


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 26, 2019

MEMORANDUM

To: Mrs. Kimberly N. Hayden Williams, Principal
Col. E. Brooke Lee Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 1, 2017, through December 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 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 February 13, 2019, meeting with you and Mrs. Sharon A. Zitomer, school financial specialist, we reviewed the status of the conditions described in our prior audit report dated July 5, 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

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 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 MCPS purchasing card requirements were not followed for making purchases and reporting for the principal's review. We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Sixth grade students at each middle school in MCPS participate in a three-day, two-night residential outdoor environmental education program (OEEP) for which they are assessed an activity fee to reimburse MCPS for personal expenses associated with the program. Students unable to pay the OEEP activity fee receive waivers. Any waivers must be reported to MCPS so that the total amount of the invoice billed to schools is adjusted accordingly. We found that the school did not correctly report all funds collected from students that resulted in an unexplained excess collection of fees and/or underpayment to MCPS. We recommend that you review the procedures for reporting students needing financial assistance with the sponsor and that financial assistance forms are reviewed for accuracy before they are submitted.

Summary of Recommendations

- Purchase card activity must comply with the MCPS *Purchasing Card User's Guide*.
- OEEP (Outdoor Environmental Education Program) sponsor records must correctly report funds collected and waivers granted for all participating students (**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.

RWP:BK: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: FY 18 through 12/2018	Fiscal Year: FY 18 through 12/2018
School: Col. E. Brooke Lee MS - 818	Principal: Ms. Kimberly Hayden Williams
OSSI Associate Superintendent: Ms. Cheryl Dyson	OSSI Director: Dr. Sarah Sirgo

Strategic Improvement Focus:

As noted in the financial audit for the period FY 18 - 12/2018, 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
Purchase Card - Attend P-card Training for Existing Cardholders	Card Holders	Attend Training/Work Session	Professional Development Training	Financial Specialist- Register Principal	Notified staff to attend training. Will have staff forward registration/completion
Purchase Card - Provide MCPS Purchase Card User's Guide and P-Card Training, Check Lists and Support Links	Financial Specialist	Business Center	Financial Specialist provided resources and met with cardholders to clarify necessary actions and documentations. Will continue as needed.	Principal Read Receipt	Monthly check in and continued on site training and monitoring to explain policies and procedures as needed.
Purchase Card - Email reminder at beginning of month Meet with cardholders to ensure timely reconciliation	Financial Specialist	N/A	Monthly reminder email. Ensure accurate and complete reconciliation of monthly statements within 5 days of the following month.	Principal Financial Specialist Read Receipt	Put in place beginning with March Reconciliation will occur within 5 days subsequent month. Complete signed copies will be retained.
OEEP - Meet with sponsor to review policies, documents and procedures	Sponsors Financial Specialist	N/A	Held a meeting with Financial Specialist, Principal and Staff to review documents and process. Sponsor will use detailed spreadsheet to document	Principal	Detailed Excel spread sheet for ODE. Updates of documentation. Records will be reviewed systematically throughout for comprehensive, detailed

