


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 27, 2019

MEMORANDUM

To: Mrs. Brandice C. Heckert, Principal
Winston Churchill High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
July 1, 2018, through October 31, 2019

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, 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 December 11, 2019, meeting with you; Ms. Lisa L. Wellek, school business administrator; and Ms. Stephanie J. Dorah, school financial specialist, we reviewed the prior audit report dated November 13, 2018, 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

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, or the statement of account landscape report, must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each

cardholder's transactions and approve them by the tenth of the following month, using the online reconciliation program. We found that some cardholders had not promptly prepared their monthly statements, provided description of items purchased, indicated IAF account number when required, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. Action must be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Admission receipts for school events should be controlled according to MCPS Regulation DMB-RA, *Control of Admission Receipts*. These events must be controlled with serially numbered tickets, separation of duties, use of the required MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, for tracking and reconciling sales, and perpetual inventory of tickets. For ticketed events, the forms on file appeared to have been initiated after the conclusion of the activity, rather than when tickets were issued by the ticket controller to the admissions manager each day of sales. Other weaknesses include the use of the same ticket for different admission prices at the same event. We recommend that procedures for sale of tickets be reviewed with appropriate staff prior to events and that admission to all events be controlled in accordance with the above cited regulation.

Notice of Findings and Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.
- Admission events must be controlled in accordance with MCPS Regulation DMB-RA.

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 form, 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 Dr. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Moran 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. McKnight
Dr. Navarro

Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Dr. Moran
Mr. Tallur
Mr. Marella
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 7/1/18-10/31/19	Fiscal Year: 7/1/18-10/31/19
School: Winston Churchill HS - 602	Principal: Mrs. Brandice C. Heckert
OSSI Associate Superintendent: Mrs. Cheryl Dyson	OSSI Director: Dr. Peter Moran
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>7/1/18-10/31/19</u>, strategic improvements are required in the following business processes :</p> <p>JP Morgan reconciliation and Admission events.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
JP Morgan card holders will correctly and completely prepare, review and submit monthly reports by the 5th of the month. To include description of items purchased and account number. Statement of landscape will also be included.	JP Morgan cardholders	None Updated reminder to all cardholders will be sent by SBA	Monthly reviews	Lisa L. Wellek, SBA Monthly	All reports will be correctly submitted. If not completed correctly, card holder will lose their card privileges.
SBA will no longer assist the cardholders by completing the information they omit on their reconciliations, rather hold them responsible for completing independently.	Lisa L. Wellek, SBA	None	Monthly reviews	Lisa L. Wellek, SBA Monthly	Reports will be completed before submitted for review. SBA will reject and return incomplete reconciliations
Principal will approve on-line transactions by the 10th of the month.	Brandice C. Heckert	None	Monthly reviews	Brandice C. Heckert and Lisa Wellek, Reviewed monthly, during business meeting	All transactions will be approved by the 10th.
All tickets will be reconciled on the day of the event (next morning if evening event) and not at the end of ticket sales (when tickets are sold for multiple days).	Stephanie Dorah/ Event Sponsor	None Additional instructions provided to sponsor	Ticket and Cash Report reviews	Stephanie Dorah and Lisa L. Wellek, by event	All tickets will be reconciled daily.

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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved

 Please revise and resubmit plan by _____

Comments: _____

Director:  Date: 1/6/20