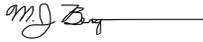


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 23, 2020

MEMORANDUM

To: Mrs. Sarah C. Starr, Principal
Longview School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2017, through September 30, 2020

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 December 7, 2020, virtual meeting with you; Mrs. Sylvia A. Young, school administrative secretary; and Mrs. Doris A. York, visiting bookkeeper, we reviewed our prior audit report dated April 25, 2017, 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 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 the school's only cardholder had not promptly prepared the monthly statements and had not provided purchase receipts for timely approval. Therefore, the principal did not review the transactions online as required for approval. Action must be taken immediately to correct these conditions and bring purchasing card usage into conformity with the *MCPS Purchasing Card User's Guide*. We also suggest that the principal obtains additional training with the Internal Audit Unit (IAU) team to eliminate outstanding transactions and institute procedures for staff to comply with MCPS purchase card requirements.

To properly control funds, all cash and checks collected by sponsors for IAF activities must be remitted promptly to the school administrative secretary. These funds must then be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, must be issued promptly (refer to the *MCPS Financial Manual*, chapter 7, page 4). We found instances in which funds were held by sponsors rather than being remitted on a daily basis to the school administrative secretary and not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, all funds must be collected be remitted daily to the school administrative secretary for prompt deposit.

Notice of Findings and Recommendations

- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school administrative secretary (**repeat**).

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 Ms. Nicole A. Sosik, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB:lsh
Attachment

Copy to:
Members of the Board of Education
Dr. Smith

Dr. McKnight
Ms. Stratman
Mrs. Williams
Dr. Wilson
Mr. Koutsos
Mrs. Camp
Mrs. Chen
Mr. Marella
Mr. Reilly
Ms. Sosik
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12/23/20	Fiscal Year: 12/23/20
School: -- Choose One --	Principal: Sarah Starr
OTLS Associate Superintendent: Koutsos	OTLS Director: Sosik
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>3/1/17- 9/30/20</u>, strategic improvements are required in the following business processes :</p> <ul style="list-style-type: none"> • Purchase card activity must comply with the MCPS Purchasing Card User's Guide. • Remitted funds must be promptly verified, receipted, and deposited in the bank by the 	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Starr to contact Kimberly Houser to trouble shoot approval and access to JP Morgan to approve P Card Purchases	Star	Outlook	Emails	To be completed ASAP	Starr contacted Ms. Houser and was able to access and approve all P Card items.
Starr and Young to create structure to align to compliance of MCPS Purchasing card guide.	Starr/Young	MCPS Purchasing Card Guide	Monthly	Monthly	Starr and Young have placed calendar reminders on Outlook to ensure at least 3 days reminder to complete P card items.
Whole staff training to review and check for the understanding of policies and procedures in regards to the use of money in the building.	Starr/Young/Fike	MCPS Policy Pre-service time	Check for Understanding data following training	Preservice 2021	TBD
Monthly meetings to review financial documentation for all sponsors of IAF accounts with Starr and Young.	Starr/Young/any sponsors of IAF accounts	Financial records, MCPS policies, time	Monthly on the first week of the month.	Notes from each meeting	Structure of meeting is complete no meetings with sponsors have occurred yet

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

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

Comments: _____

Director:  Date: 2/16/2021