Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

June 3, 2026

MEMORANDUM

To: Dr. Sapna Hopkins, Principal
Tilden Middle School

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

Subject: Report on Audit of Independent Activity Funds for the Period April 1, 2024, through January 31, 2026

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

Tilden Middle School is part of the Walter Johnson cluster within Montgomery County Public Schools (MCPS), serving students in grades 6–8 from Farmland, Garrett Park, and Luxmanor elementary schools. During the audit period, the school received annual commissions from the Interagency Coordinating Board (ICB) and student picture commissions to support student initiatives and activities. Tilden MS reported total IAF assets of $80,582 as of March 31, 2026. Of this balance, $49,228 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 $149,439 and total disbursements of $189,636. Fundraising efforts resulted in net proceeds of $10,221. Field trip activities generated receipts of $74,593 and disbursements of $89,325, which included $9,498 prior year expenses paid in Fiscal Year 2026, 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 June 4, 2024, was conducted for the audit period August 1, 2022, through March 31, 2024, and noted:

Finding 1 [High-Risk]: Funds were held by the financial agent exceeding the cash holding authority.

In accordance with the MCPS Financial Manual (chapter 7, pages 4–5), all funds collected for IAF activities must be remitted promptly and intact to the financial agent using MCPS Form 280-34, *Independent Activity Fund (IAF) Remittance Slip*. Funds must be counted in the presence of the remitter, supported by a receipt, and deposited in a timely manner. All receipts must be deposited on the last working day of each month and prior to weekends or holidays. To minimize the risk of loss, funds should be remitted daily and deposited promptly.

Our review found that funds were held overnight by the School Financial Specialist (SFS) in excess of allowable thresholds for all samples tested. Additionally, while funds were stored in the safe, evidence of dual cash counts was not consistently documented.

We recommend that all sponsors remit collected funds daily to the financial agent. The financial agent must ensure that all funds are deposited promptly and that dual cash counts are consistently performed and documented to strengthen internal controls.

Finding 2 [Moderate-Risk]: Failure to Utilize Tickets and to Complete a MCPS Form 280-50, *Tickets and Cash report of Admissions Manager*, for Admission Events.

Athletic and nonathletic admission events that generate receipts shall be controlled in accordance with MCPS Regulation DMB-RA, *Control of Admission Receipts*. Such receipts are highly susceptible to improper diversions and should be controlled carefully. The regulation provides for internal controls through (1) the use of serially numbered tickets, (2) separation of duties that includes a ticket controller, admissions manager, and report auditor, (3) preparation and signature of MCPS Form 280-50, *Tickets and Cash Report of Admissions Manager*, and (4) reconciliation to ensure that the value of unsold tickets plus funds deposited equals the value of tickets issued (See the *MCPS Financial Manual*, chapter 20, page 13). We noted that admission events were not controlled by tickets and ticket reports. The Student Government Association (SGA) sponsor uses lists to record student payments and control admission to events. No reconciliation of students attending and funds collected was on file. Additionally, perpetual ticket inventory was not maintained to account for all tickets on hand.

MCPS Form 280-50 must be prepared, signed, and retained for every event, and all admission tickets where cash/checks are collected must be issued a ticket. A perpetual inventory must be maintained and updated after each event.

New Findings and Recommendations:

Finding 1 [High-Risk]: Failure to Consistently Generate, Distribute, and Track Monthly Financial Reports.

The financial agent is required to provide each sponsor with a monthly report for any period in which transactions occurred in the sponsor's IAF account or when the account maintains a balance. Sponsors are responsible for reviewing these reports to verify that all remittances, disbursements, transfers, and ending balances are accurate. Upon agreement, sponsors must sign and date the report and return a copy to the financial agent within five days for retention. Additionally, the financial agent must maintain a tracking mechanism (e.g., a check-off list) to monitor and follow up on outstanding reports (*MCPS Financial Manual*, chapter 20, page 10).

Our review found that monthly reports were not consistently generated or printed for all required IAF accounts. Due to insufficient filing and tracking practices, we were unable to determine whether sponsors consistently received, reviewed, and returned the required reports. Furthermore, there was no documentation evidencing follow-up communication with sponsors who failed to return signed reports in a timely manner.

We recommend that 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 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).

Finding 3 [Moderate-Risk]: Purchasing card transactions were not properly reviewed and did not include the required description and IAF account number.

According to the Purchasing Card Guide, cardholders are required to reconcile each transaction in the online reconciliation system (PaymentNet), provide sufficient notes describing the purchase, include the appropriate IAF account number, print required reports, attach supporting receipts, and submit the documentation to the approving official within five working days after the end of the reporting period. Approving officials are required to review and approve all transactions by the 10th of the month following the purchase.

Our review found that cardholders did not consistently provide adequate purchase descriptions or include the appropriate IAF account numbers for most transactions. As a result, it was difficult to determine whether purchases were appropriate and in compliance with established purchasing guidelines.

