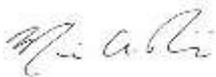


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 27, 2026

MEMORANDUM

To: Mrs. Kiera D. Butler, Principal
Newport Mill Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2024, through December 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

Newport Mill Middle School, located in Silver Spring, Maryland, is a feeder school to the Downcounty Consortium high schools. At the time of this audit, Newport Mill MS reported total IAF assets of \$89,571, of which \$79,313 is held in the Centralized Investment Fund (CIF), earning an annual interest rate of 3.28 percent. The school also received annual commissions from the Interagency Coordinating Board (ICB), cell tower revenue, and student picture sales. For the fiscal year ending June 30, 2025, Newport Mill MS reported total receipts of \$71,176 and total disbursements of \$79,603, resulting in a deficit of \$8,427. The school is currently utilizing its available cash and funds raised through school-organized activities, CIF interest earnings, donations, and PTSA contributions to subsidize costs for students with financial hardships, including field trips and school-related events, thereby enabling their full participation in school activities.

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 our audit results, we found no evidence of fraud, material misappropriation, misreporting, or waste in the school's Independent Activity Fund (IAF). The financial activity reviewed was recorded accurately, expenditures were properly supported and aligned with student benefits, 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 February 13, 2026, exit conference with you, and Ms. Marlene, C. Pineda, school financial specialist, we reviewed the prior audit report dated April 10, 2024, and the status of the present conditions.

We thank you for your cooperation. Based on the **Clean** status of your IAF audit, an action plan is not required.

MAP:LMB:rg

Copy to:

Members of the Board of Education

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