


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

April 12, 2023

MEMORANDUM

To: Ms. Virginia A. De Los Santos, Principal
White Oak Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
September 1, 2021, through February 28, 2023

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 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 30, 2023, meeting with you, and Mrs. Susan E. Krisch, school financial specialist, we reviewed the prior audit report dated November 3, 2021, and the status of the 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 approver with all purchase receipts and invoices attached. The approver must review each cardholder's transactions and approve them by the 10th

of the following month, using the online reconciliation program. In your action plan, you indicated that all cardholders would submit a statement by the 5th of each month and that you would have the assistant principal to approve transactions online. We found that transactions were not approved online by you or the assistant principal. We also noted that you had not reviewed any of your transaction in the online program, and had not sent your director your statements with receipts/invoices attached. We recommend that action be taken to correct this condition and bring purchasing card usage into conformity with MCPS requirements.

Findings and Recommendations

- Purchase card transactions must be documented, reviewed, and approved in the online program by the principal or delegated administrator (**repeat**).
- Principal must submit a monthly JP Morgan statement, along with receipts/invoice, to director for approval.

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 Mrs. Diane D. Morris, associate superintendent of school support and well-being, Office of Student Support and Well-Being, for written approval of your plan. Based on the audit recommendations, Ms. Morris 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:HT:rg

Attachment

Copy to:

Members of the Board of Education
Dr. McKnight
Mr. Hull
Dr. Murphy
Ms. Reuben
Mr. Stockton
Mrs. Williams

Mrs. Morris
Mr. Reilly
Mrs. Chen
Ms. Eader
Mr. Klausing
Mrs. Ripoli
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: April 12, 2023	Fiscal Year: April 12, 2023
School: White Oak MS - 811	Principal: Mrs. Virginia de los Santos
OSSWB Associate Superintendent: Mrs. Diane Morris	OSSWB Director: Mrs. Diane Morris
Strategic Improvement Focus: As noted in the financial audit for the period <u>9/1/21 - 2/28/23</u> , 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 transactions must be documented, reviewed, and approved in the online program by the principal or delegated administrator.	V. de los Santos/Nakia Sutton	MCPS Card User's Guide, online help guides, Kim Houser, M. Hawse	The principal will review and sign all paper landscape reports before the 5th of each month. She will work with K. Houser or Melissa Hawse to get access for a	V. de los Santos, Susan Krisch and Nakia Sutton - ongoing monthly	Folder with all reports collected will show Principal's signed approval and JP Morgan site will show approval. Memo of Delegation on file.
			delegated non-card holder, Nakia Sutton, AP, to do the online approval by the 10th of each month after signature approval on landscape reports. She will		Nakia Sutton will have training and will have access to the JP Morgan website.
			work with S. Krisch to approve all outstanding transactions.		
Principal must submit a monthly JP Morgan statement, along with receipts/invoice, to director for approval.	V. de los Santos	MCPS Card User's Guide, online help guides, Kim Houser, M. Hawse	The principal will work with K. Houser or M. Hawse to regain access to JP Morgan online. She will review/create/print the missing landscape		JP Morgan online site will show approval for principal's transactions.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
			reports with the receipts attached and then send to Ms. Amneris Munoz Alicea for approval.		

OFFICE OF SCHOOL SUPPORT AND WELL-BEING (OSSWB)

Approved Please revise and resubmit plan by _____

Comments: _____

Director: Diane D. Morris Date: 5/16/23