


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 28, 2020

MEMORANDUM

To: Ms. Nicole A. Sosik, Principal
A Mario Loiederman Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2018, through November 30, 2019

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, 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 January 14, 2020, meeting with Ms. Megan M. McLaughlin, principal intern, and Mrs. Heather K. Alonzo, school financial specialist, we reviewed the prior audit report dated August 6, 2018, and the status of 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

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, 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. By requiring prior approval and complete documentation, the principal retains control over the

expenditure of IAFs. Purchasers must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed.

Notice of Findings and Recommendations

- Purchaser must confirm receipt of goods or services prior to disbursement (**repeat**).

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 form, 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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Webster 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Marella

Ms. McLaughlin

Mr. Tallur

Mrs. Webster

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20	Fiscal Year: FY20
School: A. Mario Loiederman MS - 787	Principal: Nicole Sosik
OSSI Associate Superintendent: Diane Jones	OSSI Director: Jennifer Webster
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>6/1/18-11/30/19</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
Purchaser must confirm receipt of goods or services prior to disbursement	Heather Alonzo (SFS), Purchaser	N/A	All invoices/packing slips should be signed or initialed to certify that the good or services were satisfactorily received.	Purchaser will confirm receipt of goods/services upon receipt prior to requesting payment from SFS	SFS will check all invoices to make sure that they have been annotated by purchaser to indicate purchased goods/services were satisfactorily received.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved
 Please revise and resubmit plan by _____

Comments: _____

Director:  _____
 Date: 1/3/2020