


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 18, 2023

MEMORANDUM

To: Mrs. Sarah C. Starr, Principal
Longview School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2020, through August 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 October 10, 2023, meeting with you; Mrs. Sylvia A. Young, school administrative secretary (secretary);, and Ms. Pamela K. Dunn, visiting bookkeeper, we reviewed the prior audit report dated December 23, 2020, 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

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 10th of the following month, using the online reconciliation program. In your action plan, you indicated that all purchasing transactions would follow the requirements of the MCPS *Purchasing Card Users Guide*. We found internal control weakness in that your secretary had not prepared her monthly statements and attached her purchase receipts. We also found that since the secretary had not submitted her receipts, the approver had not reviewed or approved those 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.

Notice of Findings and Recommendations

- Purchase card transactions must be documented, reviewed, and approved by the approver, and the statement of account landscape report must be printed and provided to the approver with all purchase receipt and invoices (**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. Sean P. McGee, director of school support and well-being, Office of School Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Mr. McGee 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:AMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Dr. Collins

Mr. Hull

Dr. Kimball

Dr. Moran

Mr. Stockton

Mrs. Williams

Mr. Reilly

Mrs. Chen

Ms. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli


Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 10/25/23	Fiscal Year: 2024
School or Office Name: Longview School	Principal: Sarah Starr
OSSWB Associate Superintendent: Moran	OSSWB Director: McGee
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>10/1/20-8/31/23</u>, strategic improvements are required in the following business processes : Organization of financial information, professional learning, and financial monitoring</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Complete the MCPS financial training courses	Starr Young	Coverage for being out of the building	Starr and Young are enrolled through PDO for the winter courses	PDO	Completion of the courses
Memo of delegation of authority by principal	Starr Leizear			Young Starr	Memo of delegation is complete, given to Leizear, and filed in financial information
Remove access to checks from administrative secretary	Starr Young	Small lockable file cabinet		Review of location of checks to be in secure locked location without access to Young	MCPS warehouse was contacted requesting a small lockable file cabinet for the principal's office.
Printing landscape monthly statements with all invoices and receipts attached	Young Dunn	Time Ink	Ensuring statements are completed monthly and filed/organized in a monthly structure in the main office	Young Dunn Starr	Landscape files per requirements are in place for at least two months and filed in main office

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Ensuring expenses are being requested and spent out of the correct accounts. For example money to be spent for homecoming should be spent from the homecoming account and not another location.	Young Starr		Review monthly records	Dunn	

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: _____ 	Date: 10/25/2023