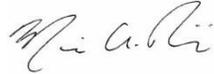


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 2, 2025

MEMORANDUM

To: Ms. Dara Brooks, Principal
Bel Pre Elementary School

From: Melvin A. Phillips, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Independent Activity Funds for the Period
February 1, 2023, through September 30, 2025

Background

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. School 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. Principals are responsible for ensuring that the IAFs are administered in accordance with:

- Board Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Bel Pre Elementary School, is located in Silver Spring, Maryland, and is part of the Downcounty Consortium (DCC). Bel Pre serves grades Pre-K through 2nd and is a community school. MCPS Community Schools serve as hubs that provide students, families, and communities with essential wraparound services, ensuring equitable access to services and outcomes for all. During the audit period, the school received annual commissions from the Interagency Coordinating Board (ICB), student pictures, and cell tower, to support student initiatives and activities. The Independent Activity Fund (IAF) primarily supports activities related to field trips. At the time of this audit, Bel Pre ES reported total IAF assets of \$34,426. Of this balance, \$24,001 is in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. For the fiscal year ending June 30, 2025, the school reported total receipts of \$16,984 and total disbursements of \$13,776, resulting in a surplus of \$3,208.

Audit Objective

The Internal Audit Unit (IAU) uses generally accepted auditing principles to provide an audit opinion on the school's financial activity by evaluating the adequacy of internal controls and

compliance with Board of Education (Board) policies and MCPS regulations and procedures. Specifically, the audit seeks to obtain reasonable assurance that:

- Evidence of fraud was not identified within the IAF.
- Funds are safeguarded against loss, misappropriation, or misuse.
- Transactions are accurately recorded and fairly reported in the school's financial records.
- Receipts and disbursements are appropriate, properly documented, and consistent with the intended purpose of the funds.
- Instances of misappropriation, misreporting, or waste, if they exist, are identified and evaluated for materiality.

The IAU is free from organizational impairments to independence. The IAU administratively reports directly to the chief of staff of the Office of the Board of Education and functionally reports to the Montgomery County Board of Education's Fiscal Management Committee.

Methodology

The audit is not designed to examine every transaction but instead relies on risk-based sampling and other generally accepted audit procedures to provide reasonable assurance. Audit procedures include interviews with key staff, a review of prior audit findings and the status of related action plans, testing of transaction samples, and an on-site assessment of internal controls and procedures.

Audit Opinion:

Unsatisfactory – High Risk

Based on the results of our audit, we identified significant deficiencies in internal controls and financial management practices that create a high risk of fraud, material misappropriation, misreporting, or waste within the school's IAF. The issues observed were pervasive and indicated that the school is not in compliance with MCPS regulations and procedures.

In accordance with MCPS Regulation DIA-RA, *Accounting for Financial Operations/Independent Activity Funds*, use the attached action plan template to provide a written response, approved by the school's director of school leadership and improvement to the IAU within 30 calendar days of this report.

Repeat Findings from Prior Audit:

Prior audit dated April 12, 2023, was conducted for the audit period January 1, 2020, through January 31, 2023, and noted:

Finding 1 [Moderate Risk]: Monthly account history reports were not provided to sponsors to affirm transaction correctness.

Schools must follow *MCPS Financial Manual, Chapter 20 Independent Activity Funds, Sponsor Records and Reports (20-10)*. In our sample of monthly sponsor reports, we found no evidence that the sponsors were provided monthly account history reports, and the administrative secretary (secretary) did not have a control nor process in place for disbursing, collecting, and maintaining monthly account records.

We recommend that the secretary provide sponsors with a report for each month in which any transaction was recorded in that sponsor's IAF account, or the account has a balance. The sponsor will verify the report to ensure that the account activity is accurate and all transactions were authorized, and the ending monthly balance indicated on the report agrees with that of the sponsor's records. If the sponsor agrees with the monthly reported transactions and ending balance amounts, the sponsor will sign and date the report to indicate agreement and return a copy to the secretary within five days. If the sponsor disagrees with any transaction or amount on the report, they will immediately contact the secretary. The secretary should maintain a control (for example, a check-off list) to identify and follow up on activity account reconciliation reports that are not returned by sponsors.

