


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

January 26, 2017

MEMORANDUM

To: Mrs. Katherine W. Lertora, Principal  
Rock Terrace School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2016 through December 31, 2016

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. 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 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, procedures and that any significant errors or omissions in the financial records are detected.

At our meeting on January 23, 2017, with you; Dr. Faustina A. Quist, assistant principal; Ms. Christina L. Cedeno, school administrative secretary, we reviewed the status of the conditions described in our prior audit report dated January 19, 2016, 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.

Finding and Recommendation

Use of the MCPS purchasing card must be in accordance with the requirements of the MCPS *Purchasing Card User's Guide*. By the fifth 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 tenth of the following month, using the online reconciliation program. We found that some cardholders had not prepared their monthly statements, provided their purchase receipts, or reviewed their transactions in the online reconciliation program in a timely manner. Some statements were printed months after the transactions occurred, e.g., the July 2016 statement was printed and signed in December 2016. We recommend that action is taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

#### Summary of Recommendation

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit Unit within 30 calendar days of this report, with a copy to Mr. Brian W. Scriven, director of school support and improvement of secondary schools. In your response, please share a detailed plan for addressing this issue including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:SMY:lsh

#### 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. Scriven

Mr. Tallur

Mr. Ikheloa

Fiscal Management Action Plan

School: Rock Terrace School

Principal: Kathy Lertora

Approved by Associate Superintendent:

*[Handwritten signature]*

Date of approval:

*2/17/17*

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
Purchase card activity must comply with the MCPS Purchase Card Users Guide.	<ul style="list-style-type: none"> <li>Review expectations with MCPS Purchase Card Users</li> <li>By the 5<sup>th</sup> of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions.</li> <li>Monthly statements must be printed and provided to the principal with all the purchase receipts by the 10<sup>th</sup> of the following month using the online reconciliation program</li> </ul>	February 2017	<ul style="list-style-type: none"> <li>MCPS Outlook Calendar reminders and email reminders for cardholders and principal</li> <li>Completed paperwork for all cardholders and up to date printed reconciliation reports.</li> </ul>

*Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.*