


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 27, 2019

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2018, through September 30, 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 December 12, 2019, meeting with you; Mr. David Stough, school business administrator; and Mrs. Paula M. Arata, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated December 13, 2018, and the status of present conditions. It should be noted Mrs. Arata's assignment as school financial specialist was effective July 1, 2019. 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

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, with all purchase receipts and invoices attached. The principal or designated staff member 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 description of items purchased, indicated IAF account number when required, attached their purchase receipts, or reviewed their transactions in the online reconciliation program. We also found that the designated approver was not always approving all transactions online in a timely basis. Although some improvement has been made since your previous audit, actions still must be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Summary of Recommendations

- 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 specialist to support you with developing a well-defined plan to address the findings.

MJB:BK:lsh

Attachment

Copy to:

Members of the Board of Education
Dr. Smith
Dr. McKnight
Dr. Navarro
Dr. Statham
Dr. Zuckerman
Mr. Civin
Dr. Johnson
Mr. Dyson
Mrs. Camp
Mrs. Chen
Ms. Diamond

Dr. Sirgo
Mr. Tallur
Mr. Marella
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: FY20

Fiscal Year: FY20

School: Rockville HS - 230

Principal: Ms. Billie-Jean Bensen



OSSI

Associate Superintendent: Mrs. Cheryl Dyson

OSSI

Director: Dr. Sarah Sirgo

Strategic Improvement Focus:

As noted in the financial audit for the period 10/1/18 - 9/30/19, strategic improvements are required in the following business processes:

Purchasing Card Compliance

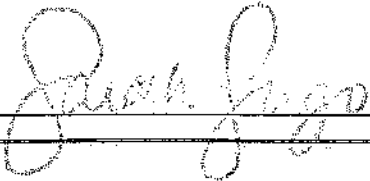
Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Delegation responsibility to School Business Administrator for approving transactions (other than his own) will be made in writing and renewed each year at the discretion of the principal.	Principal	None	Yearly memo delegating signature responsibilities, pre-approved spending limits, etc.	Every July, the memo is written and signed by the principal.	The memo serves as official notice to continue the practice currently in place.
Cardholders will be reminded to indicate receipt on all documentation other than register receipts.	Cardholders	Stamps (RECEIVED). Otherwise, initialing in ink will suffice.	All documentation supporting transactions shown on monthly statements.	Monthly - verified by approver.	Marking as received will indicate in writing that the goods have been received as ordered.
Cardholders will be reminded to review transactions by the 5th working day of the month. Approvers will be reminded to approve transactions by the 10th of the month. We will consider again reducing the number of cardholders in order to increase the likelihood of success.	Cardholders, Approvers	None	JP Morgan records	See Action Steps	Transactions will be reviewed and approved in a timely fashion.

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

Approved Please revise and resubmit plan by _____

Comments:

Director:  Date: 2/14/20