Finding 2 [High Risk]: Cash receipts and checks were not properly handled or controlled.

The school must follow *the MCPS Financial Manual, Chapter 7, Cash Control of School Funds*, to handle cash receipts and checks. In our sample of receipts, we found instances in which funds were held by sponsors rather than being remitted daily to the secretary, and the secretary was not making timely deposits. We also noted that the secretary was not verifying funds with sponsors when remitted, and was not processing funds in the accounting software in a timely manner and notating School Funds Online (SFO) sequentially issued receipt numbers on remittance forms.

Infrequent deposits increase the possibility of a loss of funds, diminish the school's ability to fund activities, and are contrary to the *MCPS Financial Manual*. To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, we recommend that all funds collected are remitted to the secretary daily, verified by both parties, and entered into the accounting software. In addition, all remittances on hand must be deposited promptly, and always before each weekend, end of the month, or holiday. Staff should also monitor their remittances to the secretary to ensure they receive a receipt promptly. MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*, should be completed in full by the sponsor and the secretary, and the secretary should file the deposit package, including a deposit analysis, receipts, remittance slips, and the deposit slip verified by the bank.

We recommend that all funds collected be remitted to the secretary daily and entered into the accounting software to minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs. We also recommend that all remittances on hand must be deposited promptly. Lastly, we recommend that a pre-numbered receipt be given to the person who remitted the funds and the receipt number is added to the MCPS 280-34, *Remittance Form*.

New Findings and Recommendations:

Finding 1 [High-Risk]: The Principal did not review, sign, and date the school's bank statements and the bank reconciliation printed from SFO and the year-to-date report.

The reconciliation of the school's monthly bank statements must be completed by a person independent of daily accounting transactions after the principal has reviewed, signed, and dated the bank statements. Monthly reports, including the bank reconciliation, are to be presented to the principal no later than the 20th of the month following the close of each month. The principal shall review these reports, sign and date them to indicate this review, and return them to the secretary for filing with other monthly reports (refer to the *MCPS Financial Manual*, chapter 20, page 9). We found that the principal is not always signing or dating the required monthly reports; therefore, we are unable to verify if the reports have been presented to the principal for review. We also found some instances where items were signed but not dated, or that were not inclusive of all required reports.

We recommended that the principal review, sign, and date the bank statements prior to the bank reconciler completing the bank reconciliation in SFO, and sign and date the bank reconciliations and the year-to-date report after the bank reconciler has completed the bank reconciliation in SFO. Additionally, we recommend that the secretary and the principal use the SFO Bank Reconciliation checklist available on the MCPS Business Center to ensure the process is completed properly.

Finding 2 [High-Risk]: Purchase card activity did not comply with the *MCPS Purchasing Card User's Guide*.

The school must comply with the *MCPS Purchasing Card User's Guide* on purchase card activities. During our sample testing, we found that cardholders did not review their transactions by the 5th business day of the following month on the JP Morgan online site, therefore the cardholders were not entering in the required data fields, such as entering information about the purchase to indicate if the purchase was for staff or students, transaction details, and IAF account numbers when applicable. The cardholders were not printing the statement of account landscape report, and did not have receipts for items purchased with the purchasing card on file for review. We also found that the approving official did not approve transactions on the online site or onsite.

We recommend that cardholders log in to the JPMorgan website by the 5th business day of the month to review transactions and enter required information. Once the cardholder has completed the review and entered the purchase information, they should print the statement of account in landscape format, attach the corresponding purchasing card receipts, sign, date, and then provide the paperwork to the approving official for review. We recommend that approving officials review the transactions pending review/approval on the JP Morgan website by the 10th business day of the month and determine if all cardholders have reviewed their monthly transactions appropriately and that all items are included and match with the submitted statement of account landscape report. Lastly, we recommend that both cardholders and approving officials review the *MCPS Purchasing Card User's Guide* and utilize the *P-Card Checklists* found on the MCPS Business Center to make sure the process is properly completed.

Finding 3 [High-Risk]: The administrative secretary is directly collecting funds for school activities.

