

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

April 27, 2023

**MEMORANDUM**

To: Mrs. Stephanie P. Valentine, Principal  
Springbrook High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
November 1, 2021, through February 28, 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 April 14, 2023, meeting with you; Mrs. Susan E. Katz, school business administrator; and Ms. Thelma Diaz, school financial specialist, we reviewed the prior audit report dated December 22, 2021, and the status of the present conditions. It should be noted that your appointment as principal was effective July 13, 2022, and Ms. Diaz's assignment as school financial specialist was effective February 21, 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**

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, *Independent Activity Funds 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 each expenditure outlined in the approved budget without receiving prior written approval of the principal to amend the budget. The financial agent is responsible for monitoring all budgets to ensure revenues and expenditures conform to what the principal has approved. In review of purchases, we noted that several purchases for the school store were not pre-approved, and no approved budget was found on file. We also noted that some line items on the athletic budget had been overspent and no pre-approval had been given for these additional expenditures. For a disbursement that utilizes a budget as pre-approval, the financial agent is responsible for comparing all disbursements to the budget document to ensure that it conforms to what the principal has approved. We recommend that your school store sponsor prepare a detailed budget each year and that all approved budgets be monitored and revised when needed (refer to the *MCPS Financial Manual*, chapter 20, page 5).

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

- Budgets must be prepared, approved, and monitored to compare income and expense projections to actual results.

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. Diane D. Morris, associate superintendent for school support and well-being, for written approval of your plan. Based on the audit recommendations, Ms. Morris 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 financial agents to support you with developing a well-defined plan to address the findings.

MJB:RM: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. Klausing  
Mrs. Ripoli  
Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 2023

**Fiscal Year:** 2023

**School:** Springbrook HS - 798

**Principal:** Stephanie Valentine

**OSSWB**

**Associate Superintendent:** Diane Morris

**OSSWB**

**Director:**

**Strategic Improvement Focus:**

As noted in the financial audit for the period 11/1/21-2/28/23, strategic improvements are required in the following business processes :

Budgets must be prepared, approved and monitored to compare income and expense projections to actual results.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Budgets to be prepared by sponsor and SBS for: Drama productions, Senior Class (including Prom and Graduation), Staff Appreciation; School Store.	Sponsor/SBA	Shared google spreadsheet of budgets by sponsor, SBA and Financial Specialist	Sponsor and SBA will keep track of budget items as they are paid.	Require sponsors to note balance in account on IAF request form 280-54	Budget will be revised or a new 280-54 done if additional funds are approved.
Athletics Budget - Financial Specialist will move funds to assigned accounts once AD's budget is approved	Financial Specialist	Done in SFO	Athletic Director will record balance in account when submitting IAF form 280-54.	SFS to review balance as checks are written and notify AD if overspending.	Budget will be revised or a new 280-54 done if additional funds are approved.

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:

*Diane Morris*

Date:

*6/12/23*