


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 5, 2019

MEMORANDUM

To: Mr. Jae W. Lee, Principal
Carderock Springs Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2016, through September 30, 2019

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 October 22, 2019, meeting with you and Ms. Carol Meyer, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated November 4, 2016, 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

Aggregate school expenditures of general funds for the procurement of refreshments in connection with meetings and staff appreciation, items may not exceed \$60 per individual staff member per fiscal year without prior written authorization from the chief financial officer (CFO) (refer to *MCPS Financial Manual*, chapter 20, page 5). These expenditures must be appropriately recorded in accordance with the IAF chart of accounts. We found that you exceeded the total amount allowed

in Fiscal Year (FY) 2019, without approval of the CFO, and used restricted student funds to support a portion of these expenditures in FY 2019. You must obtain prior written authorization from the CFO for the increased spending and adhere to the MCPS requirement for the source of funds to support staff refreshment/appreciation.

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, or the statement of account landscape report, 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 description of items purchased, indicated IAF account number when required, attached 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 Findings and Recommendations

- Adhere to the \$60 per individual staff member allocation on staff refreshment/appreciation and fund with proper funding sources.
- Use of the MCPS purchasing card must be in accordance with the requirements of 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 Dr. Donna R. Jones, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Jones 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 administrative secretary to support you with developing a well-defined plan to address the findings.

MJB:HT:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. McKnight

Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Mr. Reilly
Mr. Tallur
Dr. Jones
Mr. Marella
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 20	Fiscal Year: 20
School: Carderock Springs ES - 604	Principal: Jae W. Lee
OSSI Associate Superintendent: Cheryl Dyson	OSSI Director: Donna Redmond Jones

Strategic Improvement Focus:

As noted in the financial audit for the period 10/1/16-9/30/19, strategic improvements are required in the following business processes :

- Adhere to \$60 per FTE for staff appreciation / staff refreshments; -Adhere to MCPS guidelines for use of the Purchasing Card

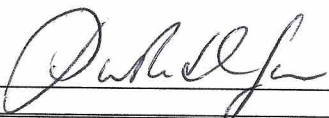
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Adhere to the \$60 per individual staff member allocation on staff refreshment/appreciation fund with proper funding sources.	Jae Lee; Carol Meyer; Donna Obendorfer	Guidelines for Calculating Staff Appreciation Spending Limit	Tracking sheet with up-to-date spending amount for staff appreciation/refreshment each year	Jae Lee; Carol Meyer; Donna Obendorfer Monthly	Maximum FY2020 Staff Appreciation and Refreshment Spending limit is \$3,300.
By the fifth day of the month, review purchasing card transactions online to indicate whether the purchases were for staff or students and provide a detailed description in the transaction notes. The approver will approve the reviewed transactions within ten calendar days of the online review.	Jae Lee; Carol Meyer; Donna Obendorfer	Purchasing Card User Guide	Set up weekly check-ins	Jae Lee; Carol Meyer; Donna Obendorfer Monthly	Monthly list of reviewed and approved purchasing card transactions.

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

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

Approved Please revise and resubmit plan by _____

Comments: _____

Director:  Date: 12/10/15