



Office of Integrity and
Compliance



INVESTIGATIVE INQUIRY: MISUSE OF GIFT CARDS

Prince George's County
Public School System

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INVESTIGATIVE INQUIRY: MISUSE OF GIFT CARDS

A. BACKGROUND

The Office of Integrity and Compliance (OIC) received a complaint from a Prince George's County Public Schools (PGCPS) employee (Employee-A) alleging a PGCPS school principal (Principal-A):

- Misused/mismanaged gift cards worth approximately \$1,000 and funds
- Created an uncomfortable working environment/work place bullying
- Allowed an environment where teachers physically abused students

Allegations surfaced between September 2023 and May 2024 at a community school (School-A), where both Principal-A and Employee-A were employed. Employee-A's complaints against Principal-A concerning the working environment were managed by the assigned PGCPS Area Office. This involved multiple non-disciplinary and disciplinary meetings attended by the assigned instructional director (Instructional Director-A), Employee-A, and Principal-A, sometimes including their respective union representatives. Consequently, Employee-A was transferred to a different school on September 16, 2024.

Separately, the OIC was informed that the Area Office addressed at their level and resolved the concerns regarding the physical abuse of students. Both of these allegations were addressed at the Area Office level, with the ultimate intervention of the PGCPS Human Resources Division. For this type of incident, the OIC typically lets the school system follow their own procedure. Any procedural concerns are outside the scope of this investigative inquiry and may be addressed separately by the OIC in a different reporting means.

While the OIC could not verify the gift card misuse concerns, as the alleged incidents took place before the OIC began operations, an investigative inquiry was nevertheless conducted. This inquiry was necessary due to the OIC's statutory authority to mitigate fraud, waste, and abuse of PGCPS funds and property, with the purpose of identifying any systemic vulnerabilities in PGCPS policy and practice concerning the receipt and use of gift cards.

B. OBJECTIVES AND SCOPE:

Key aspects of the OIC investigative inquiry and this report include:

- **Purpose:** To gather and evaluate initial information related to the allegations raised by Employee-A to provide PGCPS leadership with actionable information to address vulnerabilities in policy and practice.
- **Methodology:** The OIC's Methodology involved a comprehensive review and analysis of pertinent PGCPS documentation and data. This included applicable PGCPS policies and procedures, a union negotiated agreement, and electronic communications. Furthermore, the OIC conducted voluntary interviews with PGCPS staff regarding the allegations against Principal-A, PGCPS guidelines on gift card misuse, and issues related to workplace environment and bullying.



- **Scope:** Based on the timing of the allegations and the complainant's allegations, the investigative inquiry focused mainly on PGCPS' current policy on gift cards and the actions taken by PGCPS to address Employee-A's concerns regarding workplace environment.

C. KEY FINDINGS AND OIC RECOMMENDATIONS

The following areas of improvement were identified during the investigative inquiry to mitigate the opportunity of fraud, waste, and abuse of funds:

- ❖ **Finding #1** - The PGCPS Office of Accounting and Financial Reporting is currently collaborating with the PGCPS Office of Internal Audit to revise the PGCPS Accounting Procedures Manual for School Activity Funds to strengthen internal controls within schools to track the receipt of merchant-branded cards, to include the requirement to complete a form for such purposes.
 - **Recommendation #1** - Revisions should include more specific guidance on how to maintain and ensure proper accounting and segregation of duties related to the management and storage of gift cards. In addition, it should consider an automated process or incorporate the tracking, receipt, approval, issuance and reconciliation of merchant-branded cards in School Funds Online (SFO) under the School Activity Funds framework.
- ❖ **Finding #2** - Principal-A hired a Community School Coordinator to manage family support through community resources. However, the PGCPS Accounting Procedures Manual (APM) does not capture the role, if any, of a Community School Coordinator (CSC) with managing School Activity Funds at a community school, including merchant-branded cards.
 - **Recommendation #2** - The APM for School Activity Funds should be revised to incorporate and delineate the specific duties and responsibilities, if any, of the CSC in the management of school activity funds and to clarify any responsibilities related to the management of merchant-branded cards. Furthermore, the Board of Education policies and PGCPS administrative procedures pertaining to community schools and resources should also be revised to explicitly define the fiscal role, if any, of a CSC.
- ❖ **Finding #3** - Per Instructional Director-A, Principal-A requested a school activity fund (SAF) audit on three (3) occasions. However, it was not until December 2024 that the PGCPS Office of Internal Audit (Internal Audit) was able to initiate it. The audit covered the period of January 1, 2018 through September 30, 2024, over the three (3) year audit period required by the current APM.
 - **Recommendation #3** - Internal Audit should ensure to follow a schedule to conduct their SAF audits every three (3) years as provided in the APM to limit opportunities of missing evidence and prevent audit lags.



