

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

**Audit Report
Project #2-2021.003
September 21, 2020**



**Lansdowne High School
School Activity Fund &
Procurement Card Audit**

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Background

The Office of Internal Audit (Internal Audit) conducted an audit at Lansdowne High School due to the time since the last audit. The prior audit was completed nine years ago, with a report date of September 1, 2011. This audit had ten findings. A follow-up audit was completed on June 17, 2012. Nine of the findings were resolved and one was unresolved.

Audit Objectives

Internal Audit conducted a School Activity Fund (SAF) and Procurement card audit at Lansdowne High School:

- To evaluate, on a sample basis, the internal controls and compliance over SAF revenue, expenditure, and transfer transactions and accounts for the period May 1, 2019 through June 30, 2020.
- To evaluate, on a sample basis, the internal controls and compliance over procurement card transactions for the period May 1, 2019 through June 30, 2020.
- 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.

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

Summary of