

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 22, 2023

MEMORANDUM

To: Dr. Joe L. Rubens Jr., Principal  
John F. Kennedy High School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
November 1, 2021, through January 31, 2023

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 and 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 March 13, 2023, meeting with you; Mrs. Ingrid G. Higgins, school business administrator; and Ms. Lauren A. Murchison, school financial specialist, we reviewed the prior audit report dated January 31, 2022, and the status of the present conditions. It should be noted that Ms. Murchison's assignment as school financial specialist was effective February 23, 2023. 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**

The *MCPS Purchasing Card Program* streamlines the process for making low-dollar purchases that are necessary for MCPS operations. Use of the purchasing card does not relieve the cardholder from complying with all MCPS regulations, the procedures in the *MCPS Procurement Manual*, or the *MCPS Financial Manual*. In addition, the use of the MCPS purchasing card must be in

accordance with the requirements of the *Montgomery County Public Schools 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 or delegated approver, with all purchase receipts and invoices attached. The principal or delegated approver must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program. We found not all cardholders promptly reviewed their transactions in the online reconciliation program. Also, we found that the approvers 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.

A memorandum is issued annually with guidelines for management and accounting of external exam fees paid for students who are eligible for waivers and fee reductions. We found a lack of adherence to these guidelines. Waivers reported to MCPS had not been verified by the business staff and the request for reimbursement was significantly overstated. In your audit action plan, you indicated that the exam coordinator would maintain a spreadsheet with all the necessary information for better accounting of funds. We found errors in recording transactions so that account information needed for reconciliation of activities was unreliable. The monitoring spreadsheet used by the testing coordinator did not meet MCPS requirements, and many waiver forms were missing or not correctly completed. We recommend that you work with staff to ensure that procedures are in place to effectively manage external exam activities, and to ensure that waivers reported are accurate and well documented.

### **Notice of Findings and Recommendations**

- Purchasing card activity must comply with the *MCPS Purchasing Card User's Guide* and other MCPS regulations.
- The exam coordinator must maintain accurate student fee collection records and submit them to financial staff for reconciliation to the general ledger (**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 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.

Prior to returning your completed audit action plan, please contact Mr. Greg C. Mullenholz, director of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. Mullenholz 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 agents to support you with developing a well-defined plan to address the findings.

MJB:HT:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. Hull

Dr. Murphy

Ms. Reuben

Mr. Stockton

Mrs. Williams

Dr. Floyd-Cooper

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mrs. Ripoli

Mr. Mullenholz

Ms. Webb

**FINANCIAL MANAGEMENT ACTION PLAN**

<b>Report Date:</b>	<b>Fiscal Year:</b>
<b>School:</b>	<b>Principal:</b>
<b>OSSWB Associate Superintendent:</b>	<b>OSSWB Director:</b>
<p><b><u>Strategic Improvement Focus:</u></b>          As noted in the financial audit for the period _____, strategic improvements are required in the following business processes :</p>	

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

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"/> <b>Approved</b>	<input type="checkbox"/> <b>Please revise and resubmit plan by</b> _____
Comments: _____ _____	
Director: _____	Date: _____