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D. Inquiry Activities & Analysis

1. Alleged Misused/Mismanaged the Use of Gift Cards and Funds

According to the complaint, Principal-A allegedly received funds via cash or gift cards donated by members of the community - outside groups such as church and community service organizations intended for PGCPS families in need of financial support specially during the holidays. Allegedly, Principal-A kept the gift cards and some cash in a tacklebox/lockbox located on the top shelf closet in their office. The value of the gift cards allegedly were estimated to be \$100 each, with an approximate total value of \$1,000. The number of gift cards were not specified by the complainant. In some instances, the donated gift cards will include a letter delineating the specific use of the gift card funds. Per the complainant, some of these gift cards were prepaid Visa cards and merchant-branded cards (e.g., Safeway and Giant).

On June 5, 2024, Employee-A reached out via email to Instructional Director-A sharing concerns of the working environment with Principal-A. In response, the Instructional Director-A requested Employee-A to provide a list of the tasks that Principal-A had assigned to Employee-A that were not aligned with PGCPS policies, procedures or job description items. In addition to the list of tasks, Employee-A provided a list of a few of Principal-A's actions including the misuse and mishandling of gift cards that were causing issues at School-A. Employee-A alleged that "instead of having the community members distribute the cards to the families because we are not supposed to accept gift cards," Principal-A keeps the cards in their closet to use at their discretion. The last time Employee-A observed the lockbox with gift cards and cash in it was in May 2023. Employee-A further stated that by September 2023, the "money" in the lockbox was gone.

2. PGCPS Guidelines Related to Gift Cards

Section 6.7 of the PGCPS Accounting Procedures Manual (APM) for School Activity Funds (SAF) (January 2016 edition) states that "*receipt of gift cards as donations to your school's School Activity Fund (SAF) and School Operating Resource Funds (SOR) is prohibited by the Board of Education.*" The APM further states that the use of gift cards "*is akin to having a petty cash fund within the SAF, which is not authorized.*" **Prohibited gift cards include prepaid Visa, MasterCard, Discover or American Express cards.** The use of gift cards leads to significant internal control weaknesses that leave PGCPS vulnerable to questionable, improper and potentially fraudulent purchases. The only exceptions to gift cards are: 1) if they are donated directly to the PGCPS Homeless Office; and 2) **the donation of a merchant-branded cards, which can be accepted only upon approval of the Principal.** As such, the Principal is the fiduciary agent of the school and therefore, has the approval authority to accept merchant-branded cards.

OIC Note: The PGCPS Homeless Office referred to in the APM is currently known as the McKinney-Vento Program (Homeless Education).



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3. Principal-A's Response to Employee-A's Allegation of Misuse of Gift Cards

In response to an OIC interview and subsequent follow-up, the Instructional Director-A provided Principal-A's written response in June 2024 to Employee-A's allegation of misuse of gift cards. In their written response to Instructional Director-A, Principal-A advised that *"families facing unstable housing have been receiving monthly support for food, school supplies, uniforms, and cleaning supplies. Due to limited space in their temporary homes, support has been provided through gift cards each month. The last gift card has been distributed, and there are no more gift cards available. Moving forward, a new community school coordinator has been hired and family support will be managed through community school resources."*

Per PGCPS Administrative Procedure (AP) 1100, a Community School Coordinator (CSC) is a member of the community school leadership team. The CSC works on joint planning with the school principal and the school's leadership team, examines school data to determine services and program needs and gaps, recruits and facilitates community partners and collaborates with school staff. Current APM guidelines do not specify any authority for a CSC to manage merchant-branded cards.

