



Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 19, 2017

MEMORANDUM

To: Ms. Billie-Jean Bensen, Principal
Rockville High School 

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2016, through July 31, 2017

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 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 October 11, 2017, meeting with you, Mr. David Stough, school business administrator; and Mrs. Alecyda V. Portillo-Holsey, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated July 20, 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.

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). The purpose of each disbursement must be fully explained on this form in order to

properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. In our sample of disbursements, prior approval was not always obtained. By requiring prior approval, the principal retains control over the expenditure of IAFs. We recommend that MCPS Form 280-54 be prepared by staff and signed by the principal at the time verbal approval is sought. Certain sponsors would benefit from preparing an annual budget detailing expected income and expenses, and obtaining your approval at the beginning of the school year. These budgets should be monitored by your school financial specialist and revised if necessary.

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card Users 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 approving official, with all purchase receipts and invoices attached. The approving official 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 recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchase card transactions must be documented, reviewed, and approved by the approving official.

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 secondary 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 administrative secretary to support you with developing a well-defined plan to address the findings.

RWP:RCM: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. Scriven

Mr. Tallur

Mr. Ikheloa

FINANCIAL MANAGEMENT ACTION PLAN

School: Rockville HS - 230

Principal: Ms. Billie-Jean Bensen

Fiscal Year: 2018

OSSI

Associate Superintendent: Dr. Darryl Williams

OSSI

Director: Mr. Brian Scriven

Strategic Improvement Focus:

As noted in the financial audit for the period 6/1/16 - 7/31/17, strategic improvements are required in the following business processes :

- Purchase requests must be approved by the principal prior to procurement

- Purchasing card transactions must be documented, reviewed, and approved by the approving official in the timely fashion described in the MCPS Purchasing Card User Guide

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Pre-Service presentation to all staff describing the request and procurement process. Presentation will be stored electronically for reference and for training of new sponsors. Quarterly reminders (staff meeting, newsletter, e-mail, etc.)	Stough, Portillo	NONE	New requests (280-54)	Reviewed at time of submission by Portillo, at time of signature by Stough, Bensen	280-54 and attached documents will reflect that a request was approved by the appropriate approving official prior to procurement, payment.
Pre-Service presentation to Purchasing card holders describing the process of documenting, reviewing, and approving transactions. Monthly reminder e-mails to all cardholders.	Stough	NONE	Monthly statements	Verified monthly by approving official (Stough, Bensen) with follow-up, if necessary	Card holders will review the transactions and print reports by 5th calendar day of the month. Approving official will approve by 10th business day.

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

OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSI) REVIEW & APPROVAL	
<input type="checkbox"/> Approved <input type="checkbox"/> Please revise and resubmit plan by _____	
Comments:	
Director: <u>Dr. W. Srin</u>	Date: <u>10/30/17</u>