



OFFICE of INTERNAL AUDIT

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MEMORANDUM

May 1, 2026

To: Ebony Cross Shields, Instructional Director
Cluster 6

JeVivvien Ray, Principal
Carole Highlands Elementary School

From: Deana Thorps, CPA, Director
Internal Audit

Re: **Carole Highlands Elementary School Financial Audit for the period July 1, 2017, through September 30, 2025**

An audit of the financial records of **Carole Highlands Elementary School** was completed for the period July 1, 2017, through September 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 (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 **June 1, 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 this template as a Microsoft Word document. A copy of your action plan should also be forwarded to Shaquana Mitchell, Business Analyst, email address: Shaquana.Mitchell@pgcps.org, Roderick Adams, Compliance Procedures Administrator, email address: Roderick.Adams@pgcps.org, and Katrina Greene, School Activity Funds Support Specialist, email address: Katrina.Greene@pgcps.org.

cc: Brannndon Jackson, Chair, Board of Education
Members, Board of Education
Shawn Joseph, Ed.D., Interim Superintendent of Schools
Deann Collins, Ed.D., Chief of Staff
Carletta Marrow, Ed.D., Chief of Schools
Kassandra Lassiter Ed.D., Associate Superintendent, Area 1
Lisa Howell, Chief Financial Officer
Peggy J. Harrison, CPA, Director Financial Services
Robin Welsh, Esq., Director, Office of Government Relations, Compliance and Procedures
Roderick Adams, Administrator, Compliance and Procedures
Katrina Greene, School Activity Funds Support Specialist
Cindy Adlien, Director, Board of Education Office
Janice Walters-Semple, CPA, Supervisor, Internal Audit
Anthony Neal, Internal Auditor II



**School Activity Fund Report –
Carole Highlands Elementary School
*July 1, 2017 – September 30, 2025***

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PGCPS Internal Audit Report
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Internal Auditor's Draft Report

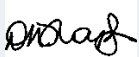
We have examined the School Activity Funds (SAF) of Carole Highlands Elementary School for the period July 1, 2017, through September 30, 2025. Carole Highlands Elementary School's principal is responsible for the administration of the SAF. Our responsibility is to express an opinion based on our examination.

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:

- *Records Retention*
- *End-of-Year Monetary Transmittal Form Procedures Not Followed*
- *Administration of Checks*
- *Deficit in Principal Sponsored Activities Fund Accounts*

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 September 30, 2025.



Deana Thorps, CPA, Director
Internal Audit

PGCPS Internal Audit Report
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BACKGROUND

Internal Audit completed an audit of the school activity funds (SAF) for Carole Highlands Elementary School for the period July 1, 2017, through September 30, 2025. 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. A listing of the findings and the personnel responsible is 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 selected bank statements, financial reports, cancelled checks, all voided checks, and Monetary Transmittal Form (MTF) envelopes submitted for the period July 1, 2017, through September 30, 2025. Also, available receipts, disbursements, and supporting documentation were reviewed for the said period. Audit results were based on available documentation. (*Refer to Finding 2026.01 regarding Records Retention*).

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.

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FINDINGS AND RECOMMENDATIONS

The audit resulted in the following findings and recommendations:

2026.01: Records Retention

There were at least **nine** instances where documentation to support the administration of SAF were not available for review:

- **Three** Cash Receipts Documentation (MTFs, deposit receipts)
- **Two** Cash Disbursement Documentation (School Funds Expenditure Forms (SFEFs) and invoices/receipts)
- **Two** Fund Transfer Journal Entry Proof Sheets
- **One** Cancelled Check Image
- **One** Voided Check

The APM 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 school did not maintain an effective records management system to ensure that the school's financial records were always retrievable.

The absence of an effective records management system has resulted in BOE policies regarding the retention of SAF records not being followed and negates the audit trail necessary for determining compliance with applicable requirements.

Recommendation: The principal and recordkeeping staff must ensure that an adequate filing system is established to ensure that the school's financial records are maintained in an organized manner. The records management system should allow for files to be easily retrievable during the audit.

2026.02 End-of-Year Monetary Transmittal Form Procedures Not Followed

The end-of-year MTF submission process did not operate as required by the policies and procedures outlined in the APM. Staff members' MTF envelopes were either missing signatures over the seal or were not sealed as required. The MTF envelopes were accessible to the recordkeeping staff.

