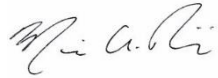


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 6, 2025

MEMORANDUM

To: Mr. James K. Allrich, Principal
Argyle Middle School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
November 1, 2023, through August 31, 2025

Background

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. Principals are responsible for ensuring that the IAFs are administered in accordance with:

- Board Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Argyle MS is located in Silver Spring, Maryland and it is part of the Downcounty Consortium. Argyle MS is a Community School. Argyle MS reported total IAF assets of \$61,602 as of August 31, 2025. Of this balance, \$53,190 is in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. For the fiscal year ended June 30, 2025, the school reported total receipts of \$63,101 and total disbursements of \$67,719. Fundraising efforts resulted in net proceeds of \$4,277. Field trip activities excluding outdoor education program generated receipts of \$18,981 and disbursements of \$19,568, resulting in a deficit for the year which was offset by the carryover field trip balance accumulated from all school years. The school received annual commissions from the Interagency Coordinating Board (ICB), Cell Tower, and Student Pictures.

Audit Objective

The Internal Audit Unit (IAU) uses generally accepted auditing principles to provide an audit opinion on the school's financial activity by evaluating the adequacy of internal controls and compliance with Board of Education (Board) policies and MCPS regulations and procedures. Specifically, the audit seeks to obtain reasonable assurance that:

- Evidence of fraud was not identified within the IAF.
- Funds are safeguarded against loss, misappropriation, or misuse.
- Transactions are accurately recorded and fairly reported in the school's financial records.
- Receipts and disbursements are appropriate, properly documented, and consistent with the intended purpose of the funds.
- Instances of misappropriation, misreporting, or waste, if they exist, are identified and evaluated for materiality.

The IAU is free from organizational impairments to independence. The IAU administratively reports directly to the chief of staff of the Office of the Board of Education and functionally reports to the Montgomery County Board of Education's Fiscal Management Committee.

Methodology

The audit is not designed to examine every transaction but instead relies on risk-based sampling and other generally accepted audit procedures to provide reasonable assurance. Audit procedures include interviews with key staff, a review of prior audit findings and the status of related action plans, testing of transaction samples, and an on-site assessment of internal controls and procedures.

Audit Opinion:

Clean Opinion

Based on the results of our audit, we found no evidence of fraud or material misappropriation, misreporting, or waste within the school's Independent Activity Fund (IAF). The financial activity reviewed was recorded accurately, expenditures were properly supported and aligned with student benefit, and internal controls were operating effectively. Accordingly, we provide reasonable assurance that the school's IAF is in compliance with Board policies and MCPS regulations and procedures.

Exit Conference:

At our October 14, 2025, exit conference with Mr. James K. Allrich, Principal, and Mr. Timothy W. Magruder, school financial specialist, we reviewed the prior audit report dated January 26, 2024, and the status of the present conditions. You received a detailed report outlining each minor deficiency, best practices, and other areas for improvement.

It should be noted that Argyle Middle School has designated a specific staff member to collect all field trip payments in order to streamline the receipting process. Funds collected are submitted to the financial specialist daily, and payment records are maintained on a shared drive accessible to both the financial specialist and the trip sponsor. The Internal Audit Unit (IAU) recognizes this as a strengthened internal control measure and a potential best practice for other schools to consider adopting.

We thank you for your cooperation. Based on the **Clean** status of your IAF audit, no further action is required.

MAP:HT:rg

Copy to:

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