

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 11, 2022

MEMORANDUM

To: Dr. Louise J. Worthington, Principal  
John T. Baker Middle School

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



Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2020, through May 31, 2022

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 July 1, 2022, meeting with you and Mrs. Lynne P. Murray, school financial specialist, we reviewed the prior audit report dated November 19, 2020, and the status of the present conditions. This audit report presents the finding and recommendation resulting from our examination of the IAF records and financial accounts for your school for the period designated above.

**Finding and Recommendation**

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 one cardholder

had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved all transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

### **Notice of Finding and Recommendation**

- Purchase card transactions must be documented, reviewed, and approved by the principal.

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 Mrs. Diane Morris, associate superintendent of school support and well-being, for written approval of your plan. Based on the audit recommendations, Mrs. Morris 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:PJM:lsh

Attachment

Copy to:

Members of the Board of Education  
Dr. McKnight  
Mr. Stockton  
Ms. Reuben  
Mrs. Williams  
Mrs. Morris  
Mr. Reilly  
Mrs. Chen  
Mrs. Eader  
Mr. Klausling  
Mrs. Ripoli  
Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

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|--|------------------------|
| <b>Report Date:</b>                    | <b>Fiscal Year:</b>    |
| <b>School:</b>                         | <b>Principal:</b>      |
| <b>OSSWB Associate Superintendent:</b> | <b>OSSWB Director:</b> |

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

| <b>Action Steps</b> | <b>Person(s) Responsible</b> | <b>Resources Needed</b> | <b>Monitoring Tools / Data Points</b> | <b>Monitoring: Who &amp; When</b> | <b>Results/Evidence</b> |
|---------------------|------------------------------|-------------------------|---------------------------------------|-----------------------------------|-------------------------|
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| Action Steps | Person(s) Responsible | Resources Needed | Monitoring Tools / Data Points | Monitoring: Who & When | Results/Evidence |
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| <b>OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)</b> |  |
| <input type="checkbox"/> <b>Approved</b>               | <input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____ |
| Comments: _____<br>_____                               |  |
| Director: <u>  <i>Diane D. Morris</i>  </u>            | Date: _____  |