


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 12, 2017

MEMORANDUM

To: Mr. Daniel E. Garcia, Principal
Ridgeview Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2016, through March 31, 2017

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. 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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with MCPS 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 there is compliance with MCPS policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

At our meeting on May 10, 2017, with you, Mrs. Debra H. Hogan, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated March 31, 2016, and the status of present conditions. It should be noted that your appointment as principal was effective August 1, 2016. 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 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 tenth of the following month, using the online reconciliation program. The principal's card transactions are to be reviewed and approved by the respective director of school support and improvement of middle schools. We found that some cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action is taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Students may be charged curricular expenses approved by the Office of School Support and Improvement for supplemental course materials and individual student projects that become their personal property (refer to Board of Education Policy JNA, *Curricular Expenses for Students*). We noted balances accumulating in the course fee accounts indicating that approved fees charged are exceeding materials costs for the courses. In the intramural sports account, we found no expenditures recorded against the allocated funds received during this audit period. We also noted that all students were provided an agenda book for a \$5 fee but there was no overall accountability for the number of agenda books sold, amount of fees collected, fees waived, or fees still owed. We recommend reviewing your curricular fees to more closely align the amounts assessed with the cost of materials, and providing better accountability for agenda book activity. We further recommend reviewing all accounts to monitor for the accumulation of excess balances.

Summary of Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.
- Curricular fees should be commensurate with course expenses.
- Agenda book activity needs better accountability.
- Accounts should not be monitored for accumulation of excess funds.

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 through Mrs. Elizabeth L. Thomas, director of school support and improvement of middle schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:lsh

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Mr. Daniel E. Garcia

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May 12, 2017

Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mrs. Thomas
Mr. Tallur
Mr. Ikheloa

Attachment

Fiscal Management Action Plan

School: Ridgeview Middle School

Principal: Daniel E. Garcia

Approved by associate superintendent: _____

Date of approval: 6/9/17

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Principal must review cardholder's transactions and approve them by the 10th of the month, using the online recon. Program. Principal's purchases must be approved by the respective director of school support and improvement of middle schools. Cardholders need to promptly prepare their monthly statements and provide their receipts, and review transactions on line. Action is to be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements</p>	<p>All Cardholders will review the MCPS Purchasing Card User's Guide and trained on how to review their purchases in a timely manner and no later than the 5th of the Month.</p> <p>In addition, the Finance Specialist will train the cardholders on how to generate the Monthly Statement of Accounts Landscape Report and each cardholder will be responsible to submit this report to the Principal no later than the 10th of the month.</p>	<p>May 2017 – ongoing</p> <p>Current Cardholders are being trained as of today and New staff will be trained after they have been added to the approved cardholder listing.</p>	<p>Memo will be drafted and provided to all cardholders outlining procedures and practices.</p> <p>At monthly meetings, principal and financial specialist will review Transaction reports to insure completion.</p>
<p>We noted balances accumulating in the course fee accounts indicating that approved fees charged are exceeding materials costs for the courses. We found no expenditures recorded against the Intramural allocated funds received during this audit period. We also noted that that all students were provided a \$5.00 Agenda book, however there was no accountability to sales and inventory. We recommend reviewing your curricular fees to more closely align the amount assessed with the cost of materials, and providing a better account for agenda book activity. We further recommend reviewing all accounts to monitor for the accumulation of excess balances.</p>	<p>Agenda Books will be purchased through Instructional Materials account and distributed to each student on the first day of school without charge. Curricular Fees will be waived until these funds can be exhausted and will revisit if there is a need in the future. As we appoint a new Intramural sponsor, we will discuss any potential need.</p>	<p>May 2017 –</p> <p>This will be effective for FY 18</p>	<p>Agenda Books will be budgeted into the Instructional Materials allocation and no monies will be collected in FY18 for curricular fees.</p> <p>School Finance Specialist will meet with the new Intramural Sponsor in August to discuss possible purchases.</p>