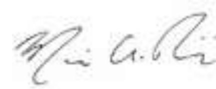
Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

January 12, 2026

MEMORANDUM

To: Dr. Stacy A. Ashton, Principal
Burnt Mills Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
March 1, 2022, through May 31, 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 of Education Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Burnt Mills ES is located in Silver Spring, Maryland, and is part of MCPS's Northeast Consortium. Burnt Mills ES is a Title I and a Community school, and offers enrollment into the Spanish Immersion Program and the Preschool Education Program (PEP). At the time of this audit, Burnt Mills ES reported an enrollment of about 700 students, from Pre-K to 5th Grade. As of June 30, 2025, Burnt Mills ES reported total IAF assets of $11,877, of which $4,155 is in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. For the fiscal year ended June 30, 2025, the school reported total receipts of $32,515 and total disbursements of $33,845. Six Field trips activities in school year 2025 generated receipts of $6,882 and disbursements of $10,547. The school received annual commissions from the Interagency Coordinating Board (ICB), cell tower, and student pictures.

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 Independent Activity Fund (IAF). The issues observed were pervasive and indicate 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 May 10, 2022, was conducted for the audit period March 1, 2019, to February 28, 2022, with an action plan dated June 10, 2022. The following audit findings remain unresolved from the previous audit.

Finding 1 [Low-Risk]: School Finance Training was not up to date.

School Financial Training (SFT) Part I, is required for principals within their first year of assignment. Refresher training is recommended every three years because policies, regulations, procedures, and technology applications are continuously updated (refer to the *MCPS Financial Manual*, chapter 1, page 9). We noted that you have never taken the SFT Part I.

We recommended that you immediately sign up to take SFT Part I.

Finding 2 [High-Risk]: Controls over IAF operations were absent, resulting in untimely bank deposits, as well as poor maintenance of financial records.

Internal control is a process of interconnected policies, regulations, and procedures, as well as employees' attitudes and actions that work together to provide a system of checks and balances to achieve proper authorization of expenditures and safeguarding of assets. The principal is the individual who has the overall fiduciary responsibility for the IAF (refer to the *MCPS Financial Manual*, chapter 20, page 4).

You must initiate a monitoring process to enforce IAF policies, regulations, and procedures in order to promote timely and accurate reporting of data.

Finding 3 [Moderate-Risk]: The month end files did not include all monthly reports, and the reconciliations were done late.

Effective internal control includes the receipt and review by the principal in a timely manner of the ledger reports and the bank reconciliation report to determine the agreement between these reports indicating accurate financial reporting and fiscal management of the IAFs. The bank reconciliation and monthly reports must be prepared and presented to the principal in a timely manner. The reports must be reviewed by the principal and checked for accuracy as part of the important month end internal control process (refer to the *MCPS Financial Manual*, chapter 20, page 9)

We recommend that the financial specialist ensure all required monthly reports are included in the month-end file and that the bank reconciliation and related ledger reports are prepared, reviewed for accuracy, and submitted to the principal for timely review and approval each month.

Finding 4 [Moderate-Risk]: There was no evidence that sponsors received monthly account history reports; sponsors did not return the monthly reports with a signature indicating affirmation of transaction correctness.

Sponsors of school activities that involve the collection or disbursement of IAF must be provided an account history report for each month in which transactions have been recorded in their account or the account has a balance. After any discrepancies are resolved, the statements must be signed and dated by the sponsor to attest to their accuracy. A procedure should be established to ensure that all statements are reviewed and returned (refer to the *MCPS Financial Manual*, chapter 20, page 10).

We recommend sponsors be given a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded.

Finding 5 [High-Risk]: Disbursements were made without following Board policy and MCPS procedures, including completing MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, obtaining principal approval prior to procurement, attaching proper support documentation.

Form 280-54, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). Prior to the disbursement of any IAF, the financial agent will ensure that they have received the appropriate authorization documentation to support the procurement of the goods and services for which the disbursement is to be made. The financial agent also will ensure that the staff member who made the purchase provides adequate documentation to support payment. The purpose of each disbursement must be fully explained on this form to properly record expenditures in appropriate accounts and to ensure that expenditures comply with IAF requirements. Disbursements made by Automated Clearing House (ACH) drawn on the school's IAF bank account, regardless of the documentation that approved the procurement of goods and services, are required to be approved by the principal using MCPS Form 280-54, (refer to the *MCPS Financial Manual*, chapter 20, page 6).

