Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

November 6, 2025

MEMORANDUM

To: Mrs. Brooke L. Simon, Principal
Lois P. Rockwell Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period February 1, 2022, 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

Lois P. Rockwell is located in Damascus, Maryland and is part of the Damascus High School Cluster. This school has a Preschool Education Program (PEP) and Home School Model (HSM). The PEP program collected $13,860 during the audit period. Funds collected were used to purchase student enrichment items. At the time of the audit, Lois P. Rockwell reported total IAF assets of $28,442. Of this balance, $15,511 was in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. The school received annual commissions from the Interagency Coordinating Board (ICB) 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 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.

Conclusion:

It was noted that the school collects tuition funds for the PEP Pilot program without clear guidance on what the funds can be used for. Prior to COVID, the school was using the funds to purchase snacks. During the audit period the school purchased a washer/dryer, pressure washer (to use for the PEP playground), stools and large dividers. In addition, insect and butterfly hatching kits were purchased along with speech supplies and other instructional materials. All in all, funds that are being collected each year are used on the students for that school year. The PEP Parent Educators were very helpful in assisting in the audit to obtain this information.

Exit Conference:

At our October 7, 2025, exit conference with Mrs. Brooke L. Simon, Principal, and Mrs. Shae J. Nelson, school administrative secretary, we reviewed the prior audit report dated March 11, 2022, and the status of the present conditions. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for the school for the period designated.

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

MAP:ABB:rg

Copy to:
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