


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

May 9, 2018

MEMORANDUM

To: Mrs. Carole C. Goodman, Acting Principal  
Quince Orchard High School

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period  
February 1, 2017, through March 31, 2018

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 and are charged with determining the manner in which funds are raised and expended for activities such as field trips, admission events, and fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with MCPS policies, regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with MCPS 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 there is compliance with MCPS policies, regulations, and procedures and that any significant errors or omissions in the financial records are detected.

At our May 3, 2018, meeting with you, Mrs. Judith C. Yu, school business administrator, and Ms. Jacqueline F. Kumiega, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated March 29, 2017, 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 280-46, *Independent Activity Funds Request for Payment to MCPS Employees for Services (Work) Performed*, is used to request payment from MCPS operating budget funds that will be reimbursed by a school's IAF for work that an MCPS employee performs outside of the employee's regular duty day. Use of MCPS Form 280-46 must be in accordance with MCPS pay

rate guidelines and payroll processes (refer to MCPS Regulation DIA-RB, *Payments for Services and Reimbursements for Expenses from School Independent Activity Funds*). We found MCPS Forms 280-46 indicating that MCPS employees had performed work outside of their regular duty day, but the rate of pay was not in accordance with MCPS guidelines, and there was no indication of hours worked. One MCPS employee received an Extracurricular Activities (ECA) Class 3 stipend in addition to being paid on MCPS form 280-46 for the same services. We recommend reviewing the process for paying employees for work performed outside of their regular duty day, and pay them at the rates in accordance with MCPS guidelines for the actual hours worked.

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 must be printed and provided to the principal or designee, with all purchase receipts and invoices attached. The approver 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 their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the principal had not approved any of the school business administrator's transactions online. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

#### Summary of Recommendations

- Work performed outside the regular duty day must comply with MCPS guidelines.
- 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. Brian W. Scriven, director of school support and improvement of high schools. Based on the audit recommendations, Mr. Scriven 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 school financial agent to support you with developing a well-defined plan to address the findings.

RWP:MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro  
Dr. Statham  
Dr. Zuckerman  
Mr. Civin  
Dr. Johnson  
Dr. Williams  
Mrs. Camp  
Mrs. Chen  
Ms. Diamond  
Mr. Tallur  
Mr. Scriven  
Mr. Ikheloa



## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** May 9,2018

**Fiscal Year:** May 9,2018

**School:** Quince Orchard HS - 125

**Principal:** Carole Goodman

**OSSI**

**Associate Superintendent:** Dr. Darryl L. Williams

**OSSI**

**Director:** Brian Scriven

**Strategic Improvement Focus:**

As noted in the financial audit for the period 2/1/17 - 3/31/18, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
The drama department will no longer utilize the ECA 3 stipend along with payments from the IAF of differing pay rates. Going forward, the Admin. Sec. will provide a listing of all ECA stipends being paid and we will not hire MCPS employees to work our productions. The drama director will continue to provide a budget with more details	Admin. Sec., Financial Spec., Drama Director, and Bus. Admin.	listing of all ECA stipends and detailed duties along with hourly rate	production budgets and ECA stipends. Admin. Sec. will share all stipend information with SFS & SBA.	Financial Spec., Drama Director, and Bus. Admin. When budget is being completed	This will begin with our fall production FY 2019.
E-mails will be sent monthly to encourage timely submission of reconciliations and remind staff of the rules regarding the use and reconciliation process. Mrs. Working did approve all SBA transactions prior to retiring. SBA will work with Ms. Thomas (new Principal beginning 7/1/18) with regards to future transactions.	Cardholders and approvers Financial Specialist	none	SBA is using a check-off list to monitor who submits their reconciliation info. and when. Monthly reminder e-mails are also being utilized.	SBA & Principal Monthly Financial Spec. will also verify descriptions and acct. numbers.	April 2018 began the e-mail reminder. All documents were received by the 5th and approved prior to the 10th for April transactions.

