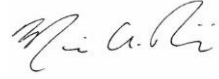


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

September 30, 2025

MEMORANDUM

To: Ms. Rosario Velasquez, Principal
Jackson Road Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period
June 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 Policy
- MCPS Regulation DIA-RA
- MCPS Financial Manual
- MCPS Business Center Memoranda and Tools

Jackson Road ES is located in Silver Spring, Maryland and is part of the Northeast Consortium. Jackson Road ES is a Title I and a Community School. At the time of this audit, Jackson Road ES reported total IAF assets of \$45,244. Of this balance, \$1,346 is in the Centralized Investment Fund (CIF), which pays a 3.28 percent annual interest rate. The school received annual commissions from the Interagency Coordinating Board (ICB), Cell Tower, and Student Pictures. The School experienced turnover of four administrative secretaries and an administrative secretary substitute during this audit period.

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 (BOE) 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 report dated August 5, 2022, was conducted for the audit period April 1, 2019, through May 31, 2022, with an Action plan dated September 13, 2022. The below finding remains unresolved from the previous audit.

Finding 1 [Medium-Risk]: Purchase requests were not fully completed and approved by the principal prior to procurement including when paying MCPS invoices.

MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, is used to obtain principal approval to proceed with an intended purchase (refer to the *MCPS Financial Manual*, chapter 20, page 4). 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 by the principal at the time verbal approval is sought. We also recommend that all MCPS iPayments be reviewed and approved by principal using MCPS Form 280-54.

New Findings and Recommendations:

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

Reconciliation of the school's monthly bank checking account statement must be completed by a person independent of daily accounting transaction input. 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 financial specialist to be filed with other monthly reports (refer to the *MCPS Financial Manual*, chapter 20, page 9).

We recommended that the principal reviews, signs, and dates the bank statements prior to the bank reconciler completing the bank reconciliation in SFO and to sign and date the bank reconciliations and the year to date report after the bank reconciler has completed the bank reconciliation in SFO.

Finding 2 [High-Risk]: Monthly account history reports were not provided to sponsors for affirmation of transaction correctness and returned to the administrative secretary.

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

Refer to the *MCPS Financial Manual*, chapter 7, page 5. A pre-numbered receipt shall be completed by the secretary, and the original shall be given to the person who remitted the funds.

This establishes documentary evidence for both parties that provides a written record of the source and amount of the funds for accounting purposes (refer to the *MCPS Financial Manual*, chapter 7, page 4). 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). Every receipt must be attached to the remittance slip and any other source documentation and filed in sequential order together with a copy of the deposit analysis and deposit slip validated by the bank.

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, all funds collected must be remitted to the secretary daily 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 also should monitor their remittances to the secretary to ensure they receive a receipt in a timely manner. 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.

All cash and checks collected by sponsors for IAF activities must be remitted promptly to the secretary and deposited in the bank. These funds must be verified in the presence of the remitter and a receipt that is supported by MCPS Form 280-34. A deposit packet with the following items: deposit analysis, SFO receipts, remittance slips and the deposit slip verified by the bank.

Finding 4 [High-Risk]: Field trip approval request forms were not signed and dated by the principal. Field trip reconciliations were not completed.

Field trips must have a field trip request form approved by the principal. 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 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).

We recommend that the principal reviews, signs and dates all field trip requests. We also recommend that all sponsors be required to use MCPS Form 280-41, *Field Trip Accounting*, or equivalent, and that this data be reconciled by the secretary with remittances recorded in activity accounts. Sponsors must provide comprehensive data to account for all students eligible to participate and the secretary must reconcile funds collected with account history reports. The use of School Cash Online (SCO) to record all payments will greatly improve the ability to reconcile all field trips and track which students have paid, were waived, or did not attend.

Exit Conference:

At our August 22, 2025, exit conference with Ms. Rosario Velasquez, Principal, and Ms. Ebony P. Graham, school administrative secretary, we reviewed the prior audit report dated August 5, 2022, and the status of the present conditions. You received a detailed report outlining each finding, best practices, and other areas for improvement. 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** status of your IAF 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:YSG:rg

Attachment

Copy to:

Members of the Board of Education

Dr. Taylor

Mrs. Alfonso-Windsor

Ms. McGuire

Dr. Moran

Ms. Seabrook

Mr. Francois

Dr. Redmond Jones

Mrs. Chen

Dr. Dodd

Mrs. Ripoli

Mr. Santos Rodriguez

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: September 30, 2025	Fiscal Year: 2026
School or Office Name: Jackson Road Elementary School	Principal: Rosario Velasquez
DSLI Associate Superintendent: Donna Redmond Jones	DSLI Director: Dr. Robert Dodd

Strategic Improvement Focus:
 As noted in the financial audit for the period 6/1/22-5/31/25, strategic improvements are required in the following business processes :
 Independent Activity Funds Request for a Purchase

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal will approve purchase requests prior to procurement.	Principal	MCPS Form 280-54	Agenda with Action Items and Notes	Principal and Admin Sec/Monthly	MCPS Form 280-54 signed and dated for all purchases.
Principal will 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.	Principal	Bank Statements, Bank Reconciliation Report, The YTD Report	Agenda with Action Items and Notes	Principal and Admin Sec/Monthly	File of Monthly Bank Statements
Sponsors will be given a monthly statement of their accounts and will be required to verify that all transactions affecting the account have been correctly recorded.	Admin Secretary	Monthly Statements of Accounts	Agenda with Action Items and Notes	Principal and Admin Sec/Monthly	Monthly Statements Signed by Sponsors
Secretary will promptly deposit all cash and checks collected by the Sponsor and provide the Sponsor a receipt.	Admin Secretary	MCPS Form 280-34	Agenda with Actions Items and Notes	Principal and Admin Sec/Monthly	Complete Deposit Packet (Deposit Analysis, SFO Receipts, Remittance Slips, and Deposit Slips)

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Principal will review, sign and date field trip requests.	Principal	Field Trip Packet Checklist	Agenda with Actions Items and Notes	Principal and Admin Sec/Monthly	Complete Field Trip Packet
Sponsors will be required to use MCPS Form 280-41 when turning in cash and checks collected for field trips.	Sponsors	MCPS Form 280-41	Agenda with Actions Items and Notes	Principal and Admin Sec/Monthly	Complete Field Trip Folder (Field Trip Accounting Form, Field Trip Remittance Form, Field Trip Request Form)
Admin Secretary will use School Cash Online (SCO) to record all field trip payments.	Admin Secretary	SCO Account	Agenda with Action Items and Notes	Principal and Admin Sec/Monthly	Complete Field Trip Folder (Field Trip Accounting Form, Field Trip Remittance Form, Field Trip Request Form)
Principal will take Finance Part I Refresher Course	Principal	Finance Part I Training	Principal at completion of Finance training	Principal at completion of Finance training	PDO Transcript to show completion.

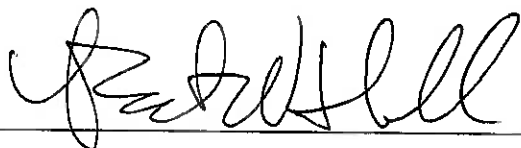
DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSL)

☒ Approved

☐ Please revise and resubmit plan by _____

Comments:

Director: _____



Date: _____

10/20/25