MEMORANDUM

To: Mr. Carlos Hamlin, Principal
   Thomas Edison High School of Technology

From: Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period
         August 1, 2013, through October 31, 2014

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 IAFs are administered in accordance with MCPS policies,
regulations, and procedures.

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 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 November 25, 2014, with you, Mrs. Janice Johnson, interim business
administrator, and Mrs. Barbara Baliles, financial specialist, we reviewed the status of the
conditions described in our prior audit report dated October 21, 2013, and commend your
financial staff for their efforts addressing these concerns. During the course of our examination,
we noted much improvement in the areas of monthly reports and account transfers, purchases, timely
remittance of funds, field trip accounting, fund-raiser completion reports, and recording of
transactions in the IAF accounting software system. We encourage continued monitoring of account
activity and compliance in these areas. Chapter 20 of the MCPS Financial Manual provides
guiding principles to direct sound decision-making and actions for administering the IAF.
We discussed and resolved with your financial staff several other issues that did not represent material internal control weaknesses. The cooperation and assistance of your staff was appreciated. No response to this audit report is required.

RWP: MJB: sd

Copy to:
Mr. Bowers
Dr. Navarro
Dr. Statham
Mr. Sanderson
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen