


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 12, 2022

MEMORANDUM

To: Mrs. Ann B. Dolan Rindner, Principal
Gaithersburg Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2020, through July 31, 2022

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 September 2, 2022, meeting with you and Mrs. Tyleen M. Krop, school financial specialist, we reviewed the prior audit report dated January 15, 2021, 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

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 principal, with all purchase receipts and invoices attached. 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 some cardholders

are not reviewing their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Notice of Finding and Recommendation

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.

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 Ms. Nicole A. Sosik, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Ms. Sosik will indicate whether she will conduct an electronic review of your action plan or schedule a time to meet in person with you and your school financial specialist to support you with developing a well-defined plan to address the findings.

MJB:RCM:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Mr. Hull
Dr. Murphy
Ms. Reuben
Mr. Stockton
Mrs. Williams
Ms. Morris
Mr. Reilly
Mrs. Chen
Ms. Eader
Mr. Klausling
Mrs. Ripoli
Ms. Sosik
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 9/19/2022	Fiscal Year: 9/19/2022
School: Gaithersburg MS - 554	Principal: Ann Dolan
OSSWB Associate Superintendent:	OSSWB Director: Ms. Nicole A. Sosik
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>11/20-7/22</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
In the future, all MCPS purchasing card holders will review all transactions in the online reconciliation program by the 5th business day of the following month. The principal will review each cardholder's transactions and approve them by the 10th of the following month using the online reconciliation.	Principal, Financial Specialist.	MCPS Purchasing Card User's Guide	JP Morgan Paymentnet website, purchase receipts and invoices	Principal & Financial Specialist Monthly	FY23 and forward all MCPS purchasing cards will be in accordance with all requirements of "MCPS Purchasing Card User's Guide"
The principal and financial specialist will meet with all card holders to review expectations and procedures.	Principal, Financial Specialist.	MCPS Purchasing Card User's Guide	JP Morgan Paymentnet website, purchase receipts and invoices	Principal & Financial Specialist Monthly	FY23 and forward all MCPS purchasing cards will be in accordance with all requirements of "MCPS Purchasing Card User's Guide"


Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved

 Please revise and resubmit plan by _____

Comments: _____

Director:  Date: 10/5/22