PGCPS
OFFICE OF INTERNAL AUDIT
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MEMORANDUM

November 12, 2026

To: Andrew Dalton, M.Ed., Instructional Director
Cluster 3

Teresa Bey, Ed.D., Principal
Carrollton Elementary School

From: Deana Thorps, CPA, Director
Office of Internal Audit

Re: Carrollton Elementary School Financial Audit for the Period March 1, 2020, through January 31, 2026

An audit of the financial records of **Carrollton Elementary School** was completed for the period March 1, 2020, through January 31, 2026. 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 Public Schools Board of Education (BOE) 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 **December 12, 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. **Please forward the response as a Microsoft Word document**. A copy of the response should also be forwarded to Katrina Greene, Student Activity Fund Support Specialist, email address: Katrina.Greene@pgcps.org and to Roderick Adams, Administrator, Compliance and Procedures, email address: Roderick.Adams@pgcps.org.

cc: Branndon Jackson, Chair, Board of Education
Members, Board of Education
Shawn Joseph, Ed.D., Superintendent
Deann Collins, Ed.D., Chief of Staff
Carletta Marrow, Ed.D., Chief of Schools
Shavonne Smith, Chief Financial Officer
Kassandra Lassiter, Ed.D., Associate Superintendent, Elementary School
Kenneth Nwafor, CPA, Assistant Controller, Accounting and Financial Reporting
Katrina Greene, School Activity Funds Support Specialist
Robin Welsh, Esq., Director, Government Relations, Compliance and Procedures
Roderick Adams, Administrator, Compliance and Procedures
Janice Walters-Semple, CPA, Supervisor, Internal Audit
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PRINCE GEORGE'S COUNTY
PUBLIC SCHOOLS

School Activity Fund Report – Carrollton Elementary School

March 1, 2020 – January 31, 2026

Table of Contents

INTERNAL AUDITOR'S REPORT 3
BACKGROUND 4
OBJECTIVES 4
SCOPE 4
FINDINGS AND RECOMMENDATIONS 5
STATUS OF PRIOR AUDIT FINDINGS …..……..……9
ACKNOWLEDGMENT 10

Internal Auditor's Report

We have examined the School Activity Funds (SAF) of Carrollton Elementary School for the period of March 1, 2020, through January 31, 2026. Carrollton 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 **four** findings:

- *Mismanagement of Disbursements*
- *Administration of Checks*
- *Administration of Fund Transfers*
- *Delinquent Monthly Bank Reconciliations*

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 BOE policies and procedures and the APM, in all material respects, for the period ended January 31, 2026.

Deana Thorps, CPA, Director
Office of Internal Audit

BACKGROUND

Internal Audit completed and audit of the school activity funds (SAF) for Carrollton Elementary School for the period March 1, 2020, through January 31, 2026. The audit was conducted as part of the department's annual audit plan.

This audit report includes **four** findings which occurred under the leadership of the current principal. The findings and the personnel responsible are included in the appendix at the end of the audit report.

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 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 selected bank statements, financial reports, cancelled checks, all voided checks and Monetary Transmittal Form (MTF) envelopes submitted for the period March 1, 2020, to January 31, 2026. Also, available receipts, disbursements and supporting documentation were reviewed for the said period.

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.

FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2027.01 Mismanagement of Disbursements

There were **17** instances of non-compliance regarding the administration of disbursements.

A. ***Lack of Documented Pre-Approval:*** There were at least **10** instances where School Funds Expenditure Forms (SFEF) were not appropriately approved by the principal prior to disbursements being made.

B. ***Missing Supporting Documentation:*** There were **three** instances where documentation to substantiate disbursements were not available for review.

C. ***Payment of Sales Tax:*** There were **three** instances where sales tax was paid for disbursements.

D. ***Delinquent Vendor Payment:*** There was **one** instance where payment was not remitted to the vendor timely. Check # 6481 was issued on September 19, 2023, for $3,611.25. The invoice was due on December 14, 2022, approximately 279 days before the payment was issued.

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

A. Section 4.5.3, *Cash Disbursements* require SFEFs to be completed and signed by the principal prior to ordering or purchasing goods or services.

