


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 13, 2018

MEMORANDUM

To: Mr. Matthew A. Devan, Principal
Twinbrook Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2018, through September 30, 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 the IAFs are administered in accordance with Board of Education policies, 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 November 1, 2018, meeting 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 15, 2018, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2018. 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

The school administrative secretary shall furnish the unopened monthly bank statements, bank reconciliation reports, and ledger reports to the principal no later than the 20th of the month following the close of each month. The principal shall review these reports, sign, and date them to indicate this review, and return them to the school administrative secretary to be filed with other

monthly items (refer to *MCPS Financial Manual*, chapter 20, page 9). We could find no indication that these important reviews were completed consistently during our audit period. We recommend that you initiate a process that ensures this important internal control process occurs monthly.

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 found that logs were not maintained on a monthly basis, receipts and invoices were missing or not attached, some transactions had not been reviewed online, and many old transactions were still awaiting the principal's approval. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- The principal should sign and date monthly IAF reports to signify timely review.
- 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 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 Dr. Peter O. Moran, director of learning, achievement, and administration, Office of School Support and Improvement. 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 school administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:LAS:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. Navarro
Dr. Statham
Dr. Zuckerman

Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen

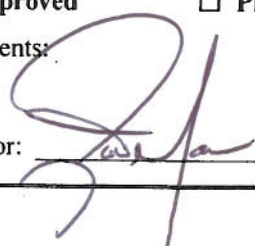
Ms. Diamond
Dr. Moran
Mr. Reilly
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2019	Fiscal Year: 2019
School: Twinbrook ES - 206	Principal: Mr. Matthew Devan
OSSI Associate Superintendent: Dr. Peter Moran	OSSI Director: Ms. Cheryl Dyson
<u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2/1/18-9/30/18</u> , 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
Principal will sign and date monthly IAF reports by the 20th of each month	Admin. Secretary & Principal & Bookkeeper	IAF Reports	Principal and Admin. Secretary have scheduled monthly meeting specifically to review financial statements.	Admin. Sec. will monitor dates to insure that IAF reports are signed by the 20th of each month.	Reports will be signed by the 20th of each month.
Purchase card activity will comply with the MCPS purchasing card user;s guide.	Admin. Secretary & Principal & Bookkeeper	JP Morgan Acct. access, 280-54's, Receipts	Admin. Secretary, with the assistance of bookkeeper will prepare and review JP Morgan monthly statements & receipt packets for Principal's review.	Admin. Secretary review monthly statement by the 5th of each month. Principal will review by 10th	All JP Morgan accts will be reviewed and up to date.
The Bookkeeper will share any concerns related to this audit report in note form during monthly visits to support the school team with their fiduciary responsibilities.					

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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments:	
Director: 	Date: <u>1/3/18</u>