


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 30, 2012

MEMORANDUM

To: Ms. Alison Serino, Principal
A. Mario Loiederman Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2010, through March 31, 2012

This audit report presents the results of our examination of the financial records, reports, and internal accounting controls relating to the Independent Activity Funds (IAF) for your school for the period designated above. The examination was made to evaluate the adequacy of accountability over these funds, compliance with applicable Montgomery County Public Schools (MCPS) policies and procedures, and effectiveness of IAF management.

In our meeting on April 25, 2012, with you and Mrs. Heather Alonzo, financial specialist, we reviewed conditions described in our previous report dated October 13, 2010, and the status of present conditions. Our findings and recommendations appear below.

Findings and Recommendations

We previously reported that admission receipts were not being controlled in accordance with MCPS regulation DMB-RA, *Control of Admissions Receipts*. While improvements have been made, additional effort is needed. MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, should be completed with all requisite signatures. In addition, tickets issued by the ticket controller for sale should not also be used for complimentary admission to events.

MCPS purchasing card members must record purchases on transaction logs and submit them monthly with invoices and receipts attached for review and approval by the principal. Monthly summary reports from American Express are to be reviewed, signed and dated by the principal to ensure that purchases are appropriate and within established limits. We found that not all card members were preparing the required monthly purchase logs (see the MCPS *Purchasing Card Users Guide*).

The monthly bank statement reconciliation which is prepared by the financial specialist using the bookkeeping program should also be performed manually by a staff member independent of financial operations. You should review both reconciliations to assure they are in agreement and

sign them before filing them with other monthly reports. Adding an independent checking account reconciliation to the monthly report will strengthen internal controls (See MCPS Financial Manual, pp. 20-8, 20-26).

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged as well as the number of books distributed free of charge (see MCPS Financial manual, p. 20-12). The records kept by the yearbook sponsor did not enable us to reconcile the number of books purchased with the number sold, given free, and the remaining inventory. We were therefore unable to determine that all funds generated from this activity had been remitted. We recommend the yearbook sponsor be counseled and assisted with the record-keeping required for this activity.

Summary of Recommendations

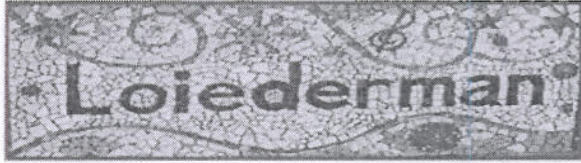
- Admission events must be conducted in accordance with MCPS Regulation DMB-RA (repeat);
- Purchase card activity must be in compliance with the MCPS Purchasing Card Users Guide;
- Monthly independent checking account reconciliation must be performed; and
- Yearbook profit or loss statement must be prepared to account for all activity.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. Christopher S. Garran, community superintendent. The Office of School Performance will follow up on this audit.

RWP:LS:sd

Copy to:

Mr. Bowers
Dr. Lacey
Mr. Talley
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mr. Doody



**A. Mario Loiederman Middle School
for the Creative and Performing Arts**

Alison L. Serino, Principal

12701 Goodhill Road


Silver Spring, Maryland 20906

(301) 929-2282

www.loiedermanarts.org

May 30, 2012

MEMORANDUM

To: Roger W. Pisha, Supervisor, Internal Audit
From: Alison L. Serino, Principal 
Subject: Response to Audit of Independent Activity Funds

We have received your report on the audit of independent activity funds for the period August 1, 2010 through March 31, 2012. Our financial specialist, Heather Alonzo, and I appreciate the discussions, explanations and assistance provided.

• **Admission events – MCPS Regulation DMB-RA**

Form 280-50, Tickets and Cash Report of Admissions Manager will be implemented to monitor/reconcile ticket sales for school activities. It will be completed and signed daily and will include the receipt numbers for the cash received. A perpetual inventory of tickets will be obtained and available for ticketed activities. A different set of color and numbered tickets will be used to monitor complimentary tickets than those that are paid tickets. All funds will be submitted to the financial specialist on a daily basis.

• **Purchase card activity reports**

The financial specialist will meet with all purchasing card holders to review the regulations in the *MCPS Purchasing Card Users Guide*. The financial specialist will collect the monthly summary report logs and review them for accuracy before obtaining the signature of the principal. The principal's log of purchases will be forwarded to the community superintendent for approval.

• **Monthly independent checking account reconciliation**

New procedures for the reconciliation of the monthly bank statements have been implemented. An independent staff member, Secretary II, has been trained to complete the bank statement reconciliation in accordance with the Financial Manual, page 20-8 and 20-26. An administrator will be trained to reconcile the monthly statements during June, July and August.

• **Yearbook profit and/or loss statement**

The financial specialist will work with the yearbook sponsor to maintain accurate records of books sold, the prices and any free copies distributed in order to reconcile the number of books ordered with the number of books sold. The information and regulations in the MCPS Financial Manual page 20-12 will be reviewed and implemented accordingly.

Cc: Dr. Garran, Community Superintendent