


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 12, 2017

MEMORANDUM

To: Mr. Christopher S. Berry, Principal
James Hubert Blake High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
August 1, 2015, through November 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 fund-raisers. 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.

At our meeting on January 5, 2017, with you, Mrs. Kathryn D. Vargo, school business administrator, and Mrs. Pamela L. Money, school financial specialist, we commended you and your staff for no reportable findings in our prior audit report dated January 14, 2016, and reviewed 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

Cash may be used to establish a change fund to aid in the sale of items or tickets. At all times, the cash on hand must equal the authorized amount of the change fund. When the requirement for the change fund is concluded, the cash should be remitted to the school financial specialist

and receipted into the appropriate IAF account. All school change funds must be closed no later than the end of the fiscal year. We found that the change funds being used did not comply with MCPS requirements. The amount of cash on hand did not always equal the amount authorized and issued. We recommend that the change fund usage is brought into compliance with MCPS requirements (refer to *MCPS Financial Manual*, chapter 7, pp. 6-7).

Summary of Recommendations

- Change fund establishment and operating procedures must comply with *MCPS Financial Manual*, chapter 7.

Other matters were discussed and satisfactorily resolved. At the time of our exit conference, we noted that you had already brought the change fund procedures into compliance, and that all cash on hand equaled amounts authorized and issued. Therefore, no response to this audit report is required. We appreciate the cooperation and assistance of your staff.

RWP:MJB:lsh

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