------------------|--------------------------------|------------------------|------------------|
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**OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)**

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

Comments:

Director:       Date: 05/02/24