We recommend that the school develop a process to ensure that cardholders review their transactions properly and provide the necessary information when reviewing using the online program.

Finding 4 [High-Risk]: Lack of principal's approval on Fundraiser Request Form and lack of Fundraiser Completion Reports for the Fundraisers Activities.

All fund-raising activities shall be in accordance with Board Policy CND, *School-Related Fund-Raising*. Detailed guidance for sponsoring IAF fundraisers is contained in the MCPS publication, *Guidelines for Sponsoring an Independent Activity Fund Fund Raising Activity*. All fundraisers require principal approval on the Fundraiser Request form and an analysis of the activity on the Fundraiser Completion Report. The forms are available in the Business Tools & Calculators section of the MCPS Business Center tab of my MCPS. (See *MCPS Financial Manual*, chapter 20, page 13). Our review found that Fundraiser Request forms were not consistently approved by the principal prior to the activities. Additionally, Fundraiser Completion Reports were not available for the fundraisers included in our sample, and no reconciliation documentation was prepared for admission events.

The principal should ensure that all fundraising activities and admission events receive prior approval through a properly completed and signed Fundraiser Request Form. Additionally, the financial agent and responsible sponsors must complete and submit Fundraiser Completion Reports within the required timeframe for all activities to ensure proper accountability and documentation.

Exit Conference:

At our April 15, 2026, exit conference with Dr. Sapna Hopkins, principal, and Ms. Darian M. Sessoms, school financial specialist, we reviewed the prior audit report dated June 4, 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 Dr. Eugenia Dawson, 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
Dr. Jones
Mrs. Chen
Dr. Dawson
Mrs. Ripoli
Mr. Santos Rodriguez
Ms. Webb

FINANCIAL MANAGEMENT ACTION PLAN	
Report Date: 6/29/2026	**Fiscal Year:** 2025-2026
School or Office Name: Tilden Middle School	**Principal:** Dr. Sapna Hopkins
DSLI **Associate Superintendent:** Nicole Sosik	**DSLI** **Director:** Gregory Mullenholz

Strategic Improvement Focus:

As noted in the financial audit for the period 4/1/24 - 1/31/26, strategic improvements are required in the following business processes :

internal controls and financial management procedures

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Collecting and Depositing funds for IAF activities will be deposited in the afternoons of the date of collection. If funds are turned in by sponsors after financial specialist has left for the day or is absent, the administrative secretary counts and then place the funds into the safe. Financial specialist recount the funds the next day with the sponsor.	Financial Specialist	Scheduled time during the afternoon to make deposits	Set reminders on the calendar to make daily deposit.	Financial Specialist, Principal Daily/Weekly	
Ticket Cash Report Manager will be completed for every event utilizing tickets. A comprehensive spreadsheet has been set-up to help track ticket usage and collection of funds. A hard copy of the form is given to the sponsors for the event with a sample on how to complete the form.	Financial Specialist	Sponsors and Auditors collecting for the event to comply.	A sample is prepared for the event to show how to complete the form. Once completed, I enter the data into the spreadsheet for accuracy.	Financial Specialist When events are held	
Authorization for Consultant? - Independent Contractors will be processed at the beginning of the school and when a vendor is identified to work closely with students at the school.	Financial Specialist, Sponsors of events	280-49A	Capture the required information during the approval process when sponsors submit RFPs.	Financial Specialist When events are held/vendors are needed.	
IAF P-Cards will include description of purchase along with the accounts in which the funds will extract from on the JP Morgan landscape transaction report. Ensure transaction are reviewed and approved by the 10th of each month	Financial Specialist		When reviewing transactions, include the descriptions and account numbers	Financial Specialist, Principal Monthly	

Action Steps	Person(s) Responsible	Resources Needed	Monitoring Tools / Data Points	Monitoring: Who & When	Results/Evidence
Fundraiser Request and Completion reports will be thoroughly completed by sponsors prior to- and after fundraisers. Sponsors will receive clear expectations during pre-service outlining the policies and procedures for properly completing FR request and submitting documentation.	Financial Specialist, Principal, Activity Sponsors		ensure sponsors complete the fundraiser request prior to any activities. at the end of the fundraiser ensure that a completion report is also completed in its entirety and	Financial Specialist Principal As activities occur	
			are approved by the principal.		
Sponsors, monthly statements, accounting reports will be distributed to each sponsor to review and sign acknowledging account activity. Financial Specialist will follow-up with sponsors to collect signed copies.	Financial Specialist, Activity Sponsors		Make a checklist of sponsors to check off once report is received. Follow-up with those who have not submitted.	Darian Sessoms Sapna Hopkins	

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

DIVISION OF SCHOOL LEADERSHIP AND IMPROVEMENT (DSLI)

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

Comments:

Director: ______________________ Date: August 5, 2026