


Internal Audit Unit  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

March 15, 2018

MEMORANDUM

To: Mrs. Karen P. Johnson, Principal  
Twinbrook Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
March 1, 2015, through January 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 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 March 1, 2018, with you, and Mrs. Mary K. Kapp, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 27, 2015, 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

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users Guide*. By the fifth 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 logs were not maintained on a monthly basis, receipts and invoices were missing or not attached, monthly cardholder statements and monthly summary reports were not always reviewed, signed and dated by the principal. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with the requirements of the MCPS *Purchasing Card Users Guide*.

Cash and checks collected by sponsors for IAF activities remitted to the school administrative secretary should be promptly verified, receipted, and deposited in the bank. Funds must also be deposited on the last working day of each month and before each weekend or holiday (refer to MCPS *Financial Manual*, Chapter 7, pp. 4-5). We found that the school administrative secretary was not always making timely deposits. Infrequent deposits increase the possibility of a loss of funds and diminish the school's ability to fund activities. We recommend that funds remitted to the school administrative secretary be promptly verified, receipted, and deposited in the bank.

Any misprinted receipts should be entered into the accounting system and voided in accordance with the procedures outlined in the *School Funds Online (SFO) User's Guide*. All parts of any voided receipt forms should be defaced and retained. We found instances in which there was a delay in issuance of receipts, remittance slips that did not match the receipts, the originals of voided receipts missing, and voided receipts that were not recorded in the financial records. We recommend compliance with SFO procedures for voiding receipts.

#### Summary of Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide* (**repeat**).
- Funds remitted by sponsors must be promptly verified, receipted, and deposited in the bank by the administrative secretary.
- Receipts that are voided must be defaced and retained.

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. Eric A. Wilson, director of school support and improvement of elementary schools. Based on the audit recommendations, Mr. Wilson 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 financial agent to support you with developing a well-defined plan to address the findings.

RWP:BK:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Kimball

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Reilly

Mr. Tallur

Mr. Wilson

Mr. Ikheloa



## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** 2018

**Fiscal Year:** 2018

**School:** Twinbrook ES - 206

**Principal:** Karen P. Johnson

**OSSI**

**Associate Superintendent:** Dr. Laverne Kimball

**OSSI**

**Director:** Mr. Eric Wilson

### Strategic Improvement Focus:

As noted in the financial audit for the period 3/1/15-1/31/18, 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
MCPS purchasing cards will be used as stated in the MCPS Purchasing Card Users Guide.  All purchasing card accounts will be reviewed online by the fifth of each month	JP Morgan Cardholders	Reciepts, Invoices and 280-54	JP Morgan website	Principal will review each cardholder's transactions and approve by the 10th of each month.	Purchase Card Monthly statements and documentation will be filed in JP Morgan binder.
Funds collected by sponsors must be promptly verified, receipted, and deposited in the bank.	Sponsors, Administrative Secretary, Principal	Cash, checks, Form 280-34	Cash, checks and Form 280-34 will be submitted to the office on a daily basis. The administrative secretary will make daily deposits.	Principal will monitor frequency of deposits when reviewing the bank statement.	Daily recording of funds submitted and daily bank deposits.
Voided Receipts	Administrative Secretary	Voided Receipts	Deface and retain all voided receipts.	Administrative Secretary	All receipts, including voided receipts, will be retained in corresponding monthly folder.

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

**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL**

☒ Approved

☐ Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director: \_\_\_\_\_

*CWN*

Date: \_\_\_\_\_

*4/17/18*