


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

August 28, 2018

MEMORANDUM

To: Dr. Jonathan T. Brice, Associate Superintendent
Office of Student and Family Support and Engagement

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Student Leadership Funds for the Period July 1, 2017, through
June 30, 2018

An audit of Montgomery County Public Schools (MCPS) Student Leadership funds was conducted to evaluate compliance with Board of Education policies, MCPS 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 accounting 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 audit does not review every transaction or activity but seeks to provide reasonable assurance that there is compliance with policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our August 20, 2018, meeting with you and Mrs. Shella B. Cherry, coordinator, student leadership, volunteers, and Student Service Learning (SSL), we reviewed the status of the conditions described in our prior audit report dated December 13, 2017, and the status of present conditions. It should be noted that prior to the current audit period, the financial activities for Student Leadership funds were documented as an Independent Activity Fund (IAF), with a checking account recording the receipt and disbursement of funds maintained with a local bank. During the current audit period, the Student Leadership checking account was closed, and the receipt and disbursement of funds transitioned to the Division of Controller recording transactions in an account within the MCPS Financial Management System (FMS). Oversight of this account is the responsibility of the Office of Student and Family Support and Engagement (OSFSE). It should be further noted that the coordinator responsible for this activity assumed her responsibilities effective July 1, 2017, and that many improvements to controls recommended in our prior audit have been implemented. This audit report presents the findings and recommendations resulting from our examination of the records and financial accounts for the Student Leadership funds for the period designated above.

Findings and Recommendations

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. By the fifth business day of the following month, cardholders

must use the online reconciliation program to identify, describe, and review transactions. Monthly statements must be printed and provided to the approving official or designee, with all purchase receipts and invoices attached. The approving official or designee must review each cardholder's transactions and approve them within 10 calendar days of receipt, using the online reconciliation program. We found that although the coordinator had documentation for all purchases, monthly statements had not been prepared, and transactions had not been reviewed in the online reconciliation program. We also found that the coordinator's purchases had not been approved online by you or your designee. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- Purchase card transactions must be reviewed by the card holder and approved by the approving official within the specified time periods.

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*, please provide a 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.

RWP:DKH:lsh

Copy to:


Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Tallur
Mr. Ikheloa

Office of Student and Family Support and Engagement
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

September 28, 2018

MEMORANDUM

To: Mr. Roger W. Pisha, Supervisor, Internal Audit Unit

From: Jonathan T. Brice, Association Superintendent 

Subject: Response to Report on Audit of Student Leadership Funds for the July 1, 2017, through June 30, 2018, Period

Response

The audit report dated August 28, 2018, identified one recommendation for the Student Leadership Funds.

- Purchase card transactions must be reviewed by the card holder and approved by the approving official within the specified time periods.

In response to the audit report, the following steps have been followed:

- Two meetings were held during the month of August 2018 with Mrs. Mary J. Bergstresser and Ms. Dena Horton to train the coordinator, Mrs. Shella B. Cherry (card holder), on accessing the card account online, reviewing the transactions, and preparing a report to the approving supervisor.
- Mrs. Bergstresser also met with me (approver) to share how to access the online records for the account and how to approve these purchases.
- Mrs. Cherry and I are following the timelines as identified in the audit report.
 - Mrs. Cherry will use the online reconciliation program to identify, describe and review transactions by the **fifth** day of every month.
 - Mrs. Cherry will provide printed monthly statements to me by the **fifth** day of every month.
 - I will review the transactions and approve them within **10** calendar days of receipt of the monthly statement using the online reconciliation program.
- Since the date of the audit report, there have not been any purchases using the purchase card. Mrs. Cherry and I remain committed to this new timeline and routine and will both maintain a record of this account in conformity with Montgomery County Public Schools' requirements.

If you have any questions, please contact Mrs. Cherry at 240-314-1039 or via e-mail.

JTB:sbc

Copy to:

Mrs. Bergstresser
Mrs. Cherry
Ms. Horton