


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

December 2, 2025

MEMORANDUM

To: Mr. Kyle J. Heatwole, Principal
Flora M. Singer Elementary School

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

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

Flora M. Singer Elementary School is located in Silver Spring, Maryland and it is part of the Downcounty Consortium. At the time of this audit, Flora M. Singer ES reported total IAF assets of \$46,764. Of this balance, \$33,213 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 \$50,082 and total disbursements of \$39,504. Field trip activities generated receipts of \$19,288 and disbursements of \$20,055, resulting in a deficit for the year which was offset by the carryover field trip balance accumulated from all school years and by donations from the PTA. The school received annual commissions from the Interagency Coordinating Board (ICB), cell tower revenue, and student picture sales. The school also has an active Parent-Teacher Association (PTA). Donations from the PTA totaled \$30,835 for 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 (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 Board policies and 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 February 9, 2023, was conducted for the audit period October 1, 2019, through November 30, 2022, and noted:

Finding 1 [High-Risk]: Purchase requests were not approved by the principal prior to procurement.

Schools must follow the *MCPS Financial Manual*, chapter 20, Independent Activity Funds, to manage the procurement of goods and services using IAF. In our sample of disbursements, we

found that the MCPS Form 280-54, *Independent Activity Funds Request for a Purchase*, was not approved by the principal before the procurement of goods or services.

We recommend that staff obtain the principal's approval using MCPS Form 280-54, before purchasing goods or services. If the sponsor is seeking immediate approval, the sponsor should have the MCPS Form 280-54 prepared, allowing for a signature to be captured at that time.

Finding 2 [Low-Risk]: Purchaser did not confirm receipt of goods or services prior to disbursement.

Schools must follow the *MCPS Financial Manual*, chapter 20, Independent Activity Funds, to manage the procurement of goods and services using IAF. The financial agent will ensure that the staff member who made the purchase provides adequate documentation to support payment, such as an original itemized receipt or invoice, and a written indication that goods and services were received in the quantity and quality expected. It is recommended that any discrepancy in quantity and condition be resolved with a vendor before payment. We found that support documentation for items shipped to the school did not indicate the items were received by the purchaser.

We recommend that the secretary review support documentation prior to disbursing funds from the IAF to ensure documentation is sufficient and it is notated by the purchaser that the items/order was fulfilled satisfactorily.

Finding 3 [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 on a daily basis to the secretary and the secretary was not always making timely deposits.

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.

Finding 4 [Moderate-Risk]: Field trip reconciliations were not completed.

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 found that the secretary was not reconciling the field trips.

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 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.

Finding 5 [Low-Risk]: Control over the yearbook activity needs improvement.

Accounting for yearbook sales requires the sponsor to maintain a record of books ordered and received, all books sold at specific prices, including any online sales, a record of advertising revenue, and a detailed list of any yearbook giveaways and books returned to the vendor for credit and the number of unsold books remaining. MCPS Form 281-25, *Yearbook Analysis*, must be prepared by the sponsor for review by the secretary and the principal to reconcile revenue, expenditures, and remaining physical inventory to the accounting records. We found that the sponsor was not preparing a yearbook analysis at year end.

We recommend additional support be given to the yearbook sponsor in order to properly account for the yearbook sales activity and to prepare a yearbook analysis at year (refer to the *MCPS Financial Manual*, chapter 20, page 14).

New Findings and Recommendations:

Finding 1 [High-Risk]: The school did not adhere to the MCPS Procurement process according to the *MCPS Financial Manual* when contracting with a consultant/independent contractor using Independent Activity Funds (IAF) that provided a service to the school.

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: *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)*, is used to document authorization/approval for all consultant/independent contractor services paid with IAF. We found that this form had not been completed for all payments to independent contractors during our audit period.

We recommend that the sponsor, the secretary, and the principal review all purchase requests in advance to determine whether additional authorization is required before procuring goods or services. The *MCPS Financial Manual*, chapters 15 and 20, should be referenced.

