MEMORANDUM

To:         Mrs. Diane D. Morris, Principal
            William H. Farquhar Middle School

From:       Roger W. Pisha, Supervisor, Internal Audit

Subject:    Report on Audit of Independent Activity Funds for the Period
            June 1, 2012, through April 30, 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 May 20, 2014 with you, and Mrs. Shuhua Bell, financial specialist, we reviewed
the status of the conditions described in our prior audit report dated July 16, 2012, and the status of
present conditions. We discussed and resolved a number of minor issues that did not weaken
controls over financial matters. We appreciated the cooperation of your staff, especially that of
Mrs. Bell, whose records we found to be neat, orderly, and complete in every detail. No response to
this audit report is required.

RWP:LS:sd

Copy to:
    Mr. Bowers    Dr. Williams
    Dr. Statham    Mrs. DeGraba
    Dr. Schiavino-Narvaez    Mrs. Milwit
    Mr. Sanderson    Mrs. Chen