



OFFICE of INTERNAL AUDIT

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MEMORANDUM

April 28, 2026

To: Darryl Evans, Ed.D., Instructional Director
Cluster 7

Joel Nelson, Principal
Chillum Elementary School

Jameka Strader, Principal
Waldon Woods Elementary School

From: Deana Thorps, CPA, Director
Internal Audit

Re: Chillum Elementary School Financial Audit for the Period May 1, 2018, through October 31, 2025

An audit of the financial records of **Chillum Elementary School** was completed for the period May 1, 2018, through October 31, 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 **May 29, 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: Branndon Jackson, Board Chair
Members, Board of Education
Shawn Joseph Ed.D., Interim Superintendent
Deann Collins, Ed.D., Chief of Staff
Carletta Marrow, Ed.D., Chief of School
Kassandra Lassiter Ed.D., Associate Superintendent, Area 1
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Theodore Dzodzomenyo, Internal Auditor II



**School Activity Fund Report –
Chillum Elementary School
*May 1, 2018 – October 31, 2025***

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PGCPS Internal Audit Report
School Activity Fund
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Internal Auditor's Draft Report

We have examined the School Activity Funds (SAF) of Chillum Elementary School for the period May 1, 2018, through October 31, 2025. Chillum 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 seven findings:

- *Inappropriately Deposited Funds*
- *Mismanagement of Funds Received*
- *Delinquent Monthly Bank Reconciliations*
- *Inadequate Depository Safe*
- *Mismanagement of Disbursements*
- *Administration of Vending Contract*
- *Records Retention*

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 October 31, 2025.



Deana Thorps, CPA, Director
Internal Audit

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BACKGROUND

Internal Audit completed an audit of the school activity funds (SAF) for Chillum Elementary School for the period May 1, 2018, through October 31, 2025. The audit was conducted as part of the department's annual audit plan.

This audit report includes **seven** findings which occurred under the leadership of the former and current principals. 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 May 1, 2018, through October 31, 2025. Also, available receipts, disbursements, and supporting documentation were reviewed for the said period. Audit results were based on available documentation. (*Refer to Finding 2026.07 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: Inappropriately Deposited Funds

Internal Audit noted that a deposit of **\$1,305.00** from May 2022, was made by the former recordkeeping staff and deposited into a checking account that is not the school's account. This transaction resulted in a "Deposit-in-Transit", which remained on the school's financial statement since the deposit. The bank confirmed the error during Internal Audit's reperformance of the school's bank reconciliation process; however, the school was informed that the funds could not be returned due to the time lapse.

The APM Section 3.2.1, *Principals*, states that the principal is the fiduciary agent for SAF. As such, responsibility for accounting, safeguarding, and managing the SAF with PGCPS policies and procedures, rest solely with the principal. Section 5.1.2 requires monthly financial reports to be completed by the recordkeeping staff by the 15th day of each month and presented to the principal for review.

The former principal and former recordkeeping staff did not exercise due diligence during review of the school's monthly bank reconciliation process. Initiative was not taken to ensure that the reconciling difference - "Deposit-in-Transit" was timely resolved.

Students did not benefit from the funds that would have been available to them if the former principal and former recordkeeping staff had performed the monthly bank reconciliation process more diligently.

Recommendations: ELRO should review this condition and determine the former principal's and former recordkeeping staff's responsibility for providing restitution to the school for the loss of **\$1,305.00** that resulted from their failure to adequately reconcile the school's bank account.

2026.02: Mismanagement of Funds Received

There were at least **eight** instances of non-compliance regarding the administration of funds received:

- A. ***Inadequate Documentation of Funds Received:*** There were **six** instances where the funds received lacked adequate documentation to support the funds received. In the noted instances, there were no students' lists and bookfair reports included to substantiate the collection.

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- B. ***Delinquent Deposits:*** There were **two** instances where funds collected for school activities were not deposited in a timely manner. The delinquencies were **11 and 13** days.

The APM provides the following guidelines for the management of funds received:

Section 4.5.2.2 (1) *Collecting Funds and Guidelines for Bank Deposits, Completing the MTF, and Preparing Bank Deposits*

- A. The MTF must be entirely completed with the following information. 1) who collected money; 2) when it was collected; 3) from whom it was collected; 4) the amount and form of the collection; and 5) the reason for collecting. If additional space is needed, a Student Remittance Report, Excel spreadsheet, class list, receipts, or ticket/report stubs, can be used as an attachment.
- B. All funds collected are to be remitted to the bookkeeper on the day of collection. However, no more than \$250.00 should be kept in the building overnight. The bookkeeper is also required to make timely deposits with the financial institution.