We recommend that MCPS Form 280-54 be prepared by staff with an estimate of expected expenditure and signed/dated by the principal at the time verbal approval is sought.

Finding 6 [Low-Risk]: Not all original receipts/invoices related to a disbursement were marked "paid", to indicate that it was paid/reimbursed. For items shipped to the school, no evidence in the form of received date and signature, that the person who received the items compared the items to the order placed, and verified that the items ordered were received in good condition and matched the items received, was present.

Prior to the disbursement of any IAF, the financial agent will ensure that they have received the appropriate authorization documentation to support the procurement of the goods and services for which the disbursement is to be made. The financial agent also will ensure that the staff member who made the purchase provides adequate documentation to support payment such as original itemized receipt or invoice and written indication that goods and services were received in the quantity and quality required.

It is recommended that any discrepancy in quantity and condition be resolved with a vendor prior to payment. This documentation must be marked or stamped as "Paid" upon processing for disbursement and retained in the business office. (refer to the *MCPS Financial Manual, chapter 20, page* 6).

We recommend that all support documents be marked paid, and when goods are received at the school, that the purchase be verified as complete by the recipient and that the invoice/packing slip be marked "received" and signed/dated by the recipient.

Finding 7 [High-Risk]: Purchase card activity did not comply with the *MCPS Purchasing Card User's Guide*. The cardholders did not review their transactions by the 5th business day of the following month on the JP Morgan online site, and the required data fields, such as entering information about the purchase to indicate whether the purchase was for staff or students, transaction details, and IAF account numbers when applicable, were not updated on the JP Morgan website. The cardholders were not printing the statement of account landscape report timely. The approving official did not approve transactions on the online site or onsite timely.

Use of the MCPS purchasing card must be in accordance with the requirements of the *MCPS Purchasing Card User's Guide*. By the fifth business day of the following month, cardholders must use the online reconciliation program to identify, describe, and review transactions. Monthly statements, or the statement of account landscape report, must be printed and provided to the principal, with all purchase receipts and invoices attached. The principal must review each cardholder's transactions and approve them by the 10th of the following month, using the online reconciliation program.

We recommend that action be taken to correct these conditions and bring purchasing card usage into conformity with MCPS requirements.

Finding 8 [High-Risk]: In our sample of receipts, we found instances in which funds were held by sponsors rather than being remitted daily to the financial agent. Funds over the Cash Holding Authority (CHA) were held by the financial agent, and original receipt was not provided to the teacher remitting the funds. Remitted funds were not always accompanied by MCPS Form 280-34, *MCPS Remittance Slip*, fully completed by the remitter.

To properly control receipts, cash and checks collected by sponsors for IAF activities must be remitted promptly and intact to the financial agent along with MCPS Form 280-34, *MCPS Remittance Slip*. Cash must be counted in the presence of the remitter, and a receipt that is supported by the remittance slip must be issued promptly. These receipts must be deposited promptly, and all receipts must be deposited on the last working day of each month and before each weekend or holiday (refer to the *MCPS Financial Manual*, chapter 7, pages 4-5). To minimize the risk of loss and provide assurance that available funds will be fully utilized to meet school needs, all funds collected must be remitted daily to the financial agent and deposited timely. All collected funds must be receipted in dual control and any corrections must be initialed by the sponsors. Additionally, the remittance form must be signed and the receipt number must be printed once it is entered in the school accounting system.

We recommend that all sponsors remit funds collected for IAF activities to the financial agent daily and intact, accompanied by a completed MCPS Form 280-34, to ensure timely receipting, dual control verification, and compliance with the *MCPS Financial Manual* requirements for safeguarding and depositing school funds.

Finding 9 [Moderate-Risk]: For the fund raisers during the audit period, no evidence of approval of the fund raiser by the principal was found on file, and no evidence of reconciliation at the conclusion of the activity was on file.

