


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 28, 2019

MEMORANDUM

To: Mr. James K. Allrich, Principal
Argyle Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2017, through November 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 January 11, 2019, meeting with you and Ms. Denia M. Ramos, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated February 13, 2017, 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 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 tenth

of the following month, using the online reconciliation program. We found that MCPS purchasing card requirements were not followed for making purchases and reporting for principal's review. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

To minimize the risk of loss and provide available funds to meet school needs, all funds collected should be remitted to the school financial specialist daily (refer to *MCPS Financial Manual*, chapter 7, page 4). We noted staff collecting funds for field trips and athletics gate receipts were holding, rather than remitting funds in a timely manner to the school financial specialist. We recommend that staff collecting funds be reminded that cash and checks should not be held and must be remitted to the school financial specialist on the day received.

Summary of Recommendations

- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.
- Funds collected by sponsors must be promptly remitted to the school financial specialist (**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. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. 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.

RWP:BK: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. Sirgo
 Mr. Tallur
 Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

School: Argyle Middle School

Principal: James Allrich

Fiscal Year: FY2019

Associate Superintendent: Dr. Cheryl Dyson

Director: Dr. Sarah Sirgo

Strategic Improvement Focus:

As noted in the financial audit for the period **January 1, 2017 – November 30, 2018**, strategic improvements are required in the following business processes:

- Purchase card activity must comply with the MCPS Purchasing Card User’s Guide
- Funds collected by sponsors must be promptly remitted to the school financial specialist.


Action Steps / Recommendation	Person(s) Responsible	Resources Needed	Monitoring Tools /Data Points	Monitoring: Who & When	Results/Evidence
<p>MCPS purchasing card holders will review, sign and submit card statement to financial specialist (FS) for Principal approval and review by the 5th of every month.</p> <p>Principal and FS will review transactions, for every cardholder, in weekly meeting with special attention to transaction notes and IAF account numbers.</p>	Staff, FS, Principal	Purchasing card user’s guide	<p>JP Morgan PaymentNet Approval Log page (https://www.paymenetnet.jpmorgan.com)</p> <p>Emails</p>	<p>FS, Principal</p> <p>During Weekly Meetings</p>	<p>Printed Card statement by the 5th of every month. Principal will review online transactions and approve by the 10th of every month.</p>
<p>Staff will collect and submit funds daily to Financial Specialist</p>	Staff, FS	Remittance forms availability, Presentation of financial procedure	Emails	Financial Specialist(FS) ongoing there after	<p>Completed MCPS form 280-34 submitted within same day as funds collection.</p> <p>One staff member will be designated to collect funds for trips and submit to FS immediately after collection.</p>

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:  Date: 3/12/19