

**Board of Education of Baltimore County
Office of Internal Audit**

**Audit Report
Project #2020.020
July 10, 2020**



**Church Lane Elementary Technology
SAF and P-card Audit**

Distribution List:

Tammi Coit
Incoming Principal

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Superintendent

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Background

The Office of Internal Audit (Internal Audit) conducted an audit at Church Lane Elementary Technology School due to the retirement of the school's principal and assistant principal. The principal and assistant principal served in their respective positions at Church Lane Elementary Technology School for 20 years and 17 years, respectively.

Ms. Tammi Coit was appointed as principal of Church Lane Elementary Technology, effective July 1, 2020. Prior to this appointment, Ms. Coit was the assistant principal at Dogwood Elementary School for the past nine months. The administrative secretary at Church Lane Elementary Technology has served in this position for the past 14 years.

Audit Objectives

Internal Audit conducted an SAF and P-card audit at Church Lane Elementary Technology:

- To evaluate, on a sample basis, the internal controls and compliance over SAF revenue, expenditure, and transfer transactions and accounts for the period March 1, 2019 through February 29, 2020. SAF reimbursements made to the principal and assistant principal were included in the sample expenditures.
- To evaluate, on a sample basis, the internal controls and compliance over procurement card transactions for the period March 6, 2019 through March 6, 2020.
- To facilitate the transfer of responsibility over the school's financial, procurement, and contractual obligations between the outgoing and incoming principals.
- To determine the school's compliance with applicable board policies, superintendent's rules, and current BCPS practice, as they relate to these transactions and accounts.

We also reviewed the Church Lane Elementary Technology's operating budget expenditures for FY 2019 and FY 2020, through March 2020, including reimbursements made to the principal and assistant principal. We did not identify any operating budget reimbursements. Additionally, we did not identify any operating expenditures that needed further review.

Internal Audit performed the audit by conducting interviews and examining documentation.

Summary of Results

Internal Audit identified 10 reportable audit findings:

1. Lack of contract and commissions related to the snack vending machine.
2. Lack of a back-up bookkeeper.
3. Funds raised for student activities were not spent timely.
4. Sales tax was paid for school-related procurement card purchases and reimbursed for school-related SAF purchases.
5. Money envelopes were not used and/or retained.

6. Funds were not submitted and or receipted promptly.
7. Documentation to support SAF food-related expenditures was not adequate.
8. SAF expenditures were made for prohibited activities.
9. Food purchased for students did not meet Superintendent's Wellness Rule – 5470.
10. Activity reports were not completed for months with \$0 activity.

See pages 4 to 8 for detailed information regarding the reportable audit findings, Internal Audit's recommended corrective actions, and management's action plan.

Follow-up

Internal Audit will conduct a follow-up audit to determine if management has successfully resolved the findings identified in this audit.

Findings, Corrective Action, and Management Action Plan

| Finding | Corrective Action | Management Action Plan | Target Date |
|---|---|--|--------------------------|
| <p>1. A written agreement with the snack vending machine vendor, Dew-Rolle Vending, is not on file at the school. Additionally, for the nearly 14-year period from September 1, 2006 through May 31, 2020, there was only one Dew-Rolle Vending commission check receipted and deposited to the school's SAF, for \$210.00 on September 26, 2019.</p> | <p>The current principal must ensure that a, written agreement with an approved snack vending company is kept on file at the school. The agreement must include that the vending machine generates a profit to be used for the benefit of the school. Additionally, commissions must be receipted, deposited and posted to the SAF Vending Account.</p> | <p>We will ensure that a signed, written contract with an approved vendor is on file.</p> <p>We will create a vending account, also, to track profits.</p> | <p>By August 1, 2020</p> |
| <p>2. A back-up has not been assigned and cross-trained to complete the bookkeeping duties if the administrative secretary is unable to do so.</p> | <p>The current principal must assign a designated person to whom collected funds are remitted in the absence of the administrative secretary. This individual must be trained to perform the bookkeeping duties.</p> | <p>The 10-month school secretary will take the training to serve as the back-up bookkeeper.</p> | <p>By September 2020</p> |

