


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 3, 2024

MEMORANDUM

To: Dr. LaVerne G. Kimball, Acting Chief, Office of School Support and Well-Being

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

Subject: JP Morgan Purchase Card Process Audit at Office of School Support and Well-Being for the Period July 1, 2021 through August 31, 2023

This report presents the results of our examination of the transactions and approval process of principal's JP Morgan purchase cards by the Office of School Support and Well-Being (OSSWB). The purpose of this audit was 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 examined samples of principal's JP Morgan purchase card transactions to assess the effectiveness of financial control procedures. We also evaluated the monthly review and approval process. An audit does not review every transaction but seeks to provide reasonable assurance that any significant errors or omissions in the financial records are detected.

At our December 13, 2023, meeting with Mr. Gregory C. Mullenholz, Director of OSSWB, and Ms. ReGina L. Jones, administrative services manager, we discussed the status of the present conditions. This audit report presents the findings and recommendations resulting from our examination of the JP Morgan activity and approval/review process 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 Users 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, or the statement of account landscape report, must be printed and provided to the approver, with all purchase receipts and invoices attached. The approver must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found that some school principals who were cardholders had not always provided a printed copy of the statement of account landscape reports to OSSWB, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. We also noted that they did not always include the Independent Activity Fund (IAF) account number when required, staff or students, or detailed description of what was purchased. We also found that

the delegated approver in OSSWB had not approved any transactions online, and that the principal's directors had not reviewed the statement of account landscape reports that had been remitted. It was noted that some purchases using the 03 instructional materials card and the 05 IAF card should have been made with other MCPS budgeted funds or the schools IAF. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements. We also recommend that there be put into place a method to track all principals that have purchase cards and have not remitted their monthly statement of account landscape. The MCPS Purchasing Card Program streamlines the process for making low-dollar purchases that are necessary for MCPS operations. We noted that many of the purchases could have been made by the school's financial agent. We recommend that principals only have a purchase card for emergency situations.

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.

MJB:rg

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Dr. Collins
Mr. Hull
Mrs. Williams
Mr. Adams
Ms. Dempsey
Dr. Moran
Mr. Reilly
Mrs. Chen
Ms. Eader
Mr. Klausning
Mrs. Ripoli
Mr. Mullenholz
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 3/7/24	Fiscal Year: FY 2024
School or Office Name: Office of School Support and Well-Being	Principal: Peter O. Moran, Acting Chief
OSSWB Associate Superintendent: N/A	OSSWB Director: N/A
Strategic Improvement Focus: As noted in the financial audit for the period <u>7/1/21 - 8/31/23</u> , strategic improvements are required in the following business processes :	

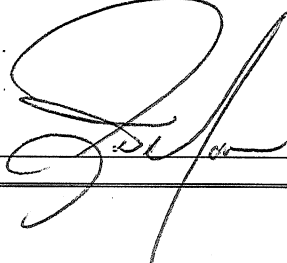
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
1) A workflow process has been developed to ensure that all principals issued P-cards are submitting monthly landscape reports with receipts attached. The workflow process includes an initial review by the ASM to ensure that all financial procedures have been followed. A second review is conducted by the assigned Associate or Director	ReGina Jones Associate Director Neti Munoz as backup for ReGina Jones	Audit finding reviewed w/auditor to correct findings	J.P. Morgan Chase Credit Card Expense Approval Form	Schools - upload landscapes by 3rd of each month. ASM - review/print for leadership approval	The expense approval form has been implemented since Nov. 2023, and has been an efficient way of tracking & collecting landscape statements
to ensure spending is in alignment with expenditure account restrictions.	continuation from step 1				
2) A review process has been created to ensure that correct accounts are utilized by school principals for purchases.	ReGina Associate Director				
3) A review process has been created to ensure that financial statement submissions include correct account numbers, item descriptions and other required components.	Associate Director				

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
4) A monitoring system has been established to ensure that all principals who have been issued P-cards are submitting monthly landscape reports in months where no financial transactions may have occurred.	ReGina Jones				
5) Principals will be provided feedback by the ASM and the assigned Associate or Director with required actions as necessary	ReGina Jones Associate Director				

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments:

Director:  _____ Date: 3/11/25