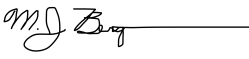


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 17, 2020

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2019, through August 31, 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 October 23, 2020, virtual meeting with you, and Mrs. Debra H. Hogan, school financial specialist, we reviewed the prior audit report dated March 13, 2019, 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 calendar day 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 learning, achievement, and administration, Office of Teaching, Learning, and Schools. In your action plan, you indicated that each cardholder would identify, describe, and review transactions online by the fifth business day of the following month. You also indicated that you would approve the reviewed transactions online by the 10th calendar day of the following month. 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 be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Notice of Findings and 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 Dr. Rotunda Floyd-Cooper, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Dr. Floyd-Cooper 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:HT:lsh

Attachment

Copy to:

Members of the Board of Education
 Dr. Smith
 Dr. McKnight
 Ms. Stratman
 Dr. Wilson
 Mrs. Ahn
 Mr. Koutsos

Mrs. Camp
 Mrs. Chen
 Mr. Marella
 Dr. Floyd-Cooper
 Mr. Tallur
 Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 11/17/20	Fiscal Year: 11/17/20
School: Ridgeview MS - 105	Principal: Daniel E. Garcia
OTLS Associate Superintendent: James P. Koutsos	OTLS Director: Rotunda Floyd-cooper
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>1/01/19 -8 /31/20</u> , strategic improvements are required in the following business processes :</p> <p>Purchase card activity must comply with the MCPS Purchasing Card User's Guide</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase cards will no longer be used by the principal or the two assistant principals.	Debra Hogan	234-20 forms	N/A	Principal requested accounts closed on November 2, 2020	Three 234-20 forms were submitted to: pcard@mcpsmd.org
All cardholders will review the MCPS Purchasing Card User's Guide to be sure to review their purchases by the 5th of each month so the Principal, Mr. Garcia can review no later than the 10th	Debra Hogan Elisabeth Portorcarreo Krystal Greenwood		1st of the month a reminder email will be sent out to the cardholders.	Debra Hogan Daniel Garcia	Finance Specialist, Debra Hogan and Principal, Daniel Garcia will meet by the 10th of each month to go over the monthly statement to insure comp.

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	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Dr. Rotunda Floyd-Cooper</u>	Date: <u>12-14-20</u>