


Office of Shared Accountability
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

May 23, 2013

MEMORANDUM

To: Mr. Arthur Williams, Principal
Forest Oak Middle School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period
October 1, 2011, through March 31, 2013

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 21, 2013, with you, and Mrs. Barbarann Rydzewski, financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 15, 2011, and 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

We acknowledged that efforts to improve controls over purchasing have largely been effective. We noted, however, that student funds had been used to make charitable contributions. Such contributions are prohibited unless funds have been raised specifically for the charitable purpose.

Summary of Recommendations

- Contributions to charitable organizations, unless funds have been raised by students for a specific charity and advertised as such with full disclosure are prohibited.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff. In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, please provide a response to the Internal Audit office within 30 days of this report, with a copy to Dr. Darryl L. Williams, community superintendent. The Office of School Support and Improvement will follow up on this audit.

RWP:LS:sd

Copy to:

Mr. Bowers
Dr. Statham
Dr. Schiavino-Narvaez
Mr. Sanderson
Dr. Williams
Ms. DeGraba
Mrs. Milwit
Mrs. Chen

Fiscal Management Action Plan

School: Forest Oak Middle School Principal: Arthur Williams
 Approved by community superintendent: *Dan R. Levine* Date of approval: 7/15/13

Findings and Recommendations of School's Financial Report	Description of Resolution And Person(s) Responsible	Timeline	Evidence of Completion
-Internal Audit noted that student funds had been used to make a charitable contribution.	-Principal and Financial Specialist will not donate again unless the specific guidelines are followed.	-Immediate and on-going to correct this funding.	-No charitable donations will take place unless funds have been raised specifically for that purpose.

Note: A copy of the approved plan is to be sent to the Internal Audit Office, URSC suite 3380