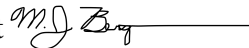


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

May 26, 2021

MEMORANDUM

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

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

Subject: Report on Audit of Independent Activity Funds for the Period  
July 1, 2019, through April 30, 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 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 May 20, 2020, virtual meeting with you and Mrs. Esther Ansah, school financial specialist (financial specialist), we reviewed the prior audit report dated July 26, 2019, 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

Controls over cash receipts need improvement. Staff collecting funds for field trips were holding funds rather than remitting them timely to the school financial specialist. Also, the financial specialist was not always making timely deposits and was holding money in excess of permitted amounts. Infrequent deposits increase the possibility of a loss of funds, diminish the school's ability to fund activities, and are contrary to the MCPS Financial Manual. To minimize the risk

of loss, all funds collected must be remitted daily. We recommend staff be encouraged to submit cash and checks collected for IAF activities to the financial specialist for prompt deposit in accordance with MCPS policy and procedures. (refer to the *MCPS Financial Manual*, chapter 7, page 4).

#### Notice of Findings and Recommendations

- Cash and checks (funds) remitted by sponsors must be promptly receipted and deposited in the bank by the financial specialist in accordance with chapter 7, page 4 of the *MCPS Financial Manual*.

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 Dr. Donna Redmond Jones, director of learning, achievement, and administration, Office of Teaching, Learning, and Schools, for written approval of your plan. Based on the audit recommendations, Dr. Redmond Jones 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 financial specialist to support you with developing a well-defined plan to address the findings.

MJB:ABP:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. McKnight

Mrs. Ferrell

Dr. Wilson

Mrs. Williams

Mrs. Dyson

Mrs. Chen

Mr. Klausung

Mr. Marella

Dr. Redmond Jones

Mr. Tallur

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

<b>Report Date:</b> July 2019 - April 2021	<b>Fiscal Year:</b> July 2019 - April 2021
<b>School:</b> Thomas W. Pyle MS - 428	<b>Principal:</b> Chris Nardi
<b>OTLS Associate Superintendent:</b> Dr. Cheryl Dyson	<b>OTLS Director:</b> Dr. Donna Redmond Jones

**Strategic Improvement Focus:**

As noted in the financial audit for the period 7/2019 - 4/2021, strategic improvements are required in the following business processes :

Cash & checks (funds) remitted by sponsors must be promptly receipted & deposited in the bank by financial specialist in accordance with Chapter 7, pg 4 of Financial Manual

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
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.	School Financial Specialist		Training of staff on this procedure. Staff will adhere to MCPS requirements. Financial Specialist will require a remittance form, MCPS 280-34 with deposits.	Mr. Nardi/Monthly	Completed remittance slips
SFS will not hold \$250 or more overnight. She will deposit funds. SFS will note items from Drop-Box as receipted from there with date.	SFS		Review Procedures	Mr. Nardi / Monthly	Deposit receipts

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

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

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

Comments:

Director:       Date: 6/21/21