Exit Conference:

At our November 17, 2025, exit conference with Mr. Kyle J. Heatwole, principal, and Ms. Fiorela T. Guzman, school administrative secretary, we reviewed the prior audit report dated February 9, 2023, 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. Joe L. Rubens Jr., 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. McGee

Mrs. Chen

Mrs. Ripoli

Dr. Rubens

Mr. Santos Rodriguez

Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN

Report Date: 12/2/25

Fiscal Year: 2022-2025

School or Office Name: Flora M. Singer Elementary

Principal: Kyle Heatwole

DSLI

Associate Superintendent: Sean McGee

DSLI

Director: Joe Rubens

Strategic Improvement Focus:

As noted in the financial audit for the period 2022-2025, 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
Finding 1-Require that staff obtain principal's approval using MCPS form 280-54 before purchasing goods and services. Annually review procedures during pre-service week with staff. Form must be in place prior to purchase request approval.	Kyle Heatwole, Principal	MCPS Financial Manual, chapter 20 for reference	Completed 280-54 form and require attached quote/proper documentation providing estimated cost of goods.	Kyle Heatwole, Principal; weekly	Completed 280-54 forms.
Finding 2-Review supporting documentation and proper notation; dated and initialed by purchaser accounting that quantity of expected goods were received prior to disbursing funds. Annually review procedures during pre-service week with staff.	Fiorela Guzman, Administrative Secretary	MCPS Financial Manual, chapter 20 for reference	Approved 280-54 form and required proof of purchase/invoice specifying that items have been "delivered".	Fiorela Guzman, Administrative Secretary; weekly	Documentation indicating items were received by the purchaser.
Finding 3-Require teachers to hand deliver funds to the administrative secretary daily. Annually review procedures during pre-service week with staff. Ensure bank deposits are made in a timely manner. Any repeat offenders of held funds are to meet Kyle Heatwole, Principal.	Fiorela Guzman, Administrative Secretary	MCPS Financial Manual chapter 7 for reference	Timely and proper completion of 280-34 remittance slips along with updated 280-41 forms per remittance.	Fiorela Guzman, Administrative Secretary; daily	Timely deposits in school bank account.
Finding 4-Require submissions of final 280-41 from sponsors at the end of each field trip including complete class roster, proper notation of any students who were unable to attend and a final list of chaperones and/or volunteers who attended. Annually review procedures during pre-service week with staff.	Kyle Heatwole, Principal	Financial Manual chapter 20; Field Trip Reconciliation Form	Completed 280-41 forms, reviewed and signed SCO Item Attachment report per sponsor; Waiver Record 260-1 for those applicable.	Fiorela Guzman, Administrative Secretary; bi-weekly	Completed Field Trip Reconciliation Form and 280-41 forms

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Finding 5-Meet bi-weekly with yearbook sponsor in the spring (prior to collecting funds until after all funds are remitted) to monitor collection and record-keeping.	Kyle Heatwole, Principal; Kayla Sui, Yearbook Sponsor	Financial Manual chapter 20, pg 14; Form 281-25	Complete 281-25 Yearbook Analysis, Yearbook contract, report from vendor of online yearbook sales	Fiorela Guzman, Admin Secretary and Kayla Sui; Yearbook Sponsor, bi-weekly	Completed 281-25 forms, Proper accounting of funds and yearbooks distributed
New Finding 1-Ensure that all private vendors are pre-approved by MCPS before work/service can begin.	Kyle Heatwole, Principal	Financial Manual chapter 15 & 20; MCPS Form 280-49A	Vendor's quote for services or contract, Form 235-40, Response Form for Required Criminal Background, IRS Form W-9	Kyle Heatwole, Principal and Fiorela Guzman, Admin Secretary; Monthly	Required documentation submitted to procurement unit for vendor verification

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSL)

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

Comments: _____

Director:  _____ Date: 1/7/26