The APM Section 4.5.2.2, *Cash Receipts Procedures*, requires faculty and program managers to seal the envelopes containing their pink and yellow MTF remittance with their signatures over the seal prior to departing the school at year-end. Guidance on MTFs prohibits the recordkeeping staff from having access to the year-end MTF envelopes containing the pink and yellow MTF remittances.

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Responsible personnel did not prioritize securing the MTF envelopes that were submitted at the end of the school year.

The ineffective year-end MTF submission process constitutes non-compliance with BOE policies and procedures and increases the financial risk to the school. The compensating evidence for ensuring that funds collected for the SAFs and remitted to the recordkeeping staff were subsequently deposited was compromised.

Recommendation: The principal or designee must provide guidance to the staff members on their responsibility to properly secure the contents of the MTF envelopes during the year-end check-out process. The principal must ensure that MTF envelopes are stored in a location that is not accessible to the recordkeeping staff.

2026.03 Administration of Checks

The following **six** exceptions were noted regarding processing of the school's checks:

- There were **two** instances where checks voided were not defaced by the removal of the signature line.
- There were **four** instances where check payments were not properly authorized, in three of these instances the checks were not signed while the fourth check did not have two signatures as required.

The APM 4.5.3.4, *Check Writing* requires accounting for a physical check when an error is made at the time of processing or when a check is damaged. Voided checks are required to be defaced by the removal of the signature and account lines. All checks issued are required to comply with the dual-signature requirement.

The recordkeeping staff did not ensure compliance with the procedures for administering checks, specifically regarding the defacement and ensuring that each check included two signatures.

This lack of adherence to check writing procedures can compromise the integrity of financial records and increase the risk of errors or fraudulent activities.

Recommendation: The recordkeeping staff must ensure adherence to the check writing requirements as outlined in the APM. The principal should perform periodic reviews of the check file and ensure that the recordkeeping staff is held accountable for compliance.

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2026.04: Deficit in the Principal Sponsored Activities (PSA) Fund Account

The PSA fund account, a restricted account, was insolvent by (\$8,666.49) as of September 30, 2025. The previous audit report for the period ended July 31, 2016; indicated a deficit in the PSA fund account of (\$9,819.11).

The APM, Section 9.6, *Principal-Sponsored Activities (PSA) for Staff*, states that discretionary expenditures incurred by the principal on behalf of school staff are grouped in the accounting category "Principal Sponsored Activities". Expenditures in that accounting category are restricted to:

- 1) 100% of faculty vending commission
- 2) 25% of student vending commission
- 3) 15% of school-wide fundraiser profits, and
- 4) 25% of senior class residual funds

Overspending on PSA constitutes noncompliance with the policy documented in the APM. As a result, students did not receive the maximum possible benefit from resources that should have been available to them.

Recommendation: The recordkeeping staff must continue to post allowable proceeds from fundraising and vending activities to reduce the deficit in the PSA fund account. Spending using the PSA fund account must be discontinued until the deficit is resolved.

STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Carole Highlands Elementary School was issued for the period ended June 30, 2017. The principal was on staff during that audit; however, the current recordkeeping staff was not on staff during that audit. There were **three** findings noted as a result of that audit and one is repeated in the current audit report. The following findings were noted in that audit report and the current status is indicated below:

- **Delinquent Deposits** – Condition was not noted during this audit.
- **Contract/Agreement Signed by Staff Other Than the Principal** - Condition was not noted during this audit.
- **Deficit in Principal Sponsored Activities Fund Accounts** – Condition still exists, See finding 2026.04 regarding *Deficit in Principal Sponsored Activities Fund Accounts*.

ACKNOWLEDGEMENT

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



Carole Highlands Elementary School
School Activity Fund
Findings Timeline
September 30, 2025

AUDIT FINDINGS	JeVivvien Ray Principal Entire Audit Period	Christine Macklin Secretary II, Recordkeeping Staff Entire Audit Period
2026.01 Records Retention	X	X
2026.02 End-of-Year Monetary Transmittal Form Procedures Not Followed	X	X
2026.03 Administration of Checks	X	X
2026.04: Deficit in the Principal Sponsored Activities (PSA) Fund Account	X	X
Total	4	4