


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 17, 2018

MEMORANDUM

To: Miss Stephanie S. Sheron, Principal  
Briggs Chaney Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2017 through August 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 there is compliance with policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

At our October 9, 2018, meeting with you and Mrs. Jan W. Snider, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated March 22, 2017, and the status of present conditions. It should be noted that your appointment as principal was effective July 1, 2018. 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 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 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 some cardholders had not promptly prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

### Summary of Recommendations

- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.

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. Brian W. Scriven, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mr. Scriven 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 school financial specialist to support you with developing a well-defined plan to address the findings.

RWP:SMY: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

Mr. Scriven

Mr. Tallur

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> 10/29/18	<b>Fiscal Year:</b> 10/29/18
<b>School:</b> Briggs Chaney MS - 335	<b>Principal:</b> Stephanie Sheron
<b>OSSI Associate Superintendent:</b> Cheryl Dyson	<b>OSSI Director:</b> Brian Scriven
<p><b><u>Strategic Improvement Focus:</u></b>                  As noted in the financial audit for the period <u>2/1/17-8/31/18</u>, strategic improvements are required in the following business processes :                  purchase card activity must comply with the MCPS Purchasing Card Users Guide</p>	

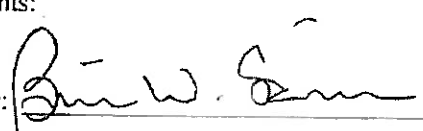
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal communicated via email to all card holders the monthly expectations as outlined in the Users guide. In addition the email indicated the financial specialist would conduct training sessions upon request or on an as needed basis for card holders out of compliance.	Stephanie Sheron, Principal	Users Guide	Card holders will be complying with expectations	monthly by principal and financial assistant	Email was sent October 10 2018, no trainings were conducted yet
The financial specialist is sending an email on the first of each month to each cardholder outlining and reminding everyone of what is expected as a cardholder on a monthly basis	Jan Snider, Financial Assistant	None	Card holders will be complying with expectations monthly	monthly by principal and financial assistant	first email was sent 9/1/18 and monthly thereafter
The principal is reviewing transactions monthly before the 10th each month. The financial specialist will be present during the review to ensure we have compliance of cardholders. Any cardholders out of compliance will be addressed and the financial specialist will be maintaining a log of issues that arise monthly	Jan Snider, Financial Assistant Stephanie Sheron, Principal	excel database to track non compliance	Financial Specialist and Principal will review excel database monthly to track patterns and trends with card holders and address issues as necessary	monthly by principal and financial assistant	We started this transaction review process in August 2018
If staff is missing a receipt they will be notified that they must make every effort to recreate the receipt from the vendor and/or provide an explanation of the transaction. First notification of the procedure will be done by financial assistant. If noncompliance continues second contact will be made directly by the principal.	Jan Snider, Financial Assistant Stephanie Sheron, Principal	records of receipts/transactions	review records monthly during transaction meetings	monthly by principal and financial assistant	We will be starting at the next transaction review by 11/10/18

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

Approved
  Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director:  Date: 11/1/19