MEMORANDUM

To:       Mrs. Jennifer L. Webster, Principal
          Thomas W. Pyle Middle School

From:    Roger W. Pisha, Supervisor, Internal Audit

Subject: Report on Audit of Independent Activity Funds for the Period
         July 1, 2011, through December 1, 2012

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 teleconference on January 4, 2013, with you and Mrs. Mary Baur, financial specialist, we
reviewed the status of the conditions described in our prior audit report dated September 2, 2011,
and discussed further actions needed to strengthen the accountability for IAF resources. 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

As part of our review of field trips, we noted an accumulation of funds in the general field trip
account. Our analysis indicates these funds were fees collected from students in excess of the
amount required to offset trip expenses. Field trip fees should be calculated as nearly as possible
to exactly offset trip expenses (see MCPS Finance Manual, p. 20-9). We recommend that field trip fee calculations are closely scrutinized and that future trips be subsidized using current excess funds until they are exhausted.

Summary of Recommendations

- Field trip planning should be reviewed to ensure established fees are commensurate with trip expenses (repeat).

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. Christopher S. Garran, 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
Dr. Marks
Dr. Garran
Mrs. DeGraba
Mrs. Milwit
Mrs. Chen
Fiscal Management Action Plan

School: Thomas W Pyle MS
Principal: Jennifer Webster

Approved by community superintendent: [Signature]
Date of approval: 2/1/13

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<th>Findings and Recommendations of School's Financial Report</th>
<th>Description of Resolution And Person(s) Responsible</th>
<th>Timeline</th>
<th>Evidence of Completion</th>
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<tr>
<td>Finding: Accumulation of funds in the general field trip account due to amount collected from students in excess of amount required to offset expenses.</td>
<td>Resolution: The &quot;Field Trip Expense Calculator&quot; form provided by the county will be used and reviewed in planning all trips to ensure fees commensurate with expenses. As recommended, excess funds will be used to subsidize future trips and fund activities/items that will promote the general welfare, education and morale of students.</td>
<td>Ongoing</td>
<td>Each field trip file will contain an expenses calculator form and the general field trip account will reflect a reduction in balance.</td>
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<td>Recommendation: Field trip planning should be reviewed to ensure established fees are commensurate with trip expense and future trips be subsidized using current excess funds.</td>
<td>Persons Responsible: Principal, Financial Specialist, Field Trip Sponsor(s)</td>
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Note: A copy of the approved plan is to be sent to the Internal Audit Office, CESC, Room 11.