


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 16, 2024

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
March 1, 2023, through April 30, 2024

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 August 29, 2024, meeting with you; Mrs. Susan E. Katz, school business administrator; and Ms. Thelma Diaz, school financial specialist, we reviewed the prior audit report dated April 27, 2023, 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

In order for the principal to retain control over the IAF, the principal's pre-approval is required for IAF disbursements. An accepted method of pre-approval is a budget document prepared by the sponsor of a school activity that indicates projected revenue by source and projected expenditure by type of item for a period of time not to exceed a fiscal year. The budget must be approved by the principal, and signed and dated by sponsor and financial agent. 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 (refer to *MCPS Financial Manual*, chapter 20, page 5). In your action plan, you indicated that sponsors and the school financial specialist would monitor budgets and revise if needed. In our sample of disbursements, we found that some expenditures exceeded the approved budgets and that budgets were not amended, nor was pre-approval requested. For a disbursement that utilizes a budget as pre-approval, the financial agent and sponsor are responsible for comparing purchase requests to the budget document to ensure that it conforms to what the principal has approved.

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. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. The financial specialist will then mark the documentation as “paid” prior to disbursing the funds. In our sample of disbursements, we found instances in which purchases were not pre-approved, documentation supporting purchases were not stamped or marked “paid”, and invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. 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. We also recommend that all support documents be marked “paid”, and when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient. Requiring invoices to be marked “received” insures that goods or services have been satisfactorily received prior to payment.

Notice of Findings and Recommendations

- Budgets must be signed, dated and monitored to avoid overspending, and revised as necessary (**repeat**).
- All purchase requests must be preapproved on Form 280-54 by the principal prior to placing an order or making a purchase.
- Purchase documentation must be annotated as “paid” and invoices/online confirmations must be signed as “received”.

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. Robert W. Dodd, director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Mr. Dodd 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 agents to support you with developing a well-defined plan to address the findings.

MJB:BK:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Ms. Alfonso-Windsor

Ms. Dempsey

Ms. McGuire

Dr. Moran

Mrs. Williams

Dr. Redmond Jones

Mr. Reilly

Mrs. Chen

Mr. Dodd

Mr. Klausling

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 9/16/24	Fiscal Year: 2025
School or Office Name: Springbrook HS	Principal: Stephanie Valentine
OSSI Associate Superintendent: Dr. Donna Redmond Jones	OSSI Director: Dr. Robert Dodd

Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/23 - 4/30/24, 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
The sponsor cannot exceed the total amount of expenditures in the approved budget without receiving prior written approval of the principal.	Thelma Diaz, Dan Feher and Sponsors	Share budget with sponsor, enter budgets in SFO	Shared budget estimate spreadsheet; Actual costs monitored by sponsor and checked by Ms. Diaz.	Susan Katz - review monthly comparisons of actual and estimated costs.	IAF form completed or budget ammended before any orders/purchases if it will exceed the budget amount for that line item.
Form 280-54 be prepared by staff with an estimate of the expected expenditure and signed by the principal at the time verbal approval is sought.	Thelma Diz and Sponsors	280-54 forms available outside the financial office and electronically	All verbal and written requestors recieve a 280-54 form. No services or goods ordered until that form is approved by the principal.	Susan Katz - review checks and IAF requests monthly	All expenditures have form 290-54 approved before order or purchase is made (or approved budget).
All support documents be marked "paid", and when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked as "recieved".	Thelma Diaz, Susan Katz, Dan Feher and Sponsors	Paid and recieved stamps	All invoices marked paid, all receipts,packing slips or invoices marked received.	Susan Katz - review invoices/reciepts with checks monthly	All packing slips and invoices marked recieved and paid.

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: _____



Date: 10/28/24