


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 26, 2021

MEMORANDUM

To: Mr. Graham M. Lear, Principal
Rock Terrace School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2018, through February 28, 2021

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 May 20, 2021, virtual meeting with you; Mrs. Christina L. Cedeno, school administrative secretary (secretary); and Mrs. Pamela K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated September 27, 2018, and the status of the 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 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 reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all online transactions. 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 action plan, 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, for written approval of your plan. 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Mrs. Ferrell

Dr. Wilson

Mrs. Williams

Mr. Koutsos

Mrs. Chen

Dr. Floyd-Cooper

Mr. Klausling

Mr. Marella

Mr. Reilly

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

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| Report Date: 2021 | Fiscal Year: 2021 |
| School: Rock Terrace School SSAP - 916 | Principal: Graham Lear |
| OTLS Associate Superintendent: Jame Koutsos | OTLS Director: Rotunda Floyd-Cooper |
| <p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>8/1/18 - 2/28/21</u>, strategic improvements are required in the following business processes :</p> | |

| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
|---|--|------------------|--|---|---------------------|
| Place a reminder on outlook calendar for the fifth business day of each month for cardholder Cedeno to use the on line reconciliation program to identify, describe and review transactions. Cardholder Cedeno will print monthly statements and attach and gather all purchase receipts and invoices and submit to the principal for review. | Christina Cedeno (Admin Sec) | None | - Outlook Calendar - Binder with Receipts - Notes from Principal / Admin Sec Monthly Meeting | Christina Cedeno Graham Lear Monthly | On time submissions |
| Place a reminder on outlook calendar for the fifth business day of each month for cardholder Mersha to use the on-line reconciliation program to identify, describe and review transactions. Cardholder Mersha will print monthly statements and attach and gather all purchase receipts and invoices and submit to the principal for review. | Azeb Mersha (Culinary Arts Teacher) | None | - Outlook Calendar - Binder with Receipts - Notes from Principal / Admin Sec Monthly Meeting | Azeb Mersha Christina Cedeno Graham Lear Monthly | On time submissions |
| Principal will create outlook calendar reminder to review and approve all online purchases by the 10th of each month. | Graham Lear (Principal) | None | - Outlook Calendar - Notes from Principal / Admin Sec Monthly Meeting | Graham Lear Monthly | On time approvals |
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| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
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| OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL | |
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| <input checked="" type="checkbox"/> Approved | <input type="checkbox"/> Please revise and resubmit plan by _____ |
| Comments: _____ | |
| Director: <u>Rotunda Floyd-Cooper</u> | Date: <u>6/11/21</u> |