Fund raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Raiser*. Following these internal control procedures provides for accountability of funds raised as well as the opportunity to evaluate the results at the conclusion of the event. Each fund raiser should be approved by the principal in writing and the approval retained in the school office. Financial activities for each fund raising activity should be recorded in a separate account in the 7000 series and a completion report prepared that analyzes the results (refer to the *MCPS Financial Manual*, chapter 20, page 13).

We recommend that all fund raisers be approved by the principal in writing prior to any activity done for it, and that a completion report prepared at the conclusion to analyze the results.

Finding 10 [Moderate-Risk]: Field trip approval request forms were not signed and dated by the principal. No field trip accounting sheets were prepared by the teachers and field trip reconciliations were not done for all field trips.

Field trips must be conducted in accordance with MCPS Regulation IPD-RA, *Travel-Study Programs, Field Trips and Other Student Organization Trips*. Trip approval forms, signed by the principal, must contain all expense information, any subsidy information, and the field trip cost to be charged per student. Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, the date paid, eligible students who did not participate in the trip, and students who received waivers, scholarships, or reduced fees. This data, together with a list of all chaperones and volunteers, must be provided to the secretary at the completion of each trip and compared to remittances recorded in the trip account history report (refer to the *MCPS Financial Manual*, chapter 20, page 10). School Cash Online (SCO) item attachment report may replace the field trip accounting sheet as long as all eligible students have data entered such as paid, waived, scholarship or did not attend. This report must be reviewed and initialed by the sponsors.

We recommend that all trips be made available for payment on SCO, required documentation be kept on file for audit, and that field trip sponsors use MCPS Form 280-41, *Field Trip Accounting*, or its equivalent to provide complete data at the conclusion of each trip. This data must be reconciled by the secretary with remittances recorded in activity accounts. All field trips must be approved in writing by the principal prior to any activity for the field trip taking place.

New Findings and Recommendations:

Finding 1 [High-Risk]: A bank account, outside of the school's IAF checking account, exists from donations received in 2002 and 2003 as an education fund.

A school will have only one collateralized checking account maintained in a federally insured financial institution for its IAF (refer to *MCPS Financial Manual*, chapter 7, page 5).

The school must close the bank account and transfer the balance to the IAF checking account, and track the donation amount in its own donation account in the SFO system.

Finding 2 [Low-Risk]: MCPS invoices were paid late to MCPS.

Schools are expected to pay all invoices in a timely manner. (refer to *MCPS Financial Manual*, chapter 14, page 5).

We recommend that the financial agent print the MCPS school customer statement report and present it to the principal twice a month to review outstanding balances.

Finding 3 [Moderate-Risk]: Receipt numbers with misprinted receipt stock were still entered as receipts into the system, or saved in the system as $0 receipts without being voided in the system. Some receipts did not have a copy on file.

Once a check or receipt has been written, it shall not be erased or altered. If an error is discovered, the check or receipt should be marked "void" and a replacement issued. Any misprinted checks or receipts should be entered into the accounting system, and the voided checks and all three parts of any voided receipt forms should be defaced and retained, along with a void proof sheet explaining the reason for the void. (refer to *MCPS Financial Manual*, chapter 7, page 4, and chapter 20, page 6)

We recommend that checks and cash receipts written in error be properly voided in accordance with the *MCPS Financial Manual*, chapter 7, page 4, and chapter 20, page 6.

Exit Conference:

At our November 7, 2025, meeting with Dr. Stacy A. Ashton, Principal and Ms. Belinda A. Cervas, school administrative secretary, we reviewed the prior audit report dated May 10, 2022, and the status of the 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.

