

Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

March 11, 2022

MEMORANDUM

To: Mrs. Maureen C. Turner, Acting Principal
Somerset Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 1, 2019, through December 31, 2021

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 fund-raisers. They are responsible for ensuring that the IAFs are administered in accordance with Board of Education policies and 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 March 04, 2022, virtual meeting with you; Ms. Susan Stringham, school administrative secretary (secretary); and Ms. Pamela K. Dunn, school visiting bookkeeper, we reviewed the prior audit report dated February 14, 2019, and the status of the present conditions. It should be noted that your position as acting principal was effective July 30, 2021. 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

A school must work with the operating budget staffing allocations provided by MCPS. IAFs cannot be used to pay for substitutes or salaries (refer to the *MCPS Financial Manual*, chapter 20, page 21). We found that you used the IAF to pay for substitutes that were hired for quarterly planning meetings and conferences. The school's Parent Teacher Association (PTA) and the Somerset

Foundation reimbursed the school for these expenses. The IAF cannot be used to supplement additional staffing hours. The PTA or the Somerset Foundation should not be paying for substitutes so teachers could get extra planning time. Maryland PTA, Inc. advises PTAs to not spend funds for any items that should be supplied by the local Board of Education and that includes funding of school personnel. We recommend the school to work with the staffing allocations they have been provided and teachers to utilize professional days and the additional 16 hours provided for work done outside the normal duty day for planning.

The 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 10th of the following month, using the online reconciliation program. We noted that one cardholder had not promptly reviewed his transactions in the online reconciliation program, and you had not reviewed and approved transactions online as required. We also noted that the cardholder's online review of purchase card transactions is not always including the IAF account number and designate each purchase as either for staff or students. Our recommendation is that action be taken immediately to correct these conditions and bring purchasing card usage into conformity with the MCPS Purchasing Card User's Guide. We also suggest that cardholders include whether purchases are for students or staff, the IAF account number when needed, and a transaction description in the note section.

Notice of Findings and Recommendations

- A school must work with the operating budget staffing allocations provided (**repeat**).
- Purchase card activity must comply with the *MCPS Purchasing Card User's Guide*.

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 action plan, 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. Sean P. McGee, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Mr. McGee 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 secretary to support you with developing a well-defined plan to address the findings.

MJB:YSG:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. McKnight

Mr. D'Andrea

Dr. Dawson

Ms. Reuben

Mrs. Williams

Mrs. Morris

Mr. Reilly

Mrs. Chen

Mrs. Eader

Mr. Klausling

Mr. McGee

Mrs. Ripoli

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 2022	Fiscal Year: 2022
School: Somerset ES - 405	Principal: Maureen C. Turner, Acting
OTLS Associate Superintendent: Diane Morris	OTLS Director: Sean McGee
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>1/1/19 - 12/31/21</u>, strategic improvements are required in the following business processes :</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
After confirmation from Internal Audit, SDT was notified in September, 2021 that substitutes cannot be secured in conjunction with quarterly planning. If grade levels want quarterly planning, they have it on early release days when subs are not necessary.	Anne Flores, SDT	None	Admin Sec will continually monitor sub system to verify that subs are not secured for quarterly planning. Will also remind SDT annually of regulation.	Susan Stringham, Admin Sec Maureen Turner, Acting Principal	Half day, quarterly planning (requiring substitutes) has not been scheduled during FY22 and it will not be scheduled in the future.
Email sent to P Card user (BSM) on 3/7/22 (copy provided to Internal Audit) reminding him that he has to review and approve his transactions by the 5th business day of the following month and has to enter into the system the IAF account number to be charged and whether the purchase is being made for staff or students (both if for building).	Matt Benson, BSM	Provided link to MCPS Purchasing Card User's Guide, 3/15/22.	Admin will review submissions and email BSM with any corrections.	Susan Stringham, Admin Sec	Landscape report should reflect the appropriate dates and information as indicated.

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OFFICE OF TEACHING, LEARNING, AND SCHOOLS (OTLS) REVIEW & APPROVAL

Approved **Please revise and resubmit plan by _____**

Comments: *I have reviewed the action plan with the Somerset ES school team. Moving forward, they will no longer use external funds to pay substitute teachers. Additionally, the PCard statements will now be reviewed and processed in a timely fashion.*

Director: _____  _____ **Date:** 3/31/22