



OFFICE OF INTERNAL AUDIT

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MEMORANDUM

December 17, 2025

To: Ebony Cross Shields, M.Ed., Instructional Director
Cluster 6

Shawna Berry, Principal
Capitol Heights Elementary School,

From: Deana Thorps, CPA, Director
Internal Audit

DRS/af

Re: Financial Audit for the Period November 1, 2018 through April 30, 2025

An audit of the financial records of **Capitol Heights Elementary School** was completed for the period November 1, 2018, through April 30, 2025. The audit indicates that the school's financial records and procedures require improvement to be in accordance with the Accounting Procedures Manual for School Activity Fund (APM) and Prince George's County Board of Education policies and procedures. The exceptions noted are included in the attached report.

As principal of the school, you will be responsible for preparing an action plan by **January 16, 2026** indicating steps that will be taken to ensure compliance with the APM. Please note that you are required to provide your action plan using the attached Microsoft Word template and any other correspondence to the Internal Audit Office, email address: internal.audit@pgcps.org. A copy of your action plan should also be forwarded to Shaquana Mitchell, Business Analyst, email address: Shaquana.Mitchell@pgcps.org, Roderick Adams, Administrator, Compliance and Ethics, email address: Roderick.Adams@pgcps.org and Katrina Greene, School Activity Funds Support Specialist, email address: Katrina.Greene@pgcps.org.

cc: Branndon Jackson, Chair, Board of Education
Members, Board of Education
Shawn Joseph, Ed.D., Interim Superintendent
Deann Collins, Ed.D., Chief of Staff
Carletta Marrow, Ed.D., Chief of School Support and Leadership
Kassandra Lassiter Ed.D., Associate Superintendent, Area 1
Lisa Howell, Chief Financial Officer
Peggy Harrison, Director, Financial Services
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Robin Welsh, Esq., Director, Office of Government Relations, Compliance and Procedures
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School Activity Fund Report
Capitol Heights Elementary School
November 1, 2018 –
April 30, 2025



Table of Contents

INTERNAL AUDITOR'S REPORT.....	3
SUMMARY.....	4
OBJECTIVES	4
SCOPE.....	4
FINDINGS AND RECOMMENDATIONS.....	5
STATUS OF PRIOR AUDIT FINDINGS	11
ACKNOWLEDGEMENT	13

**PGCPS Internal Audit Report**
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Capitol Heights Elementary School for the period of November 1, 2018 through April 30, 2025. Capitol Heights Elementary School's principal is responsible for the administration of the SAF. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and Generally Accepted Government Auditing Standards and, accordingly, included examining, on a test basis, evidence supporting SAF, and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

Our examination disclosed the following six findings:

- *Mismanagement of Cash Funds Received*
- *Mismanagement of Disbursements*
- *Delinquent Bank Reconciliations*
- *Restricted Fund Account Deficits*
- *Administration of Donations*
- *Annual Fundraising Reports Not Completed*

In our opinion, except for the deviation from the criteria described in the preceding paragraph, the SAF referred to above was administered in compliance with Prince George's County Board of Education (BOE) policies and procedures and the Accounting Procedures Manual for School Activity Funds (APM), in all material respects, for the period ended April 30, 2025.



Deana Thorps, CPA, Director
Internal Audit

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

SUMMARY

Internal Audit completed an audit on the school activity funds (SAF) for Capitol Heights Elementary School for the period November 1, 2018, through April 30, 2025. The audit was conducted as part of the department's annual audit plan.

This audit report includes **six** findings that occurred under the leadership of the former and current principals. The findings and the personnel responsible are included in the appendix at the end of the audit report. Detailed findings from the current audit are cited on the following pages with accompanying recommendations for corrective action.

OBJECTIVES

The objectives of the audit were to determine the effectiveness of the system of internal controls and whether the school was in compliance with the policies and procedures of the Accounting Procedures Manual for School Activity Funds (APM) and Prince George's County Board of Education (BOE). It is important to recognize that, while the audit report focused on deficiencies, it was intended to be constructive. The audit was not designed and conducted to evaluate the effectiveness of the educational programs in the school. Therefore, the absence of comments related to the educational programs should not be construed to imply that these programs are either adequate or deficient.

SCOPE

The audit was based on our examination of all bank statements, financial reports, cancelled checks, all voided checks and available Monetary Transmittal Form (MTF) envelopes submitted by staff for the period November 1, 2018, through April 30, 2025. Also, selected receipts, disbursements and supporting documentation were reviewed for the said period. The audit results were based on available documentation.

This is an audit of funds related to students' activities at the school and does not include School Operating Resources (SOR) funds or any funds not derived from students' activities for the audit period.

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2026.01 Mismanagement of Funds Received

There were at least **30** instances of noncompliance regarding the administration of funds received.

