


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 18, 2026

MEMORANDUM

To: Dr. Natasha H. Booms, Principal
Odessa Shannon Middle School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2024, through October 31, 2025

Background

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. Principals are responsible for ensuring that the IAFs are administered in accordance with:

- Board Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Odessa Shannon Middle School is located in Kemp Mill, Maryland. It is part of the Downcounty Consortium. Odessa Shannon MS is a community school, and a Title I school. As of October 31, 2025, Odessa Shannon reported total IAF assets of \$84,707. Of this balance, \$42,840 is in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. The school received annual commissions from the Interagency Coordinating Board (ICB), cell tower revenue, vending machines, and student picture sales. For the fiscal year ending June 30, 2025, the school reported total receipts of \$66,446 and total disbursements of \$59,380, resulting in a surplus of \$7,066.

Audit Objective

The Internal Audit Unit (IAU) uses generally accepted auditing principles to provide an audit opinion on the school's financial activity by evaluating the adequacy of internal controls and compliance with Board of Education (Board) policies and MCPS regulations and procedures. Specifically, the audit seeks to obtain reasonable assurance that:

- Evidence of fraud was not identified within the IAF.
- Funds are safeguarded against loss, misappropriation, or misuse.
- Transactions are accurately recorded and fairly reported in the school's financial records.
- Receipts and disbursements are appropriate, properly documented, and consistent with the intended purpose of the funds.
- Instances of misappropriation, misreporting, or waste, if they exist, are identified and evaluated for materiality.

The IAU is free from organizational impairments to independence. The IAU administratively reports directly to the chief of staff of the Office of the Board of Education and functionally reports to the Montgomery County Board of Education's Fiscal Management Committee.

Methodology

The audit is not designed to examine every transaction but instead relies on risk-based sampling and other generally accepted audit procedures to provide reasonable assurance. Audit procedures include interviews with key staff, a review of prior audit findings and the status of related action plans, testing of transaction samples, and an on-site assessment of internal controls and procedures.

Audit Opinion:

Needs Improvement – Moderate Risk

Based on the results of our audit, we found that the IAF is generally well managed, with no evidence of fraud or material misappropriation, misreporting, or waste. However, some deviations from policy and opportunities for improvement were noted. These items are not considered high-risk when evaluated collectively.

In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, use the attached action plan template to provide a written response, approved by the school's director of school leadership and improvement to the IAU within 30 calendar days of this report.

New Findings and Recommendations:

Finding 1 [High-Risk]: The principal has never taken the School Finance Training. School Financial Training (SFT) Part I, which is required for principals within their first year of assignment. Refresher training is recommended every three years because policies, regulations, procedures, and technology applications are continuously updated (see *MCPS Financial Manual*, chapter 1, page 9).

We recommended that the principal immediately sign up to take SFT Part I.

Finding 2 [Moderate-Risk]: Cancelled check copies were not included with the bank statements after March of 2025. The principal must review the statement, the canceled checks, and other documents and thereafter arrange for a reconciliation of the school's bank accounts. (See *MCPS Financial Manual*, chapter 20, page 9)

We recommend that the school financial agent contact the bank and make sure that the cancelled checks are printed with the checking account statements and presented to the principal for review.

Finding 3 [Moderate-Risk]: Reimbursements to the principal were approved by the principal. Reimbursement requests to the principal should be approved by an authorized person other than the principal. (See *MCPS Financial Manual*, chapter 20, page 7)

We recommend that another authorized person review and approve the principal's reimbursement requests.

Finding 4 [Moderate-Risk]: Purchases of budgeted items (for fund raisers, Athletic buses, yearbook, PE equipment from grant, etc.) did not have complete MCPS Form 280-54, *Independent Activity Funds Request for a Purchase* approved by the principal. A budget was not attached and no evidence of budget tracking was found with the disbursement packet. Prior to the disbursement of any IAF, the financial agent will ensure that they have received the appropriate authorization documentation to support the procurement of the goods and services for which the disbursement is to be made. (See *MCPS Financial Manual*, chapter 20, page 6)

We recommend that the financial agent make sure a completed MCPS Form 280-54, bearing the principal's approval signature be present before writing a check for all expenses/reimbursements.

Finding 5 [High-Risk]: Monthly Purchase Card statement packets with all relevant receipts were not always on file, and were not always promptly prepared. Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card Users Guide*. By the fifth business day of the following month, cardholders must print and provide the principal the monthly statements, or the statement of account landscape report, with all purchase receipts and invoices attached.

We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Finding 6 [Moderate-Risk]: Supports (deposit packets) were not found for two of the six deposits in our sample. The IAF records must be retained for a period of five years after the close of the year to which they apply and until all audit requirements have been met, whichever is longer, to include deposit slips and receipts with supporting documents. (See *MCPS Financial Manual*, chapter 20, page 16).

We recommend that IAF records be properly filed and retained to be available for audit.

Finding 7 [Moderate-Risk]: No Reconciliation was done for Field Trips. Sponsors must keep the cost and fee information, along with a list of all chaperones/volunteers, for each trip and provide the data to the financial agent when a trip is completed. The data must be used to review the submission and recording of receipts and to reconcile the account. (See *MCPS Financial Manual, chapter 20, page 10*)

We recommend that trip sponsors be required to provide complete data at the conclusion of each trip, and this data be reconciled by the financial agent with remittances recorded in activity accounts.

Exit Conference:

At our January 16, 2026, exit conference with Dr. Natasha H. Booms, principal; and Mrs. Sharon A. Zitomer, school financial specialist, we reviewed the prior audit report dated September 3, 2024, and the status of the current 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.

We thank you for your cooperation. Based on the **Needs Improvement** status of your IAF audit, an action plan must be completed. Prior to returning your completed audit action plan, please contact Mr. Greg C. Mullenholz, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan. Based on the audit recommendations.

MAP:GK:rg

Attachment

Copy to:

Members of the Board of Education
Dr. Taylor
Mrs. Alfonso-Windsor
Ms. McGuire
Dr. Moran
Ms. Seabrook
Mr. Francois
Mr. McGee
Mrs. Chen
Mr. Mullenholz
Mrs. Ripoli
Mr. Santos Rodriguez
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: February 18, 2026	Fiscal Year: FY26
School or Office Name: Odessa Shannon Middle School	Principal: Dr. Natasha Booms
DSLI Associate Superintendent: Mr. Sean McGee	DSLI Director: Mr. Gregory Mulenholz
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>5/1/24-10/31/25</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
The Principal will take the School Financial Training.	Natasha Booms	PDO	PDO Completion	Course completion is verified on PDO	Principal will take Finance 1 training on May 19,2026.
Canceled check copies have been included with the bank statements after March 2025.	Sharon Zitomer	None	Images of canceled checks are now available on-line. Previous missing images have been filed with financial documents.	Dr. Booms has reviewed and signed missing images.	Canceled check copies will be printed monthly and included with bank reconciliations.
Reimbursements to the Principal will be approved by the Assistant Principal.	Max Johnston, Kerry Highsmith, Sharon Zitomer	None	Request for Purchase forms requiring reimbursement to the Principal will approved and signed by one of the Assistant Principals	Administration	The Assistant Principal will approved purchases that require reimbursement to the Principal.
Purchases of budgeted items will have complete MCPS Form 280-55, Independent Activity Funds Request for Purchase of Goods and Services approved by the Principal.	Sharon Zitomer	None	Request for Purchase approvals will be completed for specific purchases at the time of initial approvals.	Dr. Booms	Purchases for budget items (field trips, athletics, fundraisers, etc.) will be approved on 280-55 prior to purchase.