| Finding | Corrective Action | Management Action Plan | Target Date |
|--|---|--|---|
| <p>3. Three of the six accounts reviewed, with a combined balance of \$11,646.52 had no activity during the audit period:</p> <ul style="list-style-type: none"> a) Library \$647.89 b) Playground Equipment \$10,932.33 c) NSF account \$66.30 | <p>The current principal must develop a plan to spend the funds in the inactive accounts in accordance with their intended purpose.</p> <p>The current principal must review the SAF general ledger accounts at least once a year for inactivity.</p> | <p>I will reach out to the executive director to create a plan to spend the funds in the 3 identified accounts.</p> <p>I will review the SAF general ledger accounts at the end of May and again mid-June to check for inactivity.</p> | <p>By August 1, 2020</p> <p>By June of 2020</p> |
| <p>4. For two of the 18 procurement card transactions reviewed, sales tax which totaled \$5.27, was paid on expenditures related to the instructional program or for operational purposes.</p> <p>For six of the 14 SAF expenditures reviewed, sales tax which totaled, \$28.47 was reimbursed for SAF purchases related to the instructional program or for operational purposes.</p> | <p>The cardholder/purchaser must inform the vendor that the purchase is for Baltimore County Public Schools and is exempt from sales tax when items are purchased.</p> <p>The current principal must ensure that sales tax is not included in the procurement card charges or receipt when he/she reviews and approves the monthly procurement card packets and approves the SAF reimbursement.</p> | <p>The protocol for use of the tax-exempt card will be shared with all staff. Taxes paid will not be reimbursed. Tax exempt cards will be provided to all staff making purchases for reimbursement and for those staff members with procurement cards.</p> | <p>September 30, 2020</p> |

| Finding | Corrective Action | Management Action Plan | Target Date |
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| <p>5. For seven of the 35 revenue transactions reviewed, a money envelope was not available to support the amount remitted by the sponsor.</p> | <p>The current principal must ensure that money envelopes are used and completed by sponsors for all remittances.</p> <p>Additionally, money envelopes must be turned in to the administrative secretary at year-end for retention.</p> | <p>Money envelopes will be collected immediately after field trips and at end of year. This will be added to the close-out protocol. The proper procedure for managing money and money envelopes will be shared with the staff.</p> | <p>By September 30, 2020</p> |
| <p>6. One of the 35 revenue transactions reviewed was not submitted and/or receipted promptly. There was a delay of eight business days between the date indicated on the sponsor's money envelope and the date on the BCPS receipt.</p> | <p>The current principal must ensure that funds are submitted and receipted without delay and that all sponsors are aware of the proper procedures related to the collection and remittance of funds.</p> | <p>The proper procedures related to the collection and remittance of funds will be shared with all sponsors.</p> | <p>By August 1, 2020</p> |
| <p>7. For all five of the SAF business food-related purchases reviewed, which totaled \$354.21, the documentation provided did not meet the requirements of the BCPS Food Parameters; there was no agenda or attendee information provided.</p> | <p>The current principal must ensure that all SAF business food-related purchases include the proper documentation per the BCPS Food Parameters.</p> | <p>All food purchased will fit within the BCPS Food Parameters. Agenda and attendee information will be provided. The parameters and expectations will be shared and understood with staff.</p> | <p>By August 1, 2020</p> |

| Finding | Corrective Action | Management Action Plan | Target Date |
|--|--|---|------------------------------|
| <p>8. One of the 14 SAF expenditures reviewed, which totaled \$81.33, was made for a prohibited activity. Teacher appreciation gifts of Burt's Bees products were purchased with discretionary funds. Further review of the Discretionary account identified \$2,678.92 that was spent from July 2016 - March 2020 for the purchase of Keurig cups and coffee supplies for the faculty room.</p> | <p>The current principal must ensure that school activity funds are not used to purchase items that are intended as gifts for faculty and/or staff.</p> <p>Additionally, all school activity expenditures must contribute directly or indirectly to the educational program of the students.</p> | <p>SAF will only be used for allowable purchases. All purchases will contribute directly or indirectly to the educational program of students. Coffee will be donated or purchased through the PTA.</p> | <p>By August 1, 2020</p> |
| <p>9. Three of the 14 expenditures reviewed, that totaled \$270.16, did not meet the requirements of the Superintendent's Wellness Rule - 5470. Food-related activities or food offered to students on school property during the regularly scheduled school day is required to conform with the wellness rule.</p> | <p>The current principal must ensure that food purchased for students meets the requirements of the Superintendent's Wellness Rule - 5470.</p> | <p>All food-related activities and food offered to students on school property will conform with the wellness rule. These guidelines will be shared with staff.</p> | <p>By September 30, 2020</p> |

| Finding | Corrective Action | Management Action Plan | Target Date |
|---|---|--|--------------------------------------|
| <p>10. There were no signed Cardholder Activity Reports on file for 19 of the 20 procurement card periods where there were zero transactions in the period.</p> | <p>The cardholder must complete the Cardholder Activity Report for each billing cycle regardless of whether the card had activity.</p> <p>Additionally, the current principal must review and sign all Cardholder Activity Reports.</p> | <p>All cardholders will complete the Cardholder Activity Report each billing cycle regardless of whether the card had activity.</p> <p>I will review and sign all Cardholder Activity Reports.</p> | <p>Monthly, starting August 2020</p> |