4. School Activity Fund (SAF) Financial Audit Conducted on School-A

During an interview with the OIC, Instructional Director-A advised that Principal-A requested the PGCPS Office of Internal Audit (Internal Audit) to conduct a SAF audit when Principal-A came on board to School-A in 2021. The SAF audit was conducted for the period of January 1, 2018 to September 30, 2024, over a six (6) year audit period, which also covered the time of the alleged misuse of gift cards. The audit report was issued by Internal Audit on June 4, 2025.

The Instructional Director-A advised a SAF Audit is to be performed when a new Principal arrives at a school and every three (3) years thereafter. Per Section 3.2.5 (Internal Audit Department) of the APM, *"...School audits are conducted by IAD [Internal Audit Department] annually for high schools, bi-annually for middle schools, and every three years for elementary schools. Unannounced audits may also be conducted at any time."* Principal-A requested the SAF audit on three (3) occasions upon their arrival in 2021 and the SAF audit was initiated by the Internal Audit in December 2024.

The Internal Audit Report of School-A's SAF delineated four (4) findings related to delinquent reconciliations, mismanagement of funds received and disbursements, and failure to properly administer vending contracts. These deficiencies occurred under Principal-A's leadership, while Employee-A served as the recordkeeping staff for School-A. Internal Audit concluded that, aside from these exceptions, the school's financial records were materially compliant with PGCPS and Board of Education policies. The report specifically identified Principal-A and Employee-A as responsible parties for each of the four audit findings.

According to the Internal Audit report, Principal-A is responsible for the SAF. The Internal Audit informed the OIC that the SAF audit conducted at School-A included the physical examination of the cash or safe box(es). At the time of the SAF audit, Internal Audit did not observe any monetary instruments similar to gift cards or merchant-branded cards in School-A's cash or safe



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box(es). In addition, Internal Audit did not observe any transactions indicating that any gift cards were previously collected during the scope period of the SAF audit.

5. PGCPS Efforts in Revising Guidelines for the Receipt and Use of Gift Cards

The Office of Accounting and Financial Reporting, which is within the PGCPS Business Management Services division, and its SAF staff are currently collaborating with Internal Audit to revise the APM. Some of the planned revisions include incorporating a control log sheet for both bookkeepers and school principals to fill out to track the receipt of merchant-branded cards. The log sheet and any merchant-branded cards (e.g., Costco, Target, etc.) are subject to audit by Internal Audit.

The PGCPS SAF staff indicated to the OIC that they do not have any major issues concerning gift nor merchant-branded cards as they have not come across problems or complaints related to these types of cards. As part of the upcoming revisions to the APM, the SAF staff is proposing clarifying language regarding the exception of the use of merchant-branded cards by principals and to implement additional controls. The SAF staff was expected to submit the revisions for Internal Audit's recommendations and feedback by the end of October 2025. The OIC has no further updates on Internal Audit's feedback.

E. CONCLUSION

Based on the results of this limited inquiry, the Office of Integrity and Compliance (OIC) could not verify evidence of the misuse of gift cards due to the timing of the allegations. However, the OIC recognizes the collaboration efforts of Internal Audit and the SAF staff on revising the APM to adequately track the receipt and management of merchant-branded cards. The OIC supports these efforts and highly recommends to further clarify the different roles of PGCPS employees that should have authority in managing these cards to ensure proper segregation of duties. These revision efforts will ensure strong internal controls are in place to mitigate opportunities of fraud, waste, or abuse of PGCPS funds.

In addition, conducting SAF audits within three (3) years or less, as required by the APM, prevents audit lags. The longer the audit period, the more challenging it can be to gather appropriate audit evidence. Also, key school personnel may leave the school and memories can fade related to the auditee's transactions. Audits covering longer time periods, as this SAF audit, can result in a significant lag between the occurrence of an internal control gap or non-compliance, and the communication to management.

The OIC appreciates PGCPS's cooperation during this investigative inquiry and awaits responses from the identified PGCPS divisions/entities regarding implementation of these recommendations by January 9, 2026.

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[PGCPS Administration Responses](#)