


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

November 21, 2023

MEMORANDUM

To: Ms. Elizabeth LaCoursiere, Principal  
Carl Sandburg Learning Center

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

Subject: Report on Audit of Independent Activity Funds for the Period  
September 1, 2020, through August 31, 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 October 18, 2023, meeting with you; Ms. Pamela M. Alegre, school administrative secretary (secretary); and Mrs. Pamela K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated November 17, 2020, 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**

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. Disbursements made by ACH drawn on the school's IAF bank account, regardless of the documentation that approved the procurement of goods and services, are required to be approved by the principal using MCPS Form 280-54 (refer to *MCPS Financial Manual*, chapter 20, page 6). In your action plan, you indicated that all purchases would be approved by the principal prior to purchases being made, and all invoices would be annotated to show received satisfactorily. We found that the IAF disbursements for MCPS i-Payment invoices had not been reviewed and authorized for payment by the principal. We recommend that you adhere to the MCPS requirements for these disbursements. In our sample of disbursements, we also found instances in which purchases were not pre-approved 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 MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. We also recommend that when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked "received" and signed/dated by the recipient. Requiring invoices to be marked "received" insures that goods or services have been satisfactorily received prior to payment.

Use of the MCPS purchasing card must be in accordance with the requirements of *the Montgomery County Public Schools Purchasing Card User's Guide*. 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 the principal had not reviewed transactions in the online reconciliation program until the time of audit. We recommend that action be taken to correct this condition and bring purchasing card usage into conformity with MCPS requirements.

### **Notice of Findings and Recommendations**

- Requests for a purchase must be approved by the principal prior to procurement (**repeat**).
- Invoices were not marked "received" (**repeat**).
- Purchase card transactions were not approved in a timely manner.

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. Greg Mullenholz, 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. Mullenholz 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:ABB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Dr. Collins

Mr. Hull

Dr. Kimball

Mr. Stockton

Mrs. Williams

Ms. Dempsey

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mr. Mullenholz

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 11/21/23	<b>Fiscal Year:</b> 2023-2024
<b>School or Office Name:</b> Carl Sandburg Learning Center	<b>Principal:</b> Elizabeth LaCoursiere
<b>OSSWB Associate Superintendent:</b> Lancellotti Dempsey	<b>OSSWB Director:</b> Greg Mullenholz
<p><b>Strategic Improvement Focus:</b>                  As noted in the financial audit for the period <u>9/1/20-8/31/23</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 purchase requests will be preapproved by the principal. All purchase requests will be submitted to the financial agent prior to the purchase and include the account balance, signature and date.	Principal Purchaser Financial Agent	Documentation of Goods/Services Received (Invoices)	Review of purchase requests and preapproval with principal and financial agent.	Weekly meeting of principal and financial agent to review invoices and disbursements	Invoices Disbursements
Purchaser will confirm receipt of goods or services with signature, date, and "Received" marked on invoice. Financial agent will not make disbursements without the "Received" invoice and will then mark th invoice with "PAID" at time of disbursement.	Principal Requesting Staff Member	280-54 form	Staff meeting to review financial responsibilities. Review of procedures and practices in the staff bulleting. Individual follow up needed. Form 280-54	Weekly meeting of principal and financial agent to review funds collected.	MCPS Form 280-34
All transactions will be approved by the 10th of each month.	Principal		Calendar reminder each month to make approvals on the JP Morgan purchases	Principal Financial Agent	Transaction
Prioncipal and financial agent will attend the MCPS IAF School Finances training together to ensure compliance of processes and expectations.	Principal Financial Agent	IAF Training	Completion of Course on PDO	Course completion by Summer 2024 by financial agent and principal	Certificate of Completion

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**OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)**

**Approved**     
  **Please revise and resubmit plan by \_\_\_\_\_**

Comments: \_\_\_\_\_

Director: 

Date: 12/21/23