- A. ***Mismanagement of End of Year MTF Envelopes*** - There were at least **11** instances where both the pink and yellow MTF remittances (six), and the yellow MTF remittances (five) that are required to be maintained by staff members were not available for review.
- B. ***Inadequate Supporting Documentation*** – There were **two** instances where documentation (MTF, deposit slips, class list and other documentation) to support deposits recorded in the school's financial system were not available for review. Also, deposit slips were not retained in **seven** instances.
- C. ***Missing MTFs*** – There were **10** instances where MTFs were not maintained on file by the recordkeeping staff and made available for review upon request.

The following criteria are established in the APM for administering collections:

- A. Section 4.5.2.2 (1) ***Collecting Funds: MTF*** The Bookkeeper is required to print the *Receiptee History Report* and submit it to a designated administrator to facilitate the collection of year-end MTF envelopes. Prior to departing the school at year-end, faculty and program managers are to submit the pink and yellow copies of the MTF(s) in sealed envelopes (with their signature over the seal) to the designated administrator.
- B. Section 4.5.2.2 (1) ***Collecting Funds: MTF*** The MTF must be entirely completed with the following information: 1) who collected money; 2) when it was collected; 3) whom it was collected; 4) the amount and form of the collection; and 5) the reason for collecting. The Bookkeeper is responsible for counting cash, verifying the total on the MTF and applicable attachment.
- C. Section 6.12, ***Record Retention***, requires all SAF records to be retained for a period of seven years and/or until audited including the current fiscal year. The Bookkeeper or financial secretary is responsible for accurately recording and reporting the school's financial transactions.

The following summarizes the causes of deficiencies noted:

- A. The new principal and recordkeeping staff explained they were not aware of the process for processing year-end MTF envelopes.

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

- B. Reportedly, the principal and recordkeeping staff were uncertain of what constituted adequate supporting documentation for the deposits.
- C. The principal explained that the missing documents were misplaced while the school underwent renovations.

The following are the potential effects of the mismanagement of funds received:

- A. Failure to comply with the procedures for managing year-end MTF submission impacts the quality of compensating evidence necessary to provide support for collections.
- B. Unavailable or inadequate supporting documentation makes it difficult to ascertain the accuracy and timeliness of transactions recorded in the accounting system. Moreover, compliance with the requirements for administering deposits cannot be ascertained when underlying documentation is not available for review.

Recommendations: The following are recommendations suggested for proper management of funds received:

- A. The principal and recordkeeping staff should contact the Accounting and Financial Reporting Office (AFRO) to request training regarding the administration of funds collected by the school. The principal must establish internal controls relative to the year-end MTF submission. The principal or designee must ensure that a *Receiptee History Report* is obtained from the recordkeeping staff to facilitate collection of staff members' MTF envelopes during the year-end close-out process.
- B. The principal should conduct monthly review of the school's financial records to ensure that transactions that are recorded in the accounting system are adequately supported.

2026.02 Mismanagement of Disbursements

The following **52** exceptions pertaining to the management of disbursements were identified:

- A. ***Missing School Funds Expenditure Forms (SFEF)*** – There were **12** instances where cancelled checks were not supported by SFEFs to assist in determining the approval of related expenditures.
- B. ***Noncompliance with the Dual Signature Requirement*** – There were **five** instances where cancelled checks reviewed did not include two signatures as required. The noted checks only included the signature of the recordkeeping staff.
- C. ***Missing Checks*** – There were **35** instances where cancelled checks (21) and voided

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

checks (14) could not be located for review.

The following criteria are established in the APM for administering disbursements:

- A. Section 4.5.3.1 *Procedures - Preapproval by the Principal* states that prior to ordering or purchasing goods or services, a SFEF is required to be completed and signed by the principal.
- B. Section 4.5.3.1 *Procedures – Authorized Signatures*, requires two authorized signatures on all checks processed by the school.
- C. Section 6.12, Record *Retention* requires all SAF records to be retained for a period of seven years and/or until audited including the current fiscal year.

The following summarizes the causes for the deficiencies noted:

- A. According to the recordkeeping staff who received one day of training by the AFRO, the guidance for processing disbursement and including appropriate documentation i.e. SFEF was unclear.
- B. The recordkeeping staff explained a second signatory was not available at the time the noted checks were processed.
- C. The school does not have an adequate records management system to adequately safeguard and retrieve cancelled and voided checks.

The following are potential effects of the mismanagement of disbursements:

- A. Failure to use the SFEF to procure goods and services on behalf of the school can result in unauthorized purchases and the school becoming insolvent.
- B. When the dual signature requirement is not followed the risk of check fraud is increased. Purchases could be made on behalf of the school that do not provide any benefit to the students.
- C. Failure to retain cancelled and/or voided checks negates the audit trail that is required to determine that funds disbursed out of the SAF were dually approved for their intended purpose.

