


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

March 23, 2018

MEMORANDUM

To: Mr. Christopher B. Nardi, Principal  
Thomas W. Pyle Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
April 1, 2016, through January 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 MCPS policies, regulations, and procedures.

The IAF audits are conducted regularly to evaluate compliance with MCPS 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 there is compliance with MCPS policies, regulations, and procedures, and that any significant errors or omissions in the financial records are detected.

At our March 20, 2018, meeting with you and Mrs. Esther B. Ansah, school financial specialist, we reviewed our prior audit report dated May 5, 2016, 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

To properly control funds, all cash and checks collected by sponsors for IAF activities should be remitted promptly to the school financial specialist. These funds should then be verified in the presence of the remitter, and a receipt that is supported by MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, should be issued promptly. We found instances in which funds were held by sponsors rather than being remitted in a timely manner to the school financial

specialist on a daily basis, and not always promptly deposited into the school's bank account. To minimize the risk of loss and provide availability of funds to meet school needs, we recommend that all funds collected be remitted daily to the school financial specialist for prompt deposit (refer to *MCPS Financial Manual*, chapter 7, page 4).

The yearbook sponsor is required to keep detailed records of the number of books sold, the price charged as well as the number of books distributed free of charge (refer to *MCPS Financial Manual*, chapter 20, page 14). These records must be submitted to the school financial specialist at the conclusion of the activity to provide data for reconciliation. We found the records kept by the yearbook sponsor did not enable us to reconcile the number of book purchased with the number sold, given free, and remaining in inventory. We were therefore unable to determine that all funds generated from this activity had been remitted. We recommend that the yearbook sponsor be counseled and assisted with the recordkeeping required for this activity.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips, and Student Organization Trips*. Trip approval forms should be signed by the principal, and retained for future reference. Sponsors of field trips should have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data, together with a list of all chaperones and volunteers, should be provided to the school financial specialist at the completion of each trip and compared to remittances recorded in the trip account history report. We found that not all sponsors are providing completed data at the conclusion of each trip, and that data is not being compared to the final account history report. We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and follow the procedures outlined above.

#### Summary of Recommendations

- Funds collected by sponsors must be promptly remitted to the school financial specialist (**repeat**).
- Remitted funds must be promptly verified, receipted, and deposited in the bank by the school financial specialist.
- Yearbook sponsor records must account for the number of books purchased, sold, distributed at no cost, and ending inventory.
- Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip.

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. Eric L. Minus, director of school support and improvement of middle schools. Based on the audit recommendations, Dr. Minus 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 financial specialist to support you with developing a well-defined plan to address the findings.

RWP:AMB:lsh

Copy to:

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Mrs. Camp

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## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** March 28, 2018

**Fiscal Year:** March 28, 2018

**School:** Thomas W. Pyle MS - 428

**Principal:** Chris Nardi

**OSSI**

**Associate Superintendent:** Dr. Darryl Williams

**OSSI**

**Director:** Dr. Eric Minus

**Strategic Improvement Focus:**

As noted in the financial audit for the period 4/1/16 - 1/31/18, 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
Funds collected by sponsors must be properly remitted to the school financial specialist	Estehr Ansah (SFS)		Training of staff on this procedure	Admin Monthly	
Remitted funds must be promptly verified, receipted and deposited in the bank by the financial specialist. - Staff will adhere to MCPS requirements. - Financial Specialist will require a remittance form, MCPS 280-34 with all deposits.	SFS		Staff will adhere to MCPS requirements. Financial Specialist will require a remittance form, MCPS 280-34 with all deposits.	Esther, Principal, monthly	
Yearbook sponsor records must account for number of books purchased, sold, distributed at no cost and ending inventory. - The sponsor will maintain a record of books ordered and received, books sold at specific prices, a record of advertising revenue, and a detailed list of any yearbook awa	Yearbook Sponsor	Excel sheet	T	Estehr, Principal	
Field trip records prepared by sponsors must provide comprehensive data to account for all students eligible to participate and to reconcile funds collected with costs of the trip	Sponsors, SFS	Training on protocols	Spread sheets for field trips	SFS, Admin	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

**OFFICE OF SCHOOL SUPPORT AND IMPROVEMENT (OSSE) REVIEW & APPROVAL**

Approved
  Please revise and resubmit plan by \_\_\_\_\_

Comments: \_\_\_\_\_

Director:  Date: 5/31/18