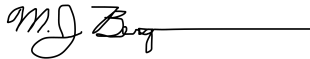


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

July 28, 2021

MEMORANDUM

To: Ms. Alison Serino, Principal
Westland Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 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 7, 2021, virtual meeting with you, and Mrs. Suzanne W. Marcou, school financial specialist (financial specialist), we reviewed the prior audit report dated October 4, 2019, 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

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. A check may then be drawn and must bear two signatures, one of which is that of the principal or the acting principal. The financial specialist will mark the documentation as “paid.” In our sample of disbursements, we found instances in which controls over purchases were weakened that included documentation missing or not adequate to assure the school benefited from the purchase, MCPS Form 280-54 not signed by the principal, documentation supporting purchases not stamped or marked “paid,” documentation not annotated by the recipient to indicate purchased goods or services were satisfactorily received, and checks that had been signed only by the principal. By requiring prior approval and complete documentation, the principal retains control over the expenditure of IAF activities. We recommend that MCPS Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought, and that complete documentation be attached to fully explain the reason for the purchase.

Notice of Findings and Recommendations

- Check disbursements must be documented using MCPS Form 280-54.
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase documentation must be adequate to support disbursements.
- Purchase invoices and receipts must be annotated as paid to indicate disbursement was made.

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. Sean McGee, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. McGee 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D’Andrea

Ms. Dawson

Ms. Reuben

Mrs. Morris
Mr. Reilly
Mrs. Williams
Mrs. Chen
Mr. Klausling
Mr. McGee
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 7/28/21	Fiscal Year: 7/28/21
School: Westland MS - 412	Principal: Alison L. Serino <i>Austin L Serino</i>
OTLS Associate Superintendent: Diane D. Morris	OTLS Director: Sean P. McGee
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>9/1/19 - 5/31/21</u>, strategic improvements are required in the following business processes : disbursements</p>	


Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Ensure that check disbursements are documented using MCPS Form 280-54. This process will be communicated to all staff during pre-service and adhered to going forward.	Teachers & Staff, Principal, School Finance Specialist	Staff will be provided links to and copies of Form 280-54.	Visual confirmation of MCPS Form 280-54. Is it attached? Yes or No	Principal and SFS to confirm checks presented for signature contain Form 280-54 with documentation.	
Ensure that purchasers confirm receipt of goods/services prior to funds disbursement. This process will be communicated to all staff during pre-service and School Finance Specialist will obtain confirmation prior to funds disbursement.	Teachers & Staff, Principal, School Finance Specialist	Staff training and cooperation.	Visual confirmation of goods/services ordered being marked as "Received". Is the document marked as received? Yes or No	Principal and SFS to confirm invoices are marked as "Received" prior to funds disbursement.	
Ensure that adequate documentation exists to support disbursement of funds.	Teachers & Staff, Principal, School Finance Specialist	Staff training and cooperation.	Visual confirmation of support documentation. Is it adequate? Yes or No	Principal and SFS to confirm adequate support documentation exists prior to funds disbursement.	
Ensure that invoices and receipts are annotated as paid to indicate disbursement was made.	School Finance Specialist	"Paid" stamp. (On hand.)	Visual confirmation of invoice being marked as "Paid". Is the invoice marked as paid? Yes or No	SFS will stamp every invoice as "Paid" in every instance that an invoice is paid.	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
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OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

Approved **Please revise and resubmit plan by _____**

Comments: This plan has been reviewed and approved. We thank the staff at Westland Middle School for addressing the concerns found in the financial audit.

Director:  Date: 8/24/2021