


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 19, 2016

MEMORANDUM

To: Dr. Barbara A. Woodward, Principal
Hallie Wells Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
January 4, 2016, through September 30, 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 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.

In our meeting on October 14, 2016, with you and Mrs. Mary D. Fagan, school financial specialist, we noted that the school first opened for students in the 2016–2017 school year. This report is the result of our first review of IAF activities.

Findings and Recommendations

On the day sponsors collect cash and checks for the IAF activities, they must remit the funds with MCPS Form 280-34: *Independent Activity Fund (IAF) Remittance Slip*, to the school financial specialist. After verification of the amount of funds in the presence of the remitters, a receipt should be printed and a copy issued to the remitter. All remittances should be promptly deposited to the bank checking account and records of receipts and deposit filed in accordance with the MCPS

Financial Manual, chapter 7, page 4. We recommend compliance with MCPS cash handling procedures.

Summary of Recommendations

- Cash handling process must conform to chapter 7 of the *MCPS Finance Manual*.

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 Unit within 30 calendar days of this report, with a copy to Mrs. Elizabeth L. Thomas, director of school support and improvement of middle schools. In your response, please share a detailed plan for addressing these issues including appropriate staff training and support. The Office of School Support and Improvement will follow up on this audit.

RWP:LAS:lsh

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