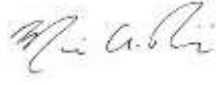


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 18, 2026

MEMORANDUM

To: Ms. Anita R. O'Neill, Principal
Clarksburg High School

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

Subject: Report on Audit of Independent Activity Funds for the Period
May 1, 2024, through October 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 Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Clarksburg High School is located in Clarksburg, Maryland, and is part of the Clarksburg cluster. Clarksburg HS is one of the MCPS center locations for the George B. Thomas, Sr. Learning Academy Saturday School, which offers tutoring and mentoring programs for students in grades Pre-K through 12. During the audit period, the school received annual commissions from the Interagency Coordinating Board (ICB), student pictures, and cell tower commission to support student initiatives and activities. Clarksburg HS reported total IAF assets of \$470,575 as of October 31, 2025. Of this balance, \$281,629 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 \$507,777 and total disbursements of \$457,805 which does not include \$52,057 outstanding MCPS invoices for items processed through iPayments as of June 30, 2025. Fundraising efforts resulted in net proceeds of \$41,445. Field trip activities generated receipts of \$69,677 and disbursements of \$75,855 which included \$9,320 prior year expenses paid in July 2024, resulting in a deficit for the year which was offset by the carryover field trip balance accumulated from all school years.

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 August 30, 2024, was conducted for the audit period February 1, 2023, through April 30, 2024, and noted:

Finding 1 [High Risk]: Delinquent payables owed to MCPS.

Our review found that the school did not remit payment for MCPS invoices promptly. As of December 3, 2025, several invoices totaling \$82,631 remained unpaid, with some invoices dating back to October 2020. This condition violates standard financial management criteria requiring obligations to be settled in a timely manner as funds are available. The principal is responsible for monitoring the school's use of resources, including the timely payment of employees, vendors, and MCPS central administration. A best practice is to ask the financial agent regarding outstanding invoices and other payments and to regularly review the amounts outstanding such as balance due to MCPS at least monthly (refer to the *MCPS Financial Manual*, chapter 1, pages 4-5).

We recommend that you meet regularly with the school business administrator and financial agent to review the outstanding MCPS invoices and to pay the outstanding invoices as soon as possible. We note that you have paid all past due invoices prior to March 2025 as of this report date.

Finding 2 [High Risk]: MCPS Form 280-49A, *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)*, had not been completed for all payments to independent contractors during our audit period.

Independent contractors or consultants working in schools must comply with all laws and MCPS requirements set forth in the *Procurement Manual*. MCPS Form 280-49A is used to document authorization/approval for all consultant/independent contractor services paid with IAF.

We recommend that the project manager initiate MCPS Form 280-49A to document the authorization and approval to pay a consultant/independent contractor with IAF (refer to *MCPS Financial Manual*, chapter 15, page 2).

New Findings and Recommendations:

Finding 1 [High Risk]: School's IAF balances at June 30, 2025, and October 31, 2025, reflected an insolvent financial condition after subtraction of restricted funds.

We noted certain IAF accounts reflected negative balances, which included the outstanding MCPS reimbursement requests noted below, that contributed to the school's overall negative cash position. In your role as fiduciary agent, you are responsible for ensuring compliance with the guiding principles for administering the IAF (refer to *MCPS Financial Manual*, chapter 20, page 1). An essential element of this responsibility includes the monitoring of monthly reports for any

negative account balances. If any are noted, prompt action should be taken to determine the cause and develop a plan to eliminate such balances to preclude potential financial insolvency of your IAF. Financial insolvency occurs if the subtraction of restricted funds such as athletics, exam fees, club, class, and other school sponsored activity account balances from the combined total of checking and CIF balances results in a negative dollar amount.

We recommend that you meet with your school financial agents on a regular basis to review and discuss implementation strategies to improve the school's IAF financial condition.

Finding 2 [Moderate Risk]: The procurement of goods and services did not always adhere to Board of Education policy, MCPS regulations and guidelines, and the *MCPS Procurement Manual*.

The procurement of goods and services must adhere to Board of Education policy, MCPS regulations and guidelines, and the *MCPS Procurement Manual*. In our sample of disbursements, we found instances where purchase requests were not approved by the principal prior to procurement. We also noted instances in which controls over purchases were weakened including documentation supporting purchases were not always stamped or marked "paid", and invoices and online purchase confirmations were not signed by the receiver to indicate goods or services were received, and that payment could be processed.

We recommend that MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, be prepared by staff with an estimate of expected expenditure and signed by the principal at the time verbal approval is sought. We also 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. Requiring invoices to be marked "received" ensures that goods or services have been satisfactorily received prior to payment. (Refer to *MCPS Financial Manual*, chapter 20, pages 4-6).

Finding 3 [Moderate Risk]: MCPS reimbursement requests were not submitted in a timely manner, monitored, and reconciled.

MCPS reimbursement accounts are used to record disbursements in the IAF, which are to be repaid by the school's MCPS allocation funds or other MCPS programs. We found that MCPS reimbursement account balances have increased since last audit with some reimbursement requests dating back to prior to Fiscal Year 2025 remained unreimbursed. Untimely submission, lack of monitoring and reconciliation increase the risk of eligible reimbursable expenditures not being reimbursed by MCPS and school has to use its IAF funds to fund these expenditures which has a negative impact on school's IAF cash position.

