


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 13, 2018

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
August 1, 2017, through September 30, 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 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 November 13, 2018, meeting with you; Mr. David M. Stough, school business administrator; and Mrs. Aleyda V. Portillo-Hosley, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated October 19, 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 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase. Invoices for goods or services must be signed by the purchaser to indicate satisfactory receipt. In our sample of disbursements, we found instances in which prior approval was not always obtained and documentation not annotated by

the recipient to indicate purchased goods or services were satisfactorily received. We also noted budgets were utilized; however, they were not revised when the approved budgeted amounts were exceeded. We recommend that when verbal approval is given for a purchase, the requestor follows up with completion of an e-mail to be filed with MCPS Form 280-54 indicating the date of the verbal approval. If approved budget amounts are exceeded, a revised approved budget is required. We also recommend that invoices for goods or services are signed by the purchaser or receiver to indicate satisfactory receipt prior to payment.

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 authorized approver, with all purchase receipts and invoices attached. The authorized approver must review each cardholder's transactions and approve them by the tenth calendar day of the following month using the online reconciliation program. We found that some cardholders had not promptly reviewed their transactions in the online reconciliation program. We also found that the approvers had not approved all 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

- Purchase requests must be approved by the principal prior to procurement (**repeat**).
- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide* (**repeat**).

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 Dr. Sarah E. Sirgo, director of learning, achievement, and administration, Office of School Support and Improvement. Based on the audit recommendations, Dr. Sirgo 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 financial agents to support you with developing a well-defined plan to address the findings.

RWP:HT:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mrs. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond
Dr. Sirgo
Mr. Tallur
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12/13/18

Fiscal Year: 12/13/18

School: Rockville HS - 230

Principal: Ms. Billie-Jean Bensen

OSSI

OSSI

Associate Superintendent: Mrs. Cheryl Dyson

Director: Dr. Sarah Sirgo

Strategic Improvement Focus:

As noted in the financial audit for the period 8/1/17 - 9/30/18, strategic improvements are required in the following business processes :

(1) Principal approval obtained prior to procurement (2) Increased compliance with Purchasing Card policies and procedures

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
IMPROVEMENT AREA: 1 Meet with current sponsors to review approval processes.	Dave Stough (Sch Bus Admin) Aleyda Portillo (Sch Fin Spec)	NONE	Budgets, individual requests for purchase (280-54, 280-49A, etc.)	Bensen, Stough, Portillo; ongoing	Budgets and requests for purchase that indicate approval prior to procurement.
IMPROVEMENT AREA: 1 Create training tools for new sponsors (that will also serve as reference for current sponsors) that are specific to the approval process.	Stough, Portillo	NONE	NONE	Stough, Portillo; by FY20 Pre-Service	One-page documents reviewing procedure best practices
IMPROVEMENT AREA: 2 Reduce number of Purchasing Cards in use.	Bensen, Stough	NONE	FY18 and FY19 Transaction Detail Reports - Looking for less-used cards.	Bensen, Stough; Summer FY20 Purchasing Card Certification	Fewer cards should result in fewer cardholders/transactions to monitor, review, and approve.
IMPROVEMENT AREA: 2 Meet with current cardholders to review the transaction review and approval timeline.	Stough	NONE	NONE	Stough; immediate (with monthly reminders, as necessary)	Transactions reviewed by the 5th business day and approved by the 10th calendar day of the following month.

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 checked="" type="checkbox"/> Approved Comments:	<input type="checkbox"/> Please revise and resubmit plan by _____
Director: <u></u>	Date: <u>12/21/18</u>