

**Montgomery County Board of Education  
Audit Committee Minutes**

**September 26, 2005**

A meeting of the Montgomery County Board of Education Audit Committee was held at the Carver Educational Services Center in Room 120 on Monday, September 26, 2005. In attendance were:

Members: Mr. Steve Abrams, Chair  
Dr. Charles Haughey, Member  
Mr. Gabe Romero, Member

Guests: Mr. Tom Heseltine, Clifton Gunderson LLP  
Mr. Malcolm Taylor, Clifton Gunderson LLP

Staff: Mr. Larry A. Bowers, Chief Operating Officer  
Mr. Robert Doody, Controller  
Mr. Philip McGaughey, Internal Auditor

The meeting was called to order by Mr. Abrams at 4:21 p.m.

**External Auditor's Reports**

The Audit Committee received the External Auditor's Report of the Comprehensive Financial Report as well as the Comprehensive Annual Financial Report. All concerns raised in the external auditor's report are currently being addressed by MCPS staff. One area of concern was internal control changes with a major system conversion. MCPS plans to have both an internal review and an external review of the system as it is being implemented.

The external auditor recommended to the school system that certain functions in the Educational Foundation, such as cash disbursements and bank accounts, should be separated. MCPS agreed to assign the monthly bank reconciliation responsibility to another accountant in order to provide separation of duties over disbursements.

**Management Letter and Responses**

The Audit Committee discussed the management letter and MCPS staff responses. The management letter covered worker's compensation, accounts payable, system controls, internal audit, benefits payments to retirees, agency fund, accounting manual, Educational Foundation, and payroll registers. Many of these areas are limited by the current system and will be remedied once the new financial management system is in place. According to MCPS staff, the new system meets the new government requirements and is cost effective.

The next Audit Committee will be on the internal audit and held in the spring.

The meeting was adjourned at 4:47 p.m.

Recorder: Becky Gibson