


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 30, 2023

MEMORANDUM

To: Ms. Rose S. Alvarez, Principal
Lakelands Park Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2022, through September 30, 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 November 17, 2023, meeting with you; Dr. Sofia M. Vega Ormeno, principal intern; and Mrs. Cynthia M. Griffin, school financial specialist, we reviewed the prior audit report dated February 10, 2022, 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. It should be noted that Mrs. Griffin's assignment as school financial specialist was effective September 2, 2023.

Findings and Recommendations

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, pages 4-5). 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. Additionally, all disbursements must have adequate documented support, such as a vendor itemized invoice or original receipt. Invoices for goods or services must

be signed by the purchaser to indicate satisfactory receipt, and then your school financial specialist will mark the documentation as “paid” prior to disbursing the funds. In our sample of disbursements, we found instances in which controls over purchases were weakened including 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 all support documents be marked “paid”, and the invoice/packing slip be marked “received” and signed and dated by the recipient when goods are received. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement, and receipts must be annotated as paid.

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. Michael R. Zarchin, director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Zarchin 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:AMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Dr. Collins

Mr. Hull

Dr. Kimball

Mr. Stockton

Mrs. Williams

Mr. Adams

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausing

Mrs. Ripoli

Mr. Zarchin

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: November 30, 2023	Fiscal Year: 2024
School or Office Name: Lakelands Park Middle School 522.	Principal: Dr. Sofia Vega Ormeno, Act. Principal
OSSWB Associate Superintendent: Mr. David W. Adams	OSSWB Director: Dr. Michael J. Zarchin
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>1/1/22 - 9/30/23</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
All purchases (280-54) must have full explanations and appropriate IAF accounts determined; be preapproved by the principal; acknowledge "received", signed and dated when received; purchase orders/receipts stamped PAID; then payment to the vendor. All purchases/receipts are complete and filed together for future reference and audits.	Ms. Cynthia Griffin, Financial Specialist, began position 10/2/23.	Trainings and Audit findings review with Auditor to correct findings.	Weekly financial specialist/principal meetings; financial spec./staff member review requirements/processes prior to purchases.	Dr. Vega reviews and authorizes all purchases verifying these findings are in use. Ms. Griffin confirms receipts.	Ms. Griffin has completed the required trainings with the School Finance Part 2 scheduled 12/13/23. She is completing the documents with these processes.

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OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director:  _____

Date: 12-8-23