The following summarizes the causes of the deficiencies noted:

- A. According to the recordkeeping staff, it was understood that the phrase “various students,” which has been used routinely was sufficient and a students’ list was not required. The missing bookfair reports were reportedly a recordkeeping oversight.
- B. The deposit delinquencies occurred because of the frequent absence of the recordkeeping staff due to medical leave.

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

- A. Inadequate documentation of funds received constitutes non-compliance with BOE policies and procedures and increases financial risk to the school and staff. The audit trail for ensuring proper administration of cash receipts was compromised. As a result, internal controls for ensuring all SAFs collected were subsequently deposited were weakened and the potential for loss increased.
- B. Internal controls are compromised, and there is the risk of loss of funds when funds are not deposited as required.

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

- A. The recordkeeping staff must ensure that staff members include pertinent documentation such as a class list to document the names of students from whom funds were received. Also, sales reports from bookfairs must be attached to the MTF to substantiate the funds collected for the respective bookfairs.
- B. In the absence of the recordkeeping staff, the principal must take steps by verifying the funds placed in the drop safe and ensure timely deposits are made with the bank.

2026.03: Delinquent Monthly Bank Reconciliations

There were **seven** instances where monthly bank reconciliations were not completed and reviewed timely by the recordkeeping staff and the principal. The reconciliations were completed and reviewed between **seven** and **62** days after the due dates.

The APM Section 5.1.2 *Monthly Reconciliation and Financial Reporting* states that the bookkeeper is required to complete the monthly bank reconciliation within seven 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.

According to the recordkeeping staff, most of the delinquencies occurred while she was on extended leave.

The principal's fiscal responsibility is compromised when monthly bank reconciliation is not performed timely. Timing differences or other errors may not be detected and corrected promptly when the reconciliation process is not performed as intended.

Recommendations: The recordkeeping staff and principal must implement internal controls to ensure that monthly bank reconciliations are completed as required. In the recordkeeping staff's absence, the Accounting and Financial Reporting Office (AFRO) should be contacted promptly to obtain assistance with the monthly bank reconciliation process.

2026.04: Inadequate Depository Safe

The school has a depository (drop) safe to store funds remitted by staff members after normal business hours or in the absence of the recordkeeping staff. However, the depository safe is not bolted to the floor as required. Instead, it is secured to the wall and does not seem to be fireproof. The school also has a smaller safe that is located in a closet that is not accessible to staff members.

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The APM Section 4.5.2.2 (3) *Cash Receipts Guidelines for Bank Deposits* require each school to secure funds in a locked fireproof depository safe that is only accessible by the principal and bookkeeper. Drop safes are required for every school. The safe is also required to be bolted to the floor in a location accessible to the staff.

The principal and recordkeeping staff were not aware that the safes at the school were not properly secured as required by the APM.

The security of SAF is impacted in the absence of a properly secured drop safe, which can result in lost or stolen funds.

Recommendations: The principal should contact the Treasury Department to obtain specifications for the school's drop safe and initiate the acquisition process. Also, once acquired, the Maintenance Department must be contacted to schedule an appointment for the depository safe to be installed as required by the APM.

2026.05: Mismanagement of Disbursements

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

- A. There were **eight** instances where approval of disbursements was inadequate. The Schools Funds Expenditure Forms (SFEF) did not include the dates the forms were signed by the principal in two instances. In the other instances, the purchase dates preceded the dates of the principal's documented approval.
- B. There were **five** instances where voided checks were not entered in the school's accounting system, SFO.

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

- A. Section 4.5.3.1, "*Pre-Approval by the Principal*" requires completion of a SFEF prior to ordering or purchasing goods or services. The SFEF must be approved by the principal. Schools and their SAF cannot be held liable for financial obligations made by staff if the individual fails to complete this form.
- B. Section 3.2.2, *Bookkeepers/Financial Secretaries*, requires the recordkeeping staff to accurately record and report the school's financial transactions and Section 4.5.3.1(4), *Check Writing* states that all checks should be printed from SFO.

