


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

September 27, 2018

MEMORANDUM

To: Miss Stephanie R. Schaufelberger, Acting Principal  
Rock Terrace School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
March 1, 2018 through July 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 September 14, 2018, meeting with you and Ms. Christina L. Cedeno, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 28, 2018, and the status of present conditions. It should be noted that your appointment as acting principal was effective August 1, 2018. 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 tenth of the following month, using the online reconciliation program. We found that some cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or completely reviewed their transactions in the online reconciliation program. We recommend that action be 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*

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 Mr. Brian W. Scriven, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Scriven will indicate whether he 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.

RWP:SMY:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Dyson

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Scriven

Mr. Tallur

Mr. Ikheloa

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> September 27, 2018	<b>Fiscal Year:</b> September 27, 2018
<b>School:</b> -- Choose One --	<b>Principal:</b> Stephanie Schaufelberger
<b>OSSI Associate Superintendent:</b> Cheryl Dyson	<b>OSSI Director:</b> Brian Scriven
<p><b><u>Strategic Improvement Focus:</u></b>                  As noted in the financial audit for the period <u>3/1/18-7/31/18</u>, strategic improvements are required in the following business processes :                   Use of the MCPS purchasing card must be in accordance of the MCPS Purchasing Card User's guide.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
<span style="color: blue; font-size: 1.2em; float: left; margin-right: 5px;">P</span> Send monthly email to teacher reminding her of the process to the online reconciliation program to identify, describe and review transactions by the 5th of the month.	Principal	JP Morgan Online Tool Electronic Calendar	Electronic Calendar	Principal, monthly	Calendar reminders and on time submissions
<span style="color: blue; font-size: 1.2em; float: left; margin-right: 5px;">P</span> Cardholders maintain receipts to central location and print account landscape of the purchases they have reviewed for principal to review and approve by the 5th of every month. Principal will approve by the 10th of each month.	JP Morgan cardholders, Principal	JP Morgan Online Tool Receipts	Binders with receipts and account landscapes of purchases for each account	Principal, monthly	Binders with receipts and account landscapes of purchases for each account

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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: <u>Amir W. Sam</u>	Date: <u>10/16/18</u>