We recommend that MCPS reimbursement requests be submitted in a timely manner and consistently monitored and reconciled to ensure spending does not exceed the allocation and collection of outstanding receivable balances. (Refer to *MCPS Financial Manual*, chapter 1, pages 4-5 and chapter 9, page 8).

Finding 4 [Moderate Risk]: Field trip reconciliations were not always completed and the cost of substitute teacher coverage was not charged to the trip accounts and not reimbursed to the MCPS.

Sponsors must provide completed data at the conclusion of each trip, and the data must be reconciled to the final account history report. Sponsors of field trips must have a complete class or club roster of student names to annotate the amount each student paid, date paid, eligible students who did not participate in the field 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 financial specialist 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).

We found that the financial specialist was not reconciling the field trips consistently. In addition, we found when substitute teachers were utilized, the related costs were not charged to the trip accounts and MCPS was not reimbursed for the substitute coverage. Although MCPS Form 203-2A, *School Reimbursement for MCPS Substitute Teacher Coverage*, was completed, it was not submitted to the Division of Controller, Accounts Receivable, to reimburse the cost of substitute coverage to MCPS.

We recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and this data be reconciled by the financial specialist with remittances recorded in activity accounts. Sponsors must provide comprehensive data to account for all students eligible to participate and the financial specialist must reconcile funds collected with account history reports.

We also recommend that the financial specialist utilize the MCPS Hub+ help libraries to process MCPS Form 203-2A.

Exit Conference:

At our January 21, 2026, exit conference with Ms. Anita R. O'Neill, principal, Mr. William (Patrick) Bazemore, school business administrator; and Ms. Elisa M. Haddad, school financial specialist, we reviewed the prior audit report dated August 30, 2024, 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. Christophe Turk, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan, based on the audit recommendations.

MAP:BK: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

Mrs. Ripoli

Mr. Santos Rodriguez

Mr. Turk

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: February 18, 2026	Fiscal Year: 2024/25
School or Office Name: Clarksburg High School	Principal: Anita O'Neill
DSLI Associate Superintendent: Sean McGee	DSLI Director: Christophe Turk
<p>Strategic Improvement Focus: As noted in the financial audit for the period <u>5/2024 - 10/2025</u>, strategic improvements are required in the following business processes : delinquent payables, MCPS Form 280-49A, MCPS reimbursement requests, pre-approved purchase requests, negative account balances, and field trip reconciliations.</p>	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
School financial agents to meet weekly to review and pay outstanding MCPS invoices. School to work with Central Office personnel to identify funding sources to alleviate negative account balances.	School financial specialist & SBA	Customer Statement Report (HUB +)	Decrease in the number of outstanding invoices prior to FY26.	SFS & SBA	Currently, no outstanding invoices prior to current fiscal year.
MCPS Form 280-49A (Form 280-55) is approved prior to any contractor performing a service.	SBA & Athletic Director (as applicable)	Form 280-55	SBA to confirm that Form 280-55 is completed prior to any contractor performing a service at the school. SBA to consult with AD for field maintenance.	SBA & Athletic Director	Financial files include a copy of Form 280-55 and form indicates proper approval before any work performed by the contractor.
School financial agents to meet with sponsors to address delinquent accounts and to provide assistance with resolving negative account balances. School to work with Central Office personnel to identify funding sources to alleviate negative account balances.	School financial specialist & SBA	School Funds Online	Decrease in the number of delinquent school accounts. Sponsors receive monthly account statements. Determine plan for negative accounts (as applicable).	School financial agents, sponsors. Monthly account reviews	Decrease in the number of school accounts with negative balances.
Purchase requests are approved by the principal before the procurement of goods or services. School financial agents to confirm that Form 280-55 is included with purchase requests. Additionally, invoices to be marked as paid to confirm goods or services were received.	School financial specialist & SBA	Form 280-55	School financial agents to confirm that purchase requests include Form 280-55, and is approved by the principal.	School financial agents	Financial files include Form 280-55 and form is signed by the principal. Invoices marked as paid.

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
MCPS reimbursement accounts to be reconciled and reimbursement requests to be submitted timely. Additionally, school financial agents to coordinate with Central Office personnel for support regarding MCPS payments owed to the school.	School financial agents	School Funds Online	School Funds Online to monitor and reconcile MCPS reimbursement accounts and track reimbursements owed.	School financial agents to perform monthly account reconciliations	MCPS reimbursement account balances reconciled. Outstanding payments owed to school received.
School field trips are reconciled once completed and all outstanding invoices have been paid.	School financial specialist; field trip sponsor	School Funds Online	School Funds Online to confirm student attendance and payments received.	School financial and trip sponsor specialist once trip is completed	School trip folders include field trip reconciliation form signed by sponsor and reviewed by school financial specialist

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSL I)	
<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Please revise and resubmit plan by _____
Comments:	
Director: <u>Christophe Turk</u>	Date: <u>3/30/26</u>