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The following summarizes the causes of the deficiencies noted:

- A. According to the principal, verbal approval is routinely obtained by staff members prior to obligating the school. However, there was no consistent follow-up with completing the approval of SFEFs.
- B. Reportedly, the recordkeeping staff was not aware of the requirement regarding the administration of checks, specifically, that all checks (including voided checks) are required to be entered in the SFO check register.

The following are potential effects of the mismanagement of disbursements:

- A. Failure to obtain pre-approval of the principal could result in inappropriate and unauthorized purchases. Verbal pre-approval negates the audit trail necessary for auditors to determine compliance with disbursement guidelines.
- B. The school's financial activities are not completely captured and reported when all transactions are not recorded in the accounting system.

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

- A. The principal and recordkeeping staff must implement and enforce internal controls to ensure pre-approval is obtained and documented on SFEFs prior to purchases being made. The principal must remember to affix the date of pre-approval on SFEF to provide evidence of pre-approval.
- B. The recordkeeping staff should ensure that all checks, including voided checks, are recorded in the check register in SFO. Occasionally, the check register report should be run and reviewed to ensure that there are no gaps in the check sequence.

2026.06 Administration of Vending Contract

The school operates **two** vending machines that provide sodas and snacks to its faculty. The current contract was not filed for the school's vending activities.

The APM Section 9.8, *Vending Machine Sales*, states that all schools with vending machines must retain a signed contract stipulating the commission due to the school and the frequency with which these commissions are remitted. The contract term cannot exceed one year.

According to the recordkeeping staff and principal, not having a current vending contract on file was an oversight.

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The absence of a valid vending contract removes responsibility from the vendor to provide vending commissions to the school and to ensure that the vending machines are operating in accordance with the terms usually agreed to by PGCPS.

Recommendation: The principal must engage the vendor to provide an updated vending contract with the terms and conditions that are consistent with the requirements of the APM regarding vending machines administration. In the absence of a valid contract, Purchasing and Supply Services must be contacted to procure alternate vending machine service.

2026.07: Records Retention

There were at least **10** instances where documentation to support the administration of SAF were not available for review:

- A. **Four** voided checks
- B. **Three** cancelled checks
- C. **Three** Fund Transfer Journal Entry Proof Sheets

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.

Reportedly, the financial records were moved to facilitate renovation of the school during the audit period. Some of the records may have been misplaced during the process as an adequate records management system was not established.

Failure to make financial records available for audit constitutes noncompliance with BOE policies and procedures and compromises the audit trail necessary for determining compliance with applicable requirements.

Recommendation: The principal must establish a standardized and consistent records management system, which ensures that all financial documents are secured, retained and retrievable upon request.

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STATUS OF PRIOR AUDIT FINDINGS

The previous audit report for Chillum Elementary School was for the period ended April 30, 2018. The current principal and recordkeeping staff were not in the current positions during that audit. The previous audit included **six** audit findings and **three** repeated in the current audit report. The following findings were noted as a result of that audit and the current status is indicated below:

- ***Mismanagement of Funds Received*** - Condition still exists. See **Finding 2026.02** regarding *Mismanagement of Funds Received*.
- ***Depository Safe Not on School Premises*** - Condition still partially exists. See **Finding 2026.04** regarding *Inadequate Depository Safe*.
- ***Contracts Not on File*** - Condition still exists. See **Finding 2026.06** regarding *Administration of Vending Contract*.
- ***Voided Checks Not Properly Defaced*** - Condition was not noted during this audit.
- ***Unauthorized Transfer of Funds*** - Condition was not noted during this audit.
- ***Fundraiser Forms/Reports not Completed*** - Condition was not noted during this audit.

ACKNOWLEDGEMENT

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



Chillum Elementary School
 Student Activities Funds
 Appendix - Findings Timeline
 October 31, 2025

AUDIT FINDINGS	Joel Nelson (Current Principal)	Cindy Castro (Current Recordkeeping Staff)	Dayhana Hernandez (Former Recordkeeping Staff; currently at John Carroll ES)	Jamika Strader (Former Principal; currently at Waldon Woods ES)
2026.01: Inappropriately Deposited Funds			X	X
2026. 02: Mismanagement of Funds Received	X	X	X	X
2026. 03: Delinquent Monthly Bank Reconciliations			X	X
2026. 04: Inadequate Depository Safe	X	X	X	X
2026. 05: Mismanagement of Disbursements			X	X
2026. 06: Administration of Vending Contract			X	X
2026. 07: Records Retention			X	X
Total	2	2	7	7