


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

April 11, 2016

MEMORANDUM

To: Mrs. Cheryl A. Clark, Principal
Lois P. Rockwell Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2012, through February 29, 2016

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 fundraisers. They are responsible for ensuring that IAFs are administered in accordance with MCPS policies, regulations, and procedures.

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 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.

In our meeting on April 8, 2016 with you, and Ms. Kimberly Spotloe, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated October 2, 2102, 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

Disbursement of IAF must be controlled in a number of ways. After a purchase is completed, the purchaser should submit the invoice or documented evidence of purchase, annotated to indicate the satisfactory receipt of the goods or services, to the administrative secretary. A check

may then be drawn and it must bear two signatures, one of which is that of the principal or acting principal. We found instances in which checks had not been signed by the principal, and others in which invoices had not been signed by the recipient to certify receipt of the correct quantity of goods.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. The principal must review each cardholder's transactions and approve them by the tenth of the following month of purchase, using the online reconciliation program. Transactions on the principal's cards are to be reviewed and approved by the associate superintendent. We found that the principal had not approved all transactions online. Action is needed to correct this condition and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- Checks will bear two signatures, one of which must be that of the principal;
- Purchaser must confirm receipt of goods or services prior to disbursement; and
- Purchase card transactions must be approved online by the principal.

Other matters were discussed and satisfactorily resolved. We appreciated 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 office within 30 days of this report, with a copy to Mr. Michael Bayewitz, director of elementary schools. The Office of School Support and Improvement will follow up on this audit.


RWP:LS:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Kimball
Mr. Bayewitz
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit

Lois P. Rockwell Elementary School

Memorandum

To: Mr. Roger W. Pisha, Supervisor, Internal Audit
From: Cheryl Clark, Principal 
CC: Mr. Michael Bayewitz, Director, Office of School Support and Improvement
Date: 4/15/2016
Re: Response to Report on Audit of IAF for the Period August 1, 2012 - February 29, 2016

The purpose in writing is to respond to the subject audit report for Lois P. Rockwell Elementary School. In the conference held following the audit, Mr. Lary Scollick, MCPS Internal Auditor, shared his findings with Ms. Kimberly Spotloe, Administrative School Secretary, and me. His examination yielded the following items for action for Rockwell staff:

- Checks will bear two signatures, one of which must be the principal
- Purchaser must confirm receipt of goods or services prior to disbursement
- Purchase card transactions must be approved online by the principal

The attached Fiscal Management Action Plan includes these findings, a description of resolution, persons responsible, a timeline, and evidence of completion for each finding. We will use this action plan to guide our work in addressing the findings and improve upon practices that reflect compliance with MCPS policies, regulations and procedures. We welcome any feedback and/or suggestions for this plan.

We appreciate this audit process and will use it to seek continuous improvement in how we manage our Independent Activity Fund. The audit itself was efficient due in large part to the organization and attention to detail by our Administrative School Secretary, Ms. Kimberly Spotloe. We acknowledge and appreciate her knowledge and skill as well as her organization of the school's financial records. She serves Montgomery County Public Schools with tremendous professionalism.

Attachment

Fiscal Management Action Plan

School: Lois P. Rockwell Elementary School
 Approved by: Michael Bayewitz

Principal: Cheryl Clark 
 Date of approval: 4/15/16

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Disbursement of IAF must be controlled. All invoices must show documented evidence of receipt. Invoices were found to be paid, but there was not documentation of receipt of the items. Receipt of items can be documented by originator or Kim Spotloe, Admin. Secretary.</p> <p>All checks must be signed by two individuals; one of which must be the principal. There were instances where two signatures were present, but one was not the principal.</p>	<p>Kim Spotloe, Administrative School Secretary, will continue to check in all items received at Rockwell through the office. She will be certain to mark each invoice "Received" in addition to "Paid" when she processes orders and payment. We will continue the practice of checking in all packages in the main office before items are disbursed to staff members. This way, invoices and/or packing slips will be marked received appropriately and accurately.</p> <p>Cheryl Clark, Principal, will sign all checks. The second signer will be any individual on file with the school's checking account bank (Sandy Spring Bank). Each monthly bank statement will continue to be reviewed and monitored for compliance of signatures on every check (principal plus another signer).</p>	<p>Monthly beginning April, 2016.</p> <p>Monthly beginning April 2016.</p>	<p>All invoices will have visible documentation of both "Received" and "Paid"</p> <p>Monthly checks will be made to ensure that no items are paid without documentation of receipt of the item. This will be done by Mrs. Clark or Mr. Isabell, Asst. Principal</p> <p>All copies of processed checks on monthly bank statements will bear two signatures; one of which will be Mrs. Clark's. This will be checked by Mrs. Clark and by the visiting bookkeeper who works with Rockwell's IAF bank statements regularly.</p>
<p>Use of MCPS purchasing card must be in accordance with requirements. Specifically, the principal must review monthly each cardholder's transactions and approve them by the 10th of the following month. Principal's transactions must be reviewed then await approval by the associate superintendent.</p>	<p>All cardholders (Clark, Isabell, Spotloe) will clear up all outstanding reviews and approvals through March 30, 2016. This will be completed by April 15, 2016.</p> <p>Going forward, each cardholder (Clark, Isabell, Spotloe) will review transactions between the 1st and 10th of each month. Cheryl Clark, Principal, will approve transactions between the 1st and 10th of the month for each cardholder after they have been reviewed.</p> <p>Mr. Jack Dodson, Assistant Controller in MCPS has been identified as a resource and we have been in contact with him with questions. He has been very helpful.</p> <p>As of April 13, 2016, it appears that each cardholder is clear on how to navigate the JP Morgan Cardholder site to properly review their transactions. Should questions or challenges arise, staff will be asked to take the JP Morgan Cardholder course at CTI in the future. Any new cardholders will take this course.</p>	<p>April 15, 2016 (Completed)</p> <p>Monthly by the 10th of each month</p> <p>Monthly by the 10th of each month</p>	<p>Current JP Morgan online records for cards issued to Rockwell Elementary School staff indicate all recorded transactions have been reviewed by all Rockwell cardholders. (current from 600 days past to present)</p> <p>Current JP Morgan online records for cards issued to Rockwell Elementary School staff, excluding Cheryl Clark, indicate all recorded transactions have been approved by Cheryl Clark, approver (current from 600 days past to present). Mrs. Clark's transactions are approved by staff in OSSII.</p>
		<p>Cardholders will enroll in courses as found to be necessary and/or upon being issued a purchasing card for the first time</p>	<p>Online transaction lists will show reviewed each month by each cardholder (Spotloe, Isabell, Clark) Online transaction lists will show approved by Mrs. Clark for Spotloe, Isabell. Mrs. Clark's transactions will await approved by staff in OSSII.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.