Cash handling must involve the separation of duties, ensuring that no single person controls all aspects of the process from start to finish. The involvement of two or more persons in each process enhances integrity and accuracy because each person acts as a check on the work of the other. (*MCPS Financial Manual*, chapter 7, page 3). We found that cash handling lacked separation of duties, as receipts in our sample did not include an MCPS Form 280-34, *Remittance Form*, that was completed by a sponsor and then remitted to the secretary for field trips.

We recommend that the sponsors collect funds from students and then remit funds to the secretary with a completed MCPS Form, 280-34, on the day the funds are collected. The secretary will verify the accuracy of the funds in the presence of the sponsor and record the receipt of funds in the school's accounting software, School Funds Online (SFO). The administrative secretary will then provide the sponsor with an SFO-generated receipt.

Exit Conference:

At our November 12, 2025, exit conference with Ms. Dara Brooks, Principal and Mrs. Brandi Bravo, Administrative Secretary, we reviewed the prior audit report dated April 12, 2023, and the status of the current 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.

You received a comprehensive report outlining each finding, best practices, and items not reportable in the audit. This audit report presents the findings and recommendations resulting from our examination of the IAF records and financial accounts for the school for the period designated.

We thank you for your cooperation. Based on the **Unsatisfactory** IAF audit, an action plan must be completed. Prior to returning your completed audit action plan, please contact Mr. Greg Mullenholz, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan, based on the audit recommendations.

MAP:LMB:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Ms. Dara Brooks

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December 2, 2025

Mr. Francois

Mr. McGee

Mrs. Chen

Mr. Mullenholtz

Mrs. Ripoli

Mr. Santos Rodriguez

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12/2/25	Fiscal Year: 2026
School or Office Name: Bel Pre Elementary	Principal: Dara Brooks
DSLI Associate Superintendent: Sean McGee	DSLI Director: Greg Mullenholz
<p><u>Strategic Improvement Focus:</u> As noted in the financial audit for the period <u>2023-2025</u>, strategic improvements are required in the following business processes : Budget monitoring and reconciliation, Purchasing and procurement controls, Documentation and record retention, Timely approval and review of expenditures, Internal controls over cash handling and reimbursements</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Provide sponsors with monthly account history reports for any activity with transactions or balances; sponsors review, sign, and return report within 5 business days; secretary maintains checklist of reconciliations	Administrative Secretary, Sponsors	Monthly account reports, reconciliation checklist	Signed monthly account history reports, control checklist	Principal reviews monthly; Administrative Secretary tracks weekly	Copies of signed reports; reconciliation checklist updated
Remit all collected funds daily using MCPS Form 280-34; secretary verifies funds with sponsor present, enters in SFO, issues sequential receipt; deposits made promptly	Administrative Secretary, Sponsors	MCPS Form 280-34, SFO access, deposit slips	SFO entries, sequential receipts, deposit logs	Principal spot-checks monthly; Secretary daily	Receipt copies, bank deposit confirmations
Principal reviews, signs, and dates bank statements before reconciliation; principal signs and dates reconciliations and year-to-date report; use SFO Bank Reconciliation	Principal Administrative Secretary	Bank statements, SFO Bank Reconciliation Checklist	Signed bank statements, reconciliations, YTD reports	Principal reviews monthly by 20th of the following month	Signed statements and reconciliations on file
Cardholders review transactions on JP Morgan by 5th business day, complete required fields, attach receipts, sign & date; approving official reviews by 10th business day	Cardholders, Approving Officials	JP Morgan online access receipts, MCPS purchasing card users guide, P-card	Statement of account (landscape) attached receipts, approval records	Approving Official monthly by 10th	Signed and approved statement packets on file

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Sponsors collect funds from students and remit immediately to secretary with completed MCPS Form 280-34; secretary verifies, enters into SFO, provides SFO-generated receipt	Administrative Secretary, Sponsors	MCPS Form 280-34, SFO access, receipt printer	SFO entries, signed remittance forms	Secretary daily; Principal spot-check monthly	Copies of completed forms and receipts, SFO transaction logs

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSL I)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments: .	
Director: _____ 	Date: <u>12/22/25</u>