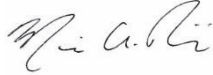


Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

October 9, 2025

MEMORANDUM

To: Mrs. Megan H. Murphy, Principal  
Sequoyah Elementary School

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

Subject: Report on Audit of Independent Activity Funds for the Period  
April 1, 2022, through July 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

Sequoyah ES is located in Derwood, Maryland and is part of the Col. Zadok Magruder cluster. Sequoyah ES reported total IAF assets of \$28,140 as of July 31, 2025. Of this balance, \$9,353 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 \$11,141 and total disbursements of \$8,939. Fundraising efforts resulted in net proceeds of \$864. Field trip activities generated receipts of \$1,920 and disbursements of \$2,431, resulting in a deficit for the year which was offset by the carryover field trip balance accumulated from all school years. The school received annual commissions from the Interagency Coordinating Board (ICB), Cell Tower, and Student Pictures. The School experienced turnover of one administrative secretary 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) 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:**

Needs Improvement – Moderate Risk

Based on the results of our audit, we identified some deficiencies in internal controls and financial management practices that create a moderate risk of fraud, material misappropriation, misreporting, or waste within the school's Independent Activity Fund (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 May 31, 2022, was conducted for audit period April 1, 2019, to March 31, 2022; with an Action Plan dated June 8, 2022. One prior audit finding remains unresolved from the previous audit.

**Finding 1 [High-Risk]:** Cash receipts and checks were not properly handled or controlled.

The school must follow *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 on a daily basis to the secretary and at times the former secretary was not always making timely deposits. We also noted at times the former secretary took funds to the bank prior to recording in accounting software. In addition, we noted a pre-numbered receipt was not given to the person who remitted the funds.

We recommend that all funds collected must 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, and always before each weekend, end of the month, or holiday as 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*. Lastly, we recommend that a pre-numbered receipt be given to the person who remitted the funds.

#### **New Findings and Recommendations:**

**Finding 1 [Low-Risk]:** The school has not utilized the proceeds generated from fundraising activities.

Fund-raising at the school must conform to the *Guidelines for Sponsoring an Independent Activity Fund Fund Raising Activity*. We found that guidelines were adhered to and sponsors were preparing fundraiser request forms to obtain principal approval prior to the start of an activity but the proceeds raised were accumulating rather than being spent on the intended purpose. The school's accumulated fundraiser proceeds was \$7,261 as of June 30, 2025.

We recommend that the proceeds raised be spent on the intended purpose at the conclusion of the event.

#### **Exit Conference:**

At our September 2, 2025, exit conference with Mrs. Megan H. Murphy, Principal, and Mrs. Michele F. Whiting, school administrative secretary, we reviewed the prior audit report dated May 31, 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 **Needs Improvement** status of your IAF audit, an action plan must be completed. Prior to returning your completed audit action plan, please contact Miss Aricka R. Porter, director of school leadership and improvement, Division of School Leadership and Improvement, for written approval of your plan, based on the audit recommendations.

Mrs. Megan H. Murphy

4

October 9, 2025

MAP:HT: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

Miss Porter

Mrs. Ripoli

Mr. Santos Rodriguez

Ms. Webb

## FINANCIAL MANAGEMENT ACTION PLAN

**Report Date:** October 9, 2025

**Fiscal Year:** 2026

**School or Office Name:** Sequoyah Elementary School

**Principal:** Megan H. Murphy

**DSLI**

**Associate Superintendent:** Sean McGee

**DSLI**

**Director:** Aricka Porter

**Strategic Improvement Focus:**

As noted in the financial audit for the period 2/1/22 - 7/31/25, strategic improvements are required in the following business processes :  
cash receipts and checks & utilization of proceeds from fundraisers

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Review process with sponsors for turning in funds daily to administrative secretary. This will be reviewed during pre-service and midyear at a staff meeting.	Principal Administrative Secretary Staff Members	<a href="https://ww2.montgomeryschoolsmd.org/departments/forms/pdf/280-34.pdf">https://ww2.montgomeryschoolsmd.org/departments/forms/pdf/280-34.pdf</a>	Staff Meeting Monthly Bookkeeper Monthly Principal/Admin Secretary Meeting to Review	Bookkeeper (Monthly) Principal/Admin (Monthly) Secretary Meeting (Bi-Weekly)	
Pre-numbered receipts are to be given to the person that remitted the funds.	Administrative Secretary	Pre-numbered receipts	Monthly Principal/Admin Secretary Meeting to Review	Principal/Admin (Monthly) Secretary Meeting (Bi-Weekly)	
School will utilize the proceeds generated from future fundraising activities at the conclusion of the fundraiser.	Principal Administrative Secretary Sponsors	<a href="https://ww2.montgomeryschoolsmd.org/departments/policy/pdf/cndra.pdf">https://ww2.montgomeryschoolsmd.org/departments/policy/pdf/cndra.pdf</a>	Sponsor Meeting prior to fundraiser request Monthly Principal/Admin Secretary Meeting to Review	Sponsor Meeting (as needed) Principal/Admin (Monthly) Secretary Meeting (Bi-Weekly)	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence

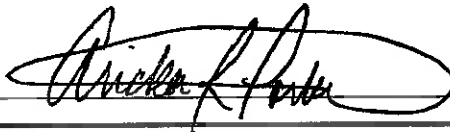
**DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSL)**

☒ Approved

☐ Please revise and resubmit plan by \_\_\_\_\_

Comments:

Director: \_\_\_\_\_



Date: 10/21/25