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

MAP:GK:rg

Attachment

Copy to:
Members of the Board of Education
Dr. Taylor

Mrs. Alfonso-Windsor
Ms. McGuire
Dr. Moran
Ms. Seabrook
Mr. Francois
Mr. McGee
Mrs. Chen
Dr. Dodd
Mrs. Ripoli
Mr. Santos Rodriquez
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN	
Report Date: January 12, 2026	**Fiscal Year:** 2026
School or Office Name: Burnt Mills Elementary School	**Principal:** Stacy A. Ashton, Ed.D.
DSLI **Associate Superintendent:** Dr. Donna Redmond Jones	**DSLI** **Director:** L. Victoria Lake-Parcan, Acting Director

Strategic Improvement Focus:

As noted in the financial audit for the period March 1, 2022 through May 31, 2025, strategic improvements are required in the following business processes :

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
F1 – School Finance Training (SFT) Principal and Elementary School Administrative Secretary (ESAS) will take SFT part 1.	Principal, ESAS	Professional Development Online (PDO)	PDO, Outlook, MCPS Business Center checklist	Principal, ESAS	SFT 5/19/2026, 8:30am
F2 – Controls Over Independent Activity Funds (IAF) Operations Principal and ESAS to initiate a monitoring process to enforce IAF policies, regulations, and procedures in order to promote timely and accurate reporting of data.	Principal, ESAS	MCPS Financial Manual (link here), MCPS Business Center (link here)	MCPS Business Center	Principal, ESAS, Bookkeeper Ongoing	Principal and ESAS weekly finance meeting and bookkeeper as needed. IAF records kept for five years, including the current fiscal year (FY), neatly identified and stored in a secure place.
F3 – Monthly Reconciliation ESAS will print the monthly bank statement and Centralized Investment Fund (CIF) statement. The principal will review the statements for accuracy and sign and date them. ESAS will ensure that all required monthly reports are included in the month-end file and that the bank reconciliation and related ledger reports are prepared and reviewed for accuracy. These reports will be submitted to the principal for timely monthly review and approval.	Principal, ESAS, Bookkeeper	Atlantic Union Bank, School Finance Online (SFO), MCPS Financial Manual, MCPS Business Center	Outlook, SFO, MCPS Business Center, End of Month checklist (link here)	ESAS by the 10th of the month. Principal by the 15th of the month. Bookkeeper by the 20th of the month. Ongoing	The school IAF binder will include a separate tab for each month. Each monthly section contains documentation for reconciliations, fundraising activities, field trips, journal entries, voided checks and receipts, and transfers. Monthly reconciliation done by the 20th of the month.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
F4 – Sponsors Monthly Account History ESAS will give sponsors a monthly statement of their accounts and be required to verify that all transactions affecting the account have been correctly recorded. ESAS to provide memo or cover letter for principal to review and sign.	Principal, ESAS, Sponsors	SFO, MCPS Financial Manual, MCPS Business Center	Outlook reminders: 1st from ESAS to sponsors. 2nd from ESAS to sponsors with a cc to the principal.	ESAS by the 10th of each month. Sponsors by the 15th of each month. Ongoing	Included in monthly reconciliation binder.
F5 – Disbursements MCPS Form 280-54 will be prepared by sponsor/staff with an estimate of expected expenditure and signed/dated by the principal at the time verbal approval is requested. ESAS to provide staff with a presentation of disbursements procedure and compliance during pre-service at the beginning of the school year. ESAS to remind staff at mid-year about the process of disbursements procedure and compliance.	Principal, ESAS, Sponsors	MCPS Form 280-54, MCPS Financial Manual, MCPS Business Center	Outlook, SFO, Online invoices, Pre-service presentation	Principal, ESAS, Sponsor/Staff Ongoing	Disbursement full details on the form to properly record expenditures to appropriate accounts and compliance with IAF requirements.
F6 – Receipts/invoices related to a disbursement and goods/items shipped to school ESAS will receive items/goods and take inventory to ensure that any discrepancies in quantity or condition are resolved with the vendor prior to payment. This documentation must be marked or stamped "Paid" upon processing for disbursement and retained in the school. ESAS will collect all supporting documents, upon receipt of goods at the school, the purchase must be verified as complete, and the invoice or packing slip must be marked "Received", signed and dated, and kept in the receiving binder.	Principal, ESAS, Sponsor/Staff	Vendor Invoices, Supplier Packing Slip, MCPS Financial Manual, MCPS Business Center	Outlook, SFO, Online invoices	Principal, ESAS, Sponsor/Staff Ongoing	Created a "Receiving" binder for receiving items/goods, stamped and dated.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