Recommendation: The following are recommendations to improve the management of disbursements:

- A. The principal should request additional training on behalf of the recordkeeping staff to ensure that adequate understanding is obtained, and procedures are followed regarding

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

the processing of cash disbursements as outlined in the APM.

- B. The recordkeeping staff must be made aware that the issuance of checks to vendors or staff without a concurring signature is prohibited. The recordkeeping staff must be held accountable for compliance.
- C. The principal must implement an adequate records management system to secure and facilitate the retrieval of the school's financial records. The principal should also conduct monthly review of the school's financial records, specifically cancelled and voided checks, to ensure proper retention in accordance with PGCPS' record retention policy.

2026.03 Delinquent Monthly Bank Reconciliations

The monthly bank reconciliation process was not administered in a timely manner. There were five instances where monthly bank reconciliations were not prepared and or reviewed timely. The delinquency ranged from **4** to **96** days.

The APM Section 4.2.2, *Bank Account Procedures*, requires the school's bank account to be reconciled within 7 days of receipt of the bank statement. The monthly bank reconciliation process, which includes the principal's review, is required to be completed by the 15th day of the subsequent month.

The principal explained that the school received bank statements via mail which occurred late in some instances. Monthly bank reconciliations were prepared and reviewed as soon as the statements were received.

Delinquent bank reconciliations constitute noncompliance with BOE policies and procedures. Untimely reconciliation of the school's financial transactions also impacts the reliability of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identifying erroneous transactions may also be impacted.

Recommendations: The principal should coordinate with Treasury and the bank to receive monthly electronic bank statements. This will ensure the information to facilitate the preparation and review of monthly bank reconciliations is available. It will also ensure that reconciling items are identified and corrected promptly.

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

2026.04: Restricted Fund Account Deficits

The following **seven** restricted fund accounts deficits were noted as of April 30, 2025, that totaled **(\$18,834.42)**:

Account number	Account Name	Amount
310.50	5 th Grade	(\$ 1,380.91)
420.00	Field trips	(\$ 9,904.81)
425.40	Property Damage	(\$ 46.49)
450.20	Principal Sponsored Activities (PSA) - Food	(\$ 1,930.49)
450.30	PSA - Staff Appreciation	(\$ 3,583.25)
480.00	Yearbook	(\$ 1,907.92)
505.00	Agenda Books	(\$ 80.55)
	Total Deficit Balances	(\$18,834.42)

The APM *Section 4.5.3.1 Procedures* requires expenditures for all restricted accounts to be limited to the amount of funds collected for those activities. However, if restricted fund accounts exceed the available cash balance, the account is insolvent. As the fiduciary agent for SAF, the principal should ensure that SAF accounts are always solvent.

Reportedly, except for the field trips account, the deficits occurred prior to the commencement of the principal and recordkeeping staff's tenure as such, an explanation for the deficits was not provided. The new recordkeeping staff posted incorrect journal entries to the field trips account which were subsequently corrected by AFRO that resulted in the deficit of (\$9,904.81).

Excessive spending in restricted accounts constitutes noncompliance with BOE policies and procedures and can increase the risk of the school becoming insolvent.

Recommendations: The principal and recordkeeping staff should explore opportunities to resolve the restricted fund account deficits. E.g. the principal and recordkeeping staff must transfer authorized fundraising profits and vending proceeds to resolve deficits in the PSA fund accounts. AFRO should be consulted to obtain permission to use funds from the PY Carryover account to assist in resolving the remaining deficits. Expenditures from the restricted fund accounts with deficits must cease until the negative balances are eliminated.

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

2026.05: Administration of Donations

The school received donations from **five** sources that totaled **\$6,025.00** from FY 2023 to FY 2025 that were not administered as required. The following donations were not reported to the Grants Financial Management Office (GFMO):

Donor	FY 2023 Donation	FY 2024 Donation	FY 2025 Donation	Total
Happy Hippo	\$ 830.00	\$ 253.00	\$ 76.00	\$1,159.00
Metropolitan Baptist Church		2,000.00	1,500.00	3,500.00
House of Healing			1,000.00	1,000.00
Maria Costa		123.00		123.00
Bryan Brown	243.00			243.00
Total	\$1,073.00	\$2,376.00	\$2,576.00	\$6,025.00

The APM Section 9.3 *Accounting for Grants and Donations* requires all grants and donations made directly to schools, irrespective of amounts, to be reported to the GFMO on a School Grant Reporting Form. Also, Administrative Procedure (AP) 3230, *Grant Assistance, Funding Solicitations, and Acceptance of Other Funds and Resources, D. Monetary Gifts/Donations: 2 -4*, indicates that the receiving school shall coordinate donations of monetary gifts of any amount through the GFMO using the Donations Form to prevent redundant or duplicative donations from the same sources which might hinder future initiatives; to coordinate with the Division of Business Management Services to ensure compliance with budgeting and accounting procedures set forth by the division; and to maintain equity among PGCPS entities (i.e., schools, offices and/or departments).

