


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

February 10, 2015

MEMORANDUM

To: Mrs. Pamela S. Nazzaro, Principal  
Thurgood Marshall Elementary School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
January 1, 2011, through December 31, 2014

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 February 6, 2015, with you, Mrs. Karen Cox, assistant principal, and Ms. Tracy Paris, administrative secretary, we reviewed the status of the conditions described in our prior audit report dated March 30, 2011 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

Sponsors of school activities which involve the collection or disbursement of IAF should be provided an account statement for each month in which transactions have been recorded in their accounts, and be required to verify that transactions have been correctly recorded. Although reports were being distributed, we found that not all sponsors were returning them as required. We recommend a procedure be established to ensure that all sponsors be required to review their monthly account statements, resolve any discrepancies, and attest to their accuracy by returning the signed statements to the administrative secretary (see MCPS Financial Manual, p. 20-9).

Controls over cash receipts need improvement. We again found staff collecting funds for field trips and yearbooks were holding funds rather than remitting them timely to the administrative secretary. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected should be remitted to the administrative secretary daily for prompt deposit (see MCPS Financial Manual, pp. 7-2 through 7-5). In addition, all remittances on hand must be deposited before each weekend or holiday.

Review of field trip activities revealed that not all field trip sponsors are providing completed financial information to the administrative secretary at the completion of a trip. Sponsors should record cost and fee information for each field trip on MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and submit the data to the administrative secretary when a trip is completed (see MCPS Financial Manual, p. 20-9). The record of names of participants and sums collected strengthens internal controls by enabling the reconciliation of receipts to sums recorded in the field trip account. We recommend all sponsors be required to use Form 280-41, or equivalent, and follow the procedures outlined above.

#### Summary of Recommendations

- Monthly account history reports provided to sponsors must be affirmed for transaction correctness and returned to the administrative secretary;
- Funds collected by sponsors must be promptly remitted to the administrative secretary (repeat); and
- 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 appreciated the cooperation and assistance of Ms. Paris, which greatly facilitated our audit. 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. LaVerne G. Kimball, associate superintendent of elementary schools. The Office of School Support and Improvement will follow up on this audit.

RWP:GB:sd

Copy to:

Mr. Bowers  
Dr. Navarro  
Dr. Statham  
Mr. Sanderson  
Dr. Kimball  
Mrs. DeGraba  
Mrs. Milwit  
Mrs. Chen

Fiscal Management Action Plan

Principal: Mrs. Pamela Nazzaro

Elementary School: Thurgood Marshall ES

Approved by <sup>community</sup> superintendent: Jackson P. Marshall Date of approval: 4/14/15

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
<p>Monthly Account history reports provided to sponsors must be affirmed for transaction correctness and returned to the administrative secretary.</p>	<p>The administrative secretary will provide sponsors with a monthly statement of their accounts and they will verify the transactions, and that they are accurate. After resolution of any discrepancies, the statements will be signed and dated by the sponsors and kept on file.</p>	<p>Once per month</p>	<p>Signed and dated statements held by administrative secretary.</p>
<p>Funds collected by sponsors must be promptly remitted intact to the administrative secretary</p>	<p>Cash will be submitted by sponsors on a daily basis to the administrative secretary with the correct date of receipt and number of checks on the Remittance Form. The administrative secretary will check the date on the Remittance Form against the date the cash is turned in and double check "the number of checks" is correct on the Remittance form.</p>	<p>Daily sponsor submission of funds</p>	<p>Receipts of funds submitted and bank deposit statements.</p>
<p>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 trip.</p>	<p>Sponsors will provide complete class or club rosters and note how much each student has paid, to include the date received, and any waivers or scholarships for students. Also, sponsors will include if a student is not attending the trip or activity. Sponsors will also provide this at the completion of the trip and compare remittance recorded to the trip account history report. The data will be used by the sponsors and administrative secretary to plan for future trips. Sponsors will plan carefully to ensure that they do not overcharge or undercharge for a trip for students. Sponsors will use MCPS Form 280-41 to record trip fees and provide complete data at the end of each trip. Trip planning will be reviewed by the administrative secretary and the principal to ensure that fees are appropriate.</p>	<p>As needed for field trips</p>	<p>Completed Form 280-41 and any additional documents relevant to each trip.</p>

Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.