


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

July 14, 2023

MEMORANDUM

To: Ms. Pamela B. Wheeler-Taylor, Chief Safety Officer  
Office of Systemwide Safety and Emergency Management

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

Subject: JP Morgan Purchase Card Audit for the Period July 1, 2021 through April 30, 2023

This report presents the results of our examination of the JP Morgan purchase card activity by the Department of Systemwide Safety and Emergency Management. 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 June 14, 2023, meeting with Mr. Edward A. Clarke, prior director; Mr. Peter Park, team lead; Mrs. Jennifer C. Grimes-Ralph, administrative secretary; and Mrs. Laurie E. Lyons, safety/staff development manager, we discussed the status of the present conditions. It should be noted that your appointment as Chief Safety Officer was effective July 3, 2023. 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**

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card Users 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, or the statement of account landscape report, must be printed and provided to the approver, with all purchase receipts and invoices attached. The approver must review each cardholder's transactions and approve them by the 10<sup>th</sup> of the following month, using the online reconciliation program. We found that cardholders had not promptly prepared their monthly statements, provided description of items purchased, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the approver had not approved any transactions online. We recommend that action be taken to correct these conditions

and bring purchasing card usage into conformity with MCPS requirements. The MCPS Purchasing Card Program streamlines the process for making low-dollar purchases that are necessary for MCPS operations. We 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 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. Morris

Mr. Stockton

Mrs. Williams

Mrs. Edwards

Mr. Reilly

Mrs. Chen

Mr. Clarke

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> FY23	<b>Fiscal Year:</b> FY23
<b>School:</b> -- Choose One -- <del>OSSEM</del> COO	<b>Principal:</b> N/A      Pamela Wheeler-Taylor, Chief Safety Officer
<b>OSSWB Associate Superintendent:</b> N/A	<b>OSSWB Director:</b> N/A

**Strategic Improvement Focus:**

As noted in the financial audit for the period 7/1/21 - 4/30/23, 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
Worked with internal audit to review prior transactions with approver	Peter Park Ed Clarke	Access to JP Morgan	Transactions pending review and approval report ran to resolve	All cards canceled. No monitoring needed.	As of 08/14/23 all transactions have been reviewed and approved in the on-line system. All JP Morgan cards have been canceled and purchases
					will need to be made through the Hub.

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

<b>OFFICE OF THE CHIEF OPERATING OFFICER</b>	
<input type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
COO Director: <u>MBH Heed</u>	Date: <u>9-29-23</u>