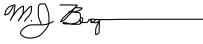


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 17, 2021

MEMORANDUM

To: Mrs. Kimberly N. Hayden Williams, Principal
Col. E. Brooke Lee 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 December 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 March 4, 2021, virtual meeting with you and Mrs. Sharon A. Zitomer, school financial specialist, we reviewed the prior audit report dated February 26, 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

Effective internal control includes the receipt and review by the principal of the unopened monthly bank statement, bank reconciliation report, and ledger reports in a timely manner. Review of these important reports must be evidenced by the principal's signature and date. We found that the principal is not consistently signing all monthly documents during our audit period. We

recommend that you initiate a process that ensures this important internal control process occurs monthly (refer to the *MCPS Financial Manual*, chapter 20, page 9).

Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, invoices and online purchase confirmations were not always signed by the receiver to indicate goods or services were received, and that payment could be processed. Purchasers must sign invoices to indicate satisfactory receipt of goods or services prior to payments being processed. We recommend that when goods are received at the school that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked “received” and signed/dated by the recipient. Requiring invoices to be marked “received” ensures that goods or services have been satisfactorily received prior to payment.

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 with all purchase receipts and invoices attached and provided to the principal. 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 the principal had not been approving transactions using the online reconciliation program. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements. We also recommend that you contact the Internal Audit unit for assistance in resolving the outstanding pending transactions for review.

We found that MCPS purchasing card requirements were not followed for making purchases and reporting for the principal’s review. 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

- Monthly financial reports must be signed and dated by the principal to indicate review.
- Purchaser must confirm receipt of goods or services prior to disbursement.
- Purchase card activity must comply with the *MCPS Purchasing Card User’s Guide* and all transactions must be approved using online program (**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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Sirgo 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:RCM:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Dr. Wilson

Mrs. Williams

Mrs. Dyson

Mrs. Chen

Mr. Klausing

Mr. Marella

Dr. Sirgo

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:	Fiscal Year:
School:	Principal:
OTLS Associate Superintendent:	OTLS Director:
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

Sarah Surgo

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

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 type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: <u> <i>Sarah Sirgo</i> </u>	Date: _____