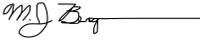


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 6, 2021

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
December 1, 2019, through May 31, 2021

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 fund-raisers. 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 July 1, 2021, virtual meeting with you, and Mrs. Heather K. Alonzo, school financial specialist (financial specialist), we reviewed the prior audit report dated January 28, 2020, and the status of present conditions. It should be noted that your appointment as principal was effective March 23, 2021. 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

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. We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditures and signed by the principal at the time verbal approval is sought.

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with MCPS Form 280-34, *Remittance Slip*, to the financial specialist on the day the funds are received. We found that some sponsors held fees collected rather than remitting them to the financial specialist on a daily basis. To minimize the risk of loss, all funds collected must be remitted daily. We recommend that staff be reminded to submit cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures.

Notice of Findings and Recommendations

- Purchase requests must be preapproved by the principal prior to procurement.
- Funds collected by sponsors must be promptly remitted to the financial specialist.

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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Mr. D’Andrea
Ms. Dawson
Ms. Reuben
Mrs. Williams
Mrs. Morris

Ms. Megan M. McLaughlin

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July 06, 2021

Mr. Reilly
Mrs. Chen
Mr. Klausling
Mr. Tallur
Mrs. Webster
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 7/6/21	Fiscal Year: 7/6/21
School: A. Mario Loiederman MS - 787	Principal: Megan McLaughlin
OTLS Associate Superintendent: Diane D. Morris	OTLS Director: Jennifer L. Webster
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>12/1/19-5/31/21</u>, strategic improvements are required in the following business processes :</p> <p>Purchase requests must be preapproved by the principal prior to procurement. Funds collected by sponsors must be promptly remitted to the financial specialist.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Form 280-54 will be prepared by staff and signed by principal when verbal approval is made. And/or an email will be sent to the financial specialist indicating the approval of funds made by principal so she is aware and can print for documentation.	Heather Alonzo (SFS) Megan McLaughlin (Principal)	N/A	SFS will not reimburse staff unless prior principal approval is confirmed.	Principal will check each 280-54 for appropriate dates compared to the receipt dates before signing.	Training for staff during Pre-Service in the Fall going over the process for pre-approval of funds will be provided.
Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted with 280-34 to SFS on the same day the funds are received. If money is collected after hours or over the weekend, an admin will lock up the funds and the SFS will make a note on the 280-34.	Heather Alonzo (SFS)	N/A	SFS will check in with sponsors daily to make sure they have remitted any payments received that day. If continues they will not be able to sponsor future activ	SFS will make sure sponsors are remitting any payments received daily.	Training for staff during Pre-Service in the Fall going over the collection and remittance of funds in a timely manner will be provided.

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

Approved
 Please revise and resubmit plan by _____

Comments: _____

Director:  _____
 Date: 7 - 12 - 21