


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 28, 2024

MEMORANDUM

To: Ms. Megan M. McLaughlin, Principal
A. Mario Loiederman Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2023, through August 31, 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 October 11, 2024, meeting with you, and Mrs. Heather K. Alonzo, school financial specialist, we reviewed the prior audit report dated March 1, 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

School Financial Training (SFT) Part I, 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 (refer to the *MCPS Financial Manual*, chapter 1, page 10). We noted that you have never attended the SFT Part I. We recommend that you immediately sign up to take SFT Part I.

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card User's Guide*. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements, or the statement of account landscape report, must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found that some cardholders had not indicated IAF account numbers when required, nor indicated if purchases were for students or staff. We also noted that the principal had not approved transactions in the online system. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Notice of Findings and Recommendations

- Principal must attend SFT Part 1.
- Cardholders must specify the IAF account number when required and indicate whether the purchase is for staff or students.
- Purchase card transactions must be reviewed and approved by the principal in the online system each month.

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 Dr. Joe Rubens director of school support and improvement, Office of School Support and Improvement, for written approval of your plan. Based on the audit recommendations, Dr. Rubens 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 specialist 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. McGuire
Dr. Moran
Mrs. Williams

Ms. Megan M. McLaughlin

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October 28, 2024

Mr. McGee
Mr. Reilly
Mrs. Chen
Mr. Klausling
Mrs. Ripoli
Dr. Rubens
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 10/28/2024	Fiscal Year: FY25
School or Office Name: Loiederman Middle School	Principal: Megan McLaughlin
OSSI Associate Superintendent: Sean McGee	OSSI Director: Joe Rubens
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>1/1/23-8/31/24</u>, strategic improvements are required in the following business processes :</p> <p>Principal must attend SFT Part 1 - Cardholders must specify IAF account number when required to indicate whether the purchase is staff or students.</p>	


Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal will attend SFT Part 1	Megan McLaughlin (principal)	N/A	N/A	N/A	Completed Course on 11/14/24
Cardholders must specify IAF account number when required to indicate whether the purchase is staff or students.	Heather Alonzo (SFS) Cardholder	N/A	Cardholder will review each purchase and indicate whether it is for staff or students and include the IAF account number.	Principal will check purchases before approving that they are complete.	Cardholder took the required JP Morgan PCard refresher course on 5/22/23
Purchase card transactions must be reviewed and approved by the Principal in the online system each month.	Megan McLaughlin (principal)	N/A	Principal will approve all pcard transactions online each month when signing the report.	Principal will approve all pcard transactions online each month when signing the report.	Principal has run an advanced query report to approve all old transactions and is up to date.

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director: _____  _____ Date: 11/18/24