B. Section 6.12 Record Retention requires the retention of all SAF records for seven years and or until audited, including the current fiscal year. This includes, but is not limited to, financial reports, bank statements, disbursement authorities, SFEFs etc.

C. Section 8.3 *Sales Tax Procedures* states that sales tax will not be reimbursed if paid when purchasing items for education purposes.

D. Section 4.5.3 (2) *Inclusion of Supporting Documentation* requires reimbursements and/or invoices to be paid within 30 days of receipt or by the listed due date.

The following summarizes the causes of the deficiencies noted:

A. Lack of documented preapproval occurred because staff lacked consistent oversight to ensure that purchases were approved and documented before commitments were made.

B. The recordkeeping staff did not maintain an adequate filing system to allow documentation to be retained before processing and completing disbursements.

C. Payment of sales tax occurred because staff lacked sufficient attention to reviewing invoices and reimbursement requests for sales tax charges before issuing payments.

D. The untimely vendor payment occurred because the recordkeeping staff did not adequately monitor outstanding invoices and due dates to ensure that this payment was processed within the required timeframe.

The following are the potential effects of the mismanagement of disbursements:

A. The absence of documented preapproval increases the risk of unauthorized, unnecessary, or inappropriate expenditures and limits management's ability to verify that purchases were reviewed and approved before commitments were made.

B. Lack of supporting documentation prevents verification that expenditures were valid, accurately recorded, properly approved, and incurred for an authorized business purpose, increasing the risk of improper or unsupported payments.

C. Payment of sales tax on the identified transactions has resulted in unnecessary expenditure of SAF that would otherwise be available to students.

D. Untimely payment of vendor invoices increases the risk of late fees, interest charges, disrupted vendor relationships, and interruptions in services. It may also result in noncompliance with established payment requirements as outlined in the APM.

Recommendations: The following are recommendations suggested for proper management of disbursements:

A. The recordkeeping staff must exercise due care by providing staff with training on the requirements for initiating disbursements and ensure that all purchases are supported by documented preapproval prior to purchases being made.

B. The principal and recordkeeping staff must implement an effective records management system to facilitate filing and retrieval of disbursement records. This will ensure that supporting documentation is properly filed, safeguarded and retrievable when requested.

C. The recordkeeping staff must carefully review requests for payments to avoid including sales tax when processing reimbursement and vendor payments.

D. Outstanding invoices should be monitored and processed timely. The recordkeeping staff must perform consistent review of the open invoice folder to ensure prompt processing of vendor payments. The principal should verify compliance with these requirements during the monthly financial reporting review process.

2027.02 Administration of Checks

There were **18** instances where checks were not administered in accordance with the requirements of the APM.

A. ***Voided Checks not Properly Defaced:*** There were **eight** instances where checks were not properly voided. In the noted instances, the signature line was not removed as required.

B. ***Missing Voided Checks:*** There were **three** instances where voided checks were not available for review.

C. ***Missing Canceled Checks:*** There were **seven** instances where cancelled checks were not maintained with the supporting documentation for funds disbursed.

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

A. Section 4.5.3.2, *Summary of Check Disbursement Procedures*, requires voided checks to be properly defaced by writing "VOID" across the face of the check and removing and destroying the signature portion.

B. APM Section 6.12, *Record Retention*, requires all SAF records, including checks, to be retained for a period of seven years and/or until audited including the current fiscal year.

The recordkeeping staff was not aware that the signature line was to be removed during the void check process. The school did not have a proper filing system to ensure the retrieval of check documentation.

Failure to remove the signature line from voided checks increases the risk that a voided instrument could be altered or improperly reused. Missing voided and cancelled checks weakens the audit trail and increases the risk that errors, unauthorized transactions, or fraudulent activity will not be detected timely. Moreover, without cancelled checks it cannot be readily verified that the signatures are authentic, alterations were properly documented, the final payee and were properly authorized.

Recommendations: The recordkeeping staff must review the APM to become familiar with the void check process to ensure that the signature line is removed from every voided check as required. The principal and recordkeeping staff must implement an effective records management system to facilitate filing and retrieval of financial records. The principal should review the numerical check sequence during the monthly financial reporting review process to ensure completeness of the check documentation.

