


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 13, 2019

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
April 1, 2017, through December 31, 2018

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 there is compliance with policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

At our March 4, 2019, meeting with you and Mrs. Debra H. Hogan, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated May 12, 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 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.

Summary of Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide* (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 Mrs. Michelle E. Schultze, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Schultze 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.

RWP:BK:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Dr. Williams
Mrs. Camp
Mrs. Chen
Ms. Diamond

Mrs. Schultze
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 13, 2019

Fiscal Year: March 13, 2019

School: Ridgeview MS - 105

Principal: Daniel E. Garcia

OSSI

Associate Superintendent: Darryl L. Williams

OSSI

Director: Michelle E. Schultze

Strategic Improvement Focus:

As noted in the financial audit for the period 4/1/17 - 12/31/18, 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
Mrs. Hogan met with individual cardholders to review the Auditors findings and required procedures according to the MCPS Users Guide. Email reminders will be sent out on the first - submitted to Mrs. Hogan by the 5th and reviewed by Mr. Garcia by the 10th.	Mrs. Hogan	Outlook Calendar J.P.Morgan	JP Morgan Account	Mrs. Hogan 1st, 5th and 10th of the month Mr. Garcia 10th of the month	All tasks will be completed by the 10th day of each month and they will be reflected on the JP Morgan account

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

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

Approved
 Please revise and resubmit plan by _____

Comments:

Director: *Michelle J. [Signature]*

Date: 4-12-19