


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 5, 2016

MEMORANDUM

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

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2014, through March 31, 2016

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. 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 IAFs are administered in accordance with MCPS policies, regulations, and procedures.

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 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.

In our meeting on May 2, 2016, with you, Dr. Eric Minus, director of middle schools, and Mrs. Mary Baur, financial specialist, we reviewed our prior audit report dated June 26, 2014, and the status of present conditions. We noted that you have not attended the required School Finance Training, part I. 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

Cash and checks collected by sponsors and others for IAF activities should be remitted promptly to the financial specialist. These receipts must be deposited promptly, and all receipts must be

deposited on the last working day of each month and before each weekend or holiday (see MCPS Financial Manual, p.7-4). We noted sponsors at times held fees collected rather than remitting them to the financial specialist on a daily basis. In addition, the financial specialist was not always making deposits on the last working day of each month or before each weekend or holiday. To minimize the risk of loss, all funds collected should 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.

Schools are allocated resources with funding from the K-12 operating budget on the basis of factors such as enrollment, types of programs to be implemented, and other school-specific needs. All payments to MCPS employees must comply with the applicable bargaining unit's negotiated contract agreement and be processed through the Employee and Retiree Service Center. Schools are not allowed to use their IAF funds to supplement these allocated resources. We noted that your school paid five additional teachers to attend Instructional Leadership Training meetings during the previous summer. These staff members are not allocated as team leaders or resource teachers and should not have been paid with IAF funds (see MCPS Financial Manual, p. 20-7). We recommend that you discontinue this practice.

Summary of Recommendations

- Cash control of school funds must be in accordance with chapter 7 of the MCPS Financial Manual; and
- Payments to MCPS employees must comply with applicable negotiated agreement.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. Eric Minus, director of middle schools. The Office of School Support and Improvement will follow up on this audit.

RWP:MJB:sd

Copy to:

Dr. Zuckerman
Dr. Statham
Dr. Navarro
Dr. Williams
Mrs. Chen
Mrs. DeGraba
Mrs. Milwit
Dr. Minus

May 20, 2016

MEMORANDUM

TO: Roger W. Pisha, Supervisor, Internal Audit
FROM: Mr. Chris B. Nardi, Principal
SUBJECT: Response to Audit of Independent Activity Funds for the Period May 1, 2014 through March 31, 2016

In response to the "Findings and Recommendations" of the Audit of Independent Activity Funds for Thomas W. Pyle Middle School, the following practices and resolutions have been implemented.

- Sponsors will promptly return all collected monies to the financial specialist. Sponsors will be trained on following the protocols for remitting promptly and daily when collecting fees. They will not hold fees overnight. **(5/2/16)**
- The financial specialist will deposit all receipts promptly, no later than the last working day of each month and before each weekend or holiday. **(5/2/16)**
- We will discontinue the practice of paying the five identified teachers to attend Instructional Leadership training meetings with IAF funds. **(5/2/16)**

Thank you.

CBN/jas

Cc: Dr. Eric Minus