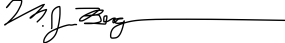


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 8, 2022

MEMORANDUM

To: Mr. Patrick H. Bilock, Acting Principal  
Sligo Middle School

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

Subject: Report on Audit of Independent Activity Funds for the  
Period July 1, 2020, through December 31, 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 fund-raisers. 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 February 18, 2022, virtual meeting with you and Ms. Yolanda M. Alston, school financial specialist, we reviewed the prior audit report dated September 21, 2020, and the status of present conditions. It should be noted that your position as acting principal was effective August 30, 2021. 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

To improve internal control, the stock of any additional receipts and checks, other than those currently in use, shall be secured in the custody of someone other than the financial agent who has *School Funds online* (SFO) access to implement receipt and check transactions. This can be accomplished by maintaining a log with dual control of when the stock is issued to the financial agent, recording the beginning and ending numbers of the stock that is provided.

The 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 of the following month, using the online reconciliation program. We noted that some cardholders had not promptly reviewed their transactions in the online reconciliation program, and you had not reviewed and approved transactions online as required. We also noted that cardholders online review of purchase card transactions are not always including the IAF account number and designate each purchase as either for staff or students. Our recommendation is that action be taken immediately to correct these conditions and bring purchasing card usage into conformity with the MCPS Purchasing Card User's Guide. We also suggest that cardholders include whether purchases are for students or staff and to include the IAF account number and a transaction description in the note section.

#### Notice of Findings and Recommendations

- The stock of any additional receipts and checks, other than those currently in use, shall be secured in the custody of someone other than the financial agent.
- 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. Peter O. Moran, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Moran 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:YSG:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams  
Dr. Dyson  
Mr. Reilly  
Mrs. Chen  
Mrs. Eader  
Mr. Klausning  
Dr. Moran  
Mrs. Ripoli  
Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

**Report Date:**

**Fiscal Year:**

**School:**

**Principal:**

**OTLS**

**Associate Superintendent:**

**OTLS**

**Director:**

**Strategic Improvement Focus:**

As noted in the financial audit for the period \_\_\_\_\_, strategic improvements are required in the following business processes :

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 checked="" type="checkbox"/> <b>Approved</b>	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: <u>      <i>Peter O. Moran</i>      </u>	Date: <u>      03/29/22      </u>