


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 20, 2022

MEMORANDUM

To: Ms. Veronica Hill, Director, Division of Maintenance and Operations

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

Subject: JP Morgan Purchase Card Audit at Division of Maintenance and Operations for the Period July 1, 2021, through June 30, 2022

This report presents the results of our examination of the JP Morgan purchase card activity by the Division of Maintenance and Operations (DMO). The purpose of this audit was 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 examined samples of JP Morgan purchase card transactions to assess the effectiveness of financial control procedures. We also evaluated the monthly and transactional cardholder limits for those cardholders with limits above the normal allowable amount. An audit does not review every transaction but seeks to provide reasonable assurance that any significant errors or omissions in the financial records are detected.

At our November 18, 2022, meeting with Ms. Samantha M. Harris, team lead; Ms. Ana J. Rivas, fiscal specialist; and Mrs. Kimberly S. Ferris, account assistant, we discussed the status of the present conditions. This audit report presents the findings and recommendations resulting from our examination of the JP Morgan activity for the period designated above.

Findings and Recommendations

In accordance with MCPS Regulation EGD-RA, *Telephone Services and Costs*, MCPS provides cellular service to employees whose job responsibilities regarding the health and safety of students and staff require immediate communications and decision making, increase productivity, and/or increase service to the public. We noted you were paying Verizon a large monthly amount on one of your JP Morgan purchase cards for cellular service for several employees. We found that you were charged for extra phones that had no usage at all, and appeared not to have been assigned to any one employee in particular. We also noted that many of the employees who had been given cell phones were not using them at all or had very low usage. We would recommend you reviewing the number of phones you have on your plan and also reviewing the current plan to determine if you can reduce the monthly charge. For any phones that have a large amount of usage we recommend that detailed invoices be obtained for review to determine that cellular service usage was MCPS job related. If it is determined to continue the cellular service, the equipment and

service plan selected must meet the goals of the business purposes with the least expenditure of budgeted funds.

The MCPS Purchasing Card Program streamlines the process for making low-dollar purchases that are necessary for MCPS operations. We found that DMO had strong internal controls and a dual approval process for all purchases made with the JP Morgan purchase cards. We did note that several employees had high transactional and monthly limits. We evaluated all cardholders who had transactional limits of \$2000 or more and monthly limits of \$5000 or more. We found that many of the cardholders were not using their high transactional or monthly limits. We also noted that many of the purchases could have been made in the business Hub since purchasing from approved vendors. By doing this procurement has a better understanding of the actual amounts being spent with certain vendors, and can report these totals to the Board for approval. We recommend reviewing certain cardholders' limits and making adjustments to lower transactional and monthly limits where possible. We further recommend that you work with procurement to place orders in the business Hub for certain vendors.

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.

MJB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Reuben

Mr. Stockton

Mrs. Williams

Ms. McIntosh-Davis

Mr. Reilly

Mrs. Chen

Ms. Eader

Ms. Harris

Mr. Klausling

Ms. Rivas

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date:	Fiscal Year:
School:	Principal:
OSSWB Associate Superintendent:	OSSWB Director:
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period _____, 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

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

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____ _____	
Director: <u>Veronica Hill</u>	Date: _____