

REGULATION

MONTGOMERY COUNTY PUBLIC SCHOOLS

Related Entries: DIA-RB
Responsible Office: Superintendent of Schools
Chief Operating Officer
Chief Academic Officer

Accounting for Financial Operations/Independent Activity Funds

I. PURPOSE

To set forth internal audit procedures for the review of the financial operations of Montgomery County Public Schools (MCPS), including the audit of Independent Activity Funds (IAFs) held by individual schools

II. BACKGROUND

- A. The Montgomery County Board of Education, superintendent of schools, and all staff members are charged with responsibility for management of the financial resources of MCPS to achieve the strategic goals of the system.
- B. MCPS maintains an internal audit program as one means of providing stakeholders of the school system with information to account for financial operations.
- C. It is critical that each financial agent of the school system understands their responsibilities and completes their duties as a fiduciary for taxpayers and students.
- D. The *Montgomery County Public Schools (MCPS) Financial Manual, Chapter 20, Independent Activity Funds*, provides procedures and designates persons responsible for the handling of the IAFs for each school.
- E. Unless otherwise specifically designated, IAFs for each school are to be used for the benefit of the student body currently in attendance and may not be used to benefit staff or particular student groups.

III. PROCEDURES

A. Accounting for Financial Operations

1. The Internal Audit Unit reviews MCPS financial operations, as follows:
 - a. Selected organizational units (schools and central offices) are periodically examined to monitor their planning, accounting, custodial, and control functions in compliance with management instructions, applicable policies and procedures, and in a manner consistent with applicable law, Board policies, and MCPS regulations.
 - b. Audits are conducted in conformity with the American Institute of Certified Public Accountants standards and guidelines wherever possible and where they do not conflict with current laws.
 - c. The results of the auditor's examination and recommendations for improvement of fiscal procedures are reported directly to the audited unit, the associate superintendent or appropriate executive-level administrator, and to the superintendent of schools as needed.
 - d. Actions taken by the responsible administrator of the audited unit to correct conditions reported in the auditor's findings are reviewed to determine if they resolve those findings satisfactorily. If they do not, further discussions will be held with the administrator of the audited unit.
2. The audit report shall request the comments of the administrator of the audited unit on the findings in the report.
3. The administrator normally shall provide written comments to the Internal Audit Unit with a copy to the associate superintendent or appropriate executive-level administrator within 30 days from receipt of the report. Such comments shall include either a description of corrective actions planned or taken or an explanation of why the administrator believes no corrective action is needed.
4. Failure to comply with the 30-day provision shall be reported to the associate superintendent or appropriate executive-level administrator who will be responsible for ensuring that appropriate action is initiated by the operating unit.

5. To the extent laws and regulations allow, the internal auditors have full, free, and unrestricted access to all MCPS records, properties, and personnel.

B. Independent Activity Funds

1. The Internal Audit Unit oversees the financial operation of IAFs, as set forth in Section III. A above.
2. Each school's most recent audit report and principal's response are posted on the MCPS website.

Regulation History: Formerly Regulation No. 280-2, revised October 1982; reprinted April, 1988; revised October 22, 2003; revised June 20, 2006; revised October 1, 2015.