According to the principal and recordkeeping staff they were not aware of the reporting requirements for reporting donations.

Failure to report the school's donations constitute noncompliance with BOE policies and procedures and hinders the GFMO from accurately documenting and reporting donations.

Recommendation: The principal and recordkeeping staff must review the APM and AP 3230 to become familiar with the reporting requirements for donations received at the school. The principal must establish procedures to ensure that all future donations are properly documented and reported to GFMO. The recordkeeping staff must be held accountable for compliance.

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

2026.06: Annual Fundraising Reports Not Completed

The school did not comply with the requirements for administering school-wide fundraisers during the audit period. The school conducted **three** school-wide fundraisers during the audit period - *Planet Aid, Mid-Atlantic and Ned Yo-Yo*. *Annual reports summarizing the school's school-wide fundraisers were not prepared as required.*

The APM Section 7.2.2 *Fundraisers*, requires the principal to ensure the preparation of annual reports summarizing all fundraising activities concluded during the school year. The data in annual reports are also required to be available for review by parents, other interested members of the community, and include the net amount retained as profit from each fundraising activity.

According to the principal and the recordkeeping staff they were not familiar with the annual reporting requirements for school-wide fundraisers.

Failure to follow the reporting requirements for school-wide fundraisers constitutes noncompliance with BOE policies and procedures. It decreases the transparency of the school's fundraising activities and the associated profits to interested parents and community members. Without the annual fundraising reports, it could not be readily determined whether the school's fundraisers yielded an overall profit or loss.

Recommendations: The principal and recordkeeping staff must review the APM to become familiar with the reporting requirements for administering school-wide fundraisers. Internal controls must be established to ensure that annual reporting requirements relative to the school's fundraising activities are followed. Evidence of compliance should be maintained on file and made available for public and auditor review.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Capitol Heights Elementary School was issued for the period ended October 31, 2018. The principal and recordkeeping staff were not in their current position during that audit. The previous audit included **eight** audit findings and **six** were repeated in the current audit report. The following findings were noted as a result of that audit and the status is indicated below:

- ***Mismanagement of Disbursements*** - The condition still partially exists. See **finding 2026.02** regarding *Mismanagement of Disbursements*.
- ***Bank Reconciliations Not Completed Timely*** - The condition still exists. See **finding 2026.03** regarding *Delinquent Monthly Bank Reconciliations*.
- ***Excessive Principal Sponsored Activities Fund Account Transfer*** - The condition still exists. See **finding 2026.04** regarding *Restricted Fund Account Deficit*.

PGCPS Internal Audit Report
School Activity Fund –
Capitol Heights Elementary School
For Period Ended April 30, 2025

- ***Voided Checks Not Properly Approved*** - The condition was not observed during this current audit.
- ***Fundraiser Forms Not Completed*** - The condition still exists. See **finding 2026.06** regarding *Annual Fundraising Reports Not Completed*.
- ***End of Year MTF Procedures not followed*** - The condition still exists. See **finding 2026.01** regarding *Mismanagement of Funds Received*.
- ***Failure to Maintain a Current Vending Contract*** - The condition was not observed during this current audit.
- ***Record Retention*** - The condition still exists. See **findings 2026.01 Mismanagement of Fund Received and 2026.02 Mismanagement of Disbursements**.

ACKNOWLEDGEMENT

We would like to thank the principal and staff of Capitol Heights Elementary School for their cooperation and assistance extended during the audit.



Capitol Heights Elementary School
School Activity Funds - November 1 2018 - April 30 2025
Appendix - Findings Timeline

AUDIT FINDINGS	Shawna Berry, Principal July 2023 - present	Nina Lattimore, Former Principal Mar 2013 - June 2023	Annett Williams, Former Recordkeeping staff, July 2019 - Dec 2021	Neenah Gay, Recordkeeping staff, April 2022 - Present
2026.01: Mismanagement of Funds Received A. Mismanagement of EOY MTF Envelopes B. Inadequate Supporting Documentation C. Missing MTFs	X X	X		X X X
2026.02: Mismanagement of Disbursements A. Missing School Funds Expenditure Forms B. Noncompliance with the Dual Signature Requirement D. Missing Checks	X X X	X X	X	X X X
2026.03: Delinquent Monthly Bank Reconciliations	X			X
2026.04: Restricted Fund Account Deficits	X			X
2026.05: Administration of Donations	X	X		X
2026.06: Annual Fundraising Reports Not Completed	X			X
Total	9	4	1	10