2027.03 Administration of Fund Transfers

There were **41** instances where *Fund Transfer Journal Entry Proof Sheets (FTJEPS)* were not available to provide evidence that the principal properly approved restricted fund transfers.

The APM Section 4.5.4 *Transfer of Funds* requires transfers between restricted fund accounts to occur only if reviewed and approved by the principal and the sponsor of the restricted accounts.

The recordkeeping staff did not complete or retain transfer authorization forms when processing fund transfers. According to school personnel, the required FTJEPS were not being used for fund-transfer transactions because of lack of awareness of this requirement.

Processing fund transfers without documented authorization reduces accountability for changes between financial accounts and limits the principal's ability to determine why funds were moved. It also increases the risk of unauthorized, inaccurate or inappropriate transfers, misclassification of revenues and expenditures, and unreliable financial reporting.

Recommendations: The principal and recordkeeping staff should ensure that all fund transfers are reviewed and approved as required at the time the transfer is completed. The principal should require the recordkeeping staff to print the FTJEPS to facilitate review and approval as required. The principal should review fund-transfer activity during the monthly financial reporting process and verify that each transfer is supported by a completed and approved FTJEPS. The recordkeeping staff must review the APM and be held accountable for compliance.

2027.04 Delinquent Monthly Bank Reconciliations

There were **eight** instances where monthly bank reconciliations and monthly financial reporting were not reviewed by the principal in a timely manner. The delinquencies ranged from **28** to **91** days. In **three** of those instances the recordkeeping staff did not prepare monthly bank reconciliations on time. The delinquency ranged from four to 34 days.

The APM Section 5.1.2 *Monthly Reconciliation and Financial Reporting* state that the bookkeeper is required to complete the monthly bank reconciliation within 7 days after receiving the statement from the bank. All financial reports are required to be completed by the 15th of the subsequent month and submitted to the principal for review and approval.

The principal reviewed the monthly bank reconciliations on a trimester basis instead of monthly as required. The recordkeeping staff experienced competing priorities which impacted timely preparation of monthly bank reconciliations in the noted instances.

Delinquent monthly bank reconciliations impact the timeliness and reliability of financial information used in the fiscal decision-making process. The principal's ability to promptly verify the school's solvency status and identify significant transactions may be impacted. Timing

differences or other errors may not be detected and corrected promptly when the reconciliation process is not performed as intended.

Recommendation: The must ensure that the monthly financial reviews are performed as required, by the 15th day of the subsequent month. The principal should allocate time each month for the recordkeeping staff to be able to complete the preparation of monthly bank reconciliations.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Carrollton Elementary School was issued for the period ended February 28, 2020. During the previous audit the current principal was on staff; however, recordkeeping staff was not on staff during that audit. There were **eight** reportable conditions noted during that audit and **three** were repeated in this audit.

- **Missing Funds –** This condition was not noted during this audit.
- **Mismanagement of Funds Received –** This condition was not noted during this audit.
- **Line of Credit for Postage Services –** This condition was not noted during this audit.
- **Mismanagement of Disbursements –** Condition still exists. **See finding 2027.01** regarding *Mismanagement of Disbursements.*
- **Fundraiser Forms Not Completed –** This condition was not noted during this audit.
- **Deficits in Restricted Accounts –** This condition was not noted during this audit.
- **Inadequate Internal Controls Over Voided Checks –** Condition still exists. **See finding 2027.02** regarding *Administration of Checks.*
- **Delinquent Bank Reconciliations –** Condition still exists. **See finding 2027.04** regarding *Delinquent Monthly Bank Reconciliations.*

ACKNOWLEDGEMENT

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

Carrollton Elementary School
School Activity Funds - March 1, 2020 - January 31, 2026
Appendix - Findings Timeline

AUDIT FINDINGS	Teresa Bey, Principal	Carla Isaacs, Recordkeeping staff
2027.01 Mismanagement of Cash Disbursements	X	X
2027.02 Administration of Checks	X	X
2027.03 Administration of Fund Transfers	X	X
2027.04 Delinquent Monthly Bank Reconciliations	X	X
Total	4	4