F7 – MCPS Purchase Card (pcard) Activity P-Card holders will reconcile all transactions in the JPMorgan online system by the fifth business day of the following month, regardless of whether there were any transactions. Cardholders will provide all required details and indicate whether each purchase was for staff or students. The monthly statement, or the Statement of Account Landscape Report, will be printed and submitted to the principal with all corresponding purchase receipts and invoices attached. The principal will review each cardholder's transactions and approve them in the online reconciliation system by the 10th of the following month.	Principal, ESAS	JP Morgan online, MCPS Financial Manual, MCPS Business Center	Outlook, JP Morgan online, MCPS Business Center	ESAS by the 5th of the month. Principal by the 10th of the month. Ongoing	MCPS pcard will be used in accordance with the requirements of the pcard User's Guide.
F8 – Fund Collection from Sponsors/Staff Sponsors will remit funds collected for IAF activities to the ESAS daily and intact, accompanied by a completed MCPS Form 280-34, to ensure timely receipting, dual control verification, and compliance with the *MCPS Financial Manual* requirements for safeguarding and depositing school funds. In an event that funds are not able to be taken to the bank it will be kept in a locked safe, no more than $50.	Principal, ESAS, Sponsors	MCPS Form 280-54, MCPS Financial Manual, MCPS Business Center	Outlook, SFO, Online invoices, Pre-service presentation	Principal, ESAS, Sponsor/Staff Ongoing	Disbursement full details on the form to properly record expenditures to appropriate accounts and compliance with IAF requirements.
F9 – Fund Raising The sponsor will provide a fundraising packet, samples in the business center, for review and written approval by the principal prior to conducting any related activity. Upon completion of the fundraiser, a completion report must be prepared to analyze the results.	Principal, ESAS, Sponsor/Staff	Vendor Invoices, Supplier Packing Slip, MCPS Financial Manual, MCPS Business Center	Outlook, SFO, Online invoices	Principal, ESAS, Sponsor/Staff Ongoing	Created a "Receiving" binder for receiving items/goods, stamped and dated.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
F10 – Field Trip (FT) Approval Request Forms All FT will receive written approval from the principal prior to any related activity taking place. All FT will be made available for payment through SCO. Required documentation will be maintained on file for audit purposes. Sponsors will use MCPS Form 280-41, FT Accounting, or its equivalent, to provide complete financial reports at the conclusion of each trip. This report will be reconciled by the ESAS with remittances recorded in the appropriate activity accounts.	Principal, ESAS, Sponsor/Staff	SFO, SCO, FT Packet, FT Calculator, MCPS Form 280-41, MCPS Financial Manual, MCPS Business Center	Outlook, MCPS Business Center	Principal, ESAS, Sponsor/Staff Ongoing	Created a field trip packet and checklist.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
NF1 – Miscellaneous Bank Account – Cruz Donation Funds Closed. Funds transferred to IAF checking account and being track on its own donation account in SFO.	Principal, ESAS	Atlantic Union Bank, SFO, MCPS Financial Manual, MCPS Business Center	SFO, IAF	Principal, ESAS, Ongoing	Transaction on 11/17/2025
NF2 – MCPS iPayment Invoices Paid Late ESAS will print the MCPS school customer statement report and present it to the principal twice a month to review outstanding balances. Part of monthly reconciliation. ESAS will dispute inaccurate charges for timely update. Clearly identify the error, explain why it is wrong, and submit supporting documents.	Principal, ESAS	SFO, iPayment, MCPS Financial Manual, MCPS Business Center	MCPS Form 280-54, Outlook, SFO, iPayment	Principal, ESAS Bookkeeper Ongoing	Part of monthly reconciliation
NF3 - Receipt Numbers with Misprinted Receipt Stock Checks and cash receipts written in error are properly voided in accordance with the *MCPS Financial Manual*, chapter 7, page 4, and chapter 20, page 6. Kept in a binder and will be part of the end of the year close out.	Principal, ESAS	SFO, MCPS Financial Manual, MCPS Business Center	SFO	ESAS, Principal Ongoing	Misprinted receipts kept in the financial reconciliation book.

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSLI)

☒ **Approved** ☐ **Please revise and resubmit plan by _______________**

Comments:

Director: L. Victoria Lake-Parcan/ Date: 2/13/26