


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 8, 2019

MEMORANDUM

To: Dr. Donna R. Jones, Principal
Bethesda-Chevy Chase High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2018, through December 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 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 February 21, 2019, meeting with you; Dr. Brenda Lewis, assistant principal; Mrs. Deborah L. Teicher, school business administrator; and Mrs. Audrey J. Liebeskind, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated February 26, 2018, 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

Equipment purchased with IAF become the property of MCPS and are subject to MCPS Regulation EDC-RA, *Control of Furniture and Equipment Inventory*. We noted that equipment purchased by the school had not been added to the MCPS inventory and affixed with barcodes.

We recommend that staff review the policy to ensure that upon receipt of a capital asset, it is properly coded and added to inventory control reports.

Use of MCPS Form 280-46 *Independent Activity Funds (IAF) Request for Payment to MCPS Employees for Services (Work) Performed*, to compensate employees with IAF, must be in accordance with MCPS pay rate guidelines and payroll processes (refer to MCPS Regulation DIA-RB, *Payments for Services and Reimbursements for Expenses from School Independent Activity Funds*). We found that an employee was paid at an Extracurricular Activity (ECA) rate for hours in excess of the ECA limit per activity and an employee that was paid at a rate for School Improvement Plan (SIP) work that was not in accordance with MCPS pay rate guidelines. We recommend that MCPS payroll guidelines are followed when paying employees with IAF.

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. We found that there were missing dates of signature for approvals, missing approval signatures, late approvals, use of the 03 card for staff development items and missing receipt back-up documents for purchase card expenditures. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- Furniture and Equipment control must comply with MCPS Regulation EDC-RA (**repeat**).
- Work performed by employees, being paid with IAF, must comply with MCPS payroll guidelines (**repeat**).
- 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 Mr. Eric A. Wilson, director of learning, achievement, and administration, Office of School Support and Improvement. 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 financial staff to support you with developing a well-defined plan to address the findings.

RWP:KMH:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Mrs. Morris

Mrs. Camp

Mrs. Chen

Ms. Diamond

Mr. Wilson

Mr. Tallur

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: March 8, 2019	Fiscal Year: March 8, 2019
School: Bethesda-Chevy Chase HS - 406	Principal: Dr. Donna Redmond Jones
OSSI Associate Superintendent: Mrs. Diane D. Morris	OSSI Director: Eric Wilson
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2018</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
BCC is to ensure the Furniture and Equipment control is to comply with MCPS Regulations	Purchasing Agent SBA	MCPS form 234-18	234-18 to be submitted within one week of receipt of items. 234-18 to be kept by SBA.	Fin. Specialist - when receiving 28-54 to note on form if purchase will require inventory	With more knowledge and coordination with stakeholder and finance office all items requiring inventory will be bar-coded and added to list.
BCC to ensure that that work performed by employees, being paid through IAF follow all MCPS guidelines	Principal Admin Sec. SBA	280-46 ECA Guidlines	Meet and review all staff work that is covered by IAF Create budgets for such expenses prior to work being engaged	SBA to submit all 280-46 by end of each pay-period as services are rendered.	BCC will be in compliance of all MCPS guidelines pertaining to IAF payments to employee
BCC to ensure that all purchase card expenses follow MCPS Guidelines	Cardholder SBA Principal	JP Morgan guidelines JP Morgan Transaction System Landscape Rpt	Reconciliation of monthly statement to occur within five days of statement notification. Landscape reports to be	SBA to monitor JP Morgan weekly for card holder review and approval. SBA to monitor	All JP Morgan purchases will be in compliance of MCPS guidelines. If issues persist, card-holder privileges may be revoked.
			reviewed and signed by principal with copies/original receipts retained for audit.	receipt of all Landscape Reports monthly.	

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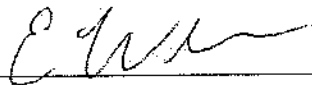
OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved

Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

4/3/19