


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 20, 2020

MEMORANDUM

To: Mrs. Mildred L. Charley-Greene, Principal
Northwood High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
December 1, 2018, through December 31, 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 January 31, 2020, meeting with you; Mr. Jacob J. Lee, assistant principal; Ms. Thuy Trang T. Duong, school business administrator; and Mrs. Timasha B. Adams, school financial specialist, we reviewed the prior audit report dated March 8, 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

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to *MCPS Financial Manual*, chapter 20, page 4). There is also a requirement for adequate documentation to support the procurement of the goods and services, such as an original invoice, or itemized receipt. Invoices

for goods or services must indicate all items are satisfactorily “received”, and marked as “paid” (refer to the *MCPS Financial Manual*, chapter 20, page 6). In our sample of disbursements, prior approval was not consistently obtained and supporting documentation was not marked paid and/or not marked to indicate satisfactory receipt of the goods or services. We recommend that MCPS Form 280-54 be prepared by staff and signed by the principal as pre-approval for IAF purchases, support documents be marked paid, and indicate that items or services were received satisfactorily.

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, or designee, with all purchase receipts and invoices attached. The principal or designee must review each cardholder's transactions and approve them by the tenth of the following month, using the online reconciliation program. In your action plan dated May 1, 2019, you indicated that your assistant principal would approval all of your school business administrators JP Morgan transactions in the online reconciliation program. We found that some cardholders had not promptly prepared their monthly statements, or reviewed their transactions in the online reconciliation program. We also found that your assistant principal had not approved any transactions online. We recommend that this action be followed with obtaining additional training with the IAU team to eliminate outstanding transactions and institute deadlines for staff to prepare purchasing card statement reports with back-up to comply with MCPS requirements.

The MCPS Division of Food and Nutrition Services (DFNS) approved vendor, for the centralized vending contract, assures that all items available to purchase by schools are compliant with MCPS regulation JPG-RA, *Wellness: Physical and Nutritional Health*. At your school store, there are food and beverage items, sold during the school day to students, which are being purchased from sources that do not provide assurance the items comply with Regulation JPG-RA. When food items and beverages, sold to students during the instructional day, are purchased from sources other than the DFNS approved vendor, we recommend that the information from the product ingredient/nutrition label be entered into the Smart Snack Product Calculator. The calculator will determine whether the product meets the required nutrition standards and a report can be printed. The calculator is available at <https://foodplanner.healthiergeneration.org/calculator>. The printed report is to be filed with your school financial agent and available for future audit review.

Notice of Findings and Recommendations

- Purchase requests must be approved by the principal prior to procurement.
- Purchaser must confirm receipt of goods or services prior to disbursement and documentation stamped or marked “Paid”.
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide* (repeat).
- Nutrition standards food items purchased for sale at school store must follow MCPS regulation JPG-RA, *Wellness: Physical and Nutritional Health*.

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 Mrs. Jennifer L. Webster, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Mrs. Webster 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. Morris

Mrs. Camp

Mrs. Chen

Mr. Marella

Mr. Tallur

Mrs. Webster

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20	Fiscal Year: FY20
School: Northwood HS - 796	Principal: Mildred Charley-Greene
OSSI Associate Superintendent: Mrs. Diane Morris	OSSI Director: Ms. Jennifer Webster
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>12/1/18-12/31/19</u>, strategic improvements are required in the following business processes :</p> <p>Pre-approval purchase ; Confirmed good and services including PAID stamped on invoices; MCPS Purchasing Cards; Meeting MCPS nutritional guidelines</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal will indicate to designated staff an approval amount via memo. For others, SBA will follow up with a reminder memo (attached) for first time infraction. Habitual infractions can result in removal from IAF sponsorship by the principal.	Mildred Charley-Greene, Suzy Duong	Staff training; verbal communication with written follow ups.	MCPS 280-54 date of requests versus date on receipts.	SBA, SFS, and Principal	On going
Sponsors will indicate on packing slips (if available) receipt of goods/services; SFS will stamp PAID on invoices prior to cutting checks for payment.	Timasha Adams, Suzy Duong	Packing slips; PAID stamp	MCPS 280-54 attachments for signature.	SFS, SBA	On going
School store sponsor will no longer purchase Gatorade Kits to qualify for Gatorade Week (athletes to receive free Gatorade supplies such as protein bars, shakes, and energy chews). Northwood will no longer receive complimentary coolers and water bottles. Otherwise all school store items are in compliance.	Marco Fuggitti, Suzy Duong	JPG-RA Wellness: Physical and Nutritional Health	Northwood will no longer participate in Gatorade Week promotion.	AD, SBA	All items were removed (1/31/20)
MCPS Purchasing Card: The principal appointed Ms. Sara Baudry, assistant principal, as designee, to review and approve the school business administrator's online purchases while continuing to review and sign the transactions on paper.	Mildred Charley-Greene, Sara Baudry, Suzy Duong	Access to JP Morgan for Ms. Baudry	Monthly JP statements to principal for signature, then immediately forward to Ms. Baudry for online approval.	Principal will discuss in monthly meeting with assistant principal.	On going

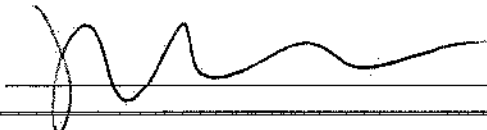
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OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL

Approved Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

3/12/20