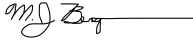


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

May 18, 2021

MEMORANDUM

To: Ms. Lily V. Lake-Parcan, Principal
Neelsville Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2019, through March 31, 2021

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 May 10, 2021, meeting with you and Mrs. Irene D. Holt, school financial specialist, we reviewed our prior audit report dated December 10, 2019, 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 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 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 10th of the following month, using the online reconciliation program. We noted that some

cardholders had not promptly reviewed their transactions in the online reconciliation program and the principal had not reviewed and approved all transactions online as required. We also noted that the cardholders did not consistently enter information regarding three required data fields (notes, account number, and staff/student designation) in the online reconciliation program. Our recommendation is that action be taken immediately to correct these conditions and bring purchasing card usage into conformity with the *MCPS Purchasing Card User's Guide*. We also suggest you obtain additional training with the Internal Audit Unit (IAU) team to eliminate outstanding transactions and institute procedures for staff to comply with MCPS purchase card requirements.

Notice of Findings and 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. Eric A. Wilson, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools. Based on the audit recommendations, Mr. Wilson 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:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Ms. Stratman

Mrs. Williams

Dr. Wilson

Mr. Koutsos

Mrs. Chen

Mr. Klausling

Mr. Marella

Mr. Tallur

Mr. Wilson

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2021	Fiscal Year: 2021
School: Neelsville MS - 115	Principal: Ms. Lily V. Lake-Parcan
OTLS Associate Superintendent: Mr. James P. Koutsos	OTLS Director: Mr. Eric Wilson

Strategic Improvement Focus:

As noted in the financial audit for the period 10/1/19-3/31/20, strategic improvements are required in the following business processes :
 purchase card activity must comply with the MCPS Card Users Guide

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Purchase Card Holders will identify, describe, and review transactions by the fifth business day of the following month using the on line reconciliation program. The Purchase Card Holders will consistently enter required information. The Principal will Approve all transactions by the 10th business day of the following month.	Purchase Card Holders and Principal	User's Guide	SFS and Principal will review database monthly to track card holders and address issues as necessary .	Principal and SFS monthly.	All outstanding transactions have been approved. Ongoing activity is reviewed and approved within required time frames.

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

OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: _____	
Director: <u>Eric Wilson</u>	Date: <u>6/14/2021</u>