


Office of Shared Accountability  
MONTGOMERY COUNTY PUBLIC SCHOOLS  
Rockville, Maryland

May 22, 2014

MEMORANDUM

To: Mrs. Carole A. Working, Principal  
Quince Orchard High School

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Independent Activity Funds for the Period  
October 1, 2012, through February 28, 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 13, 2014, with you, Mrs. Judy Yu, business administrator, and Mrs. Susan Yee, financial specialist, we reviewed the status of the conditions described in our prior audit report dated November 29, 2012, and the status of present conditions. We noted the progress made to improve conditions described in our previous report, such as consistent approvals for purchases and the inclusion of purchased equipment in the fixed asset inventory. This audit report presents the findings resulting from our examination of the IAF records and financial accounts for your school for the period designated above, and our recommendations for further improvement to strengthen internal controls.

Findings and Recommendations

Cash and checks collected for IAF activities by sponsors and other authorized individuals must be remitted to the financial specialist together with MCPS Form 280-34, *Remittance Slip*, on the day the funds are received. We found instances in which staff collecting funds held funds rather than remitting them timely to the financial specialist. We recommend that all staff who collect funds for school activities be reminded of remittance requirements (see MCPS Financial Manual p. 7-4).

Summary of Recommendations

- Funds collected must be promptly remitted to the financial specialist.

Other matters were discussed and satisfactorily resolved. We appreciated the cooperation and assistance of your staff, especially Mrs. Yu and Mrs. Yee. 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, associate superintendent of high schools. The Office of School Support and Improvement will follow up on this audit.

RWP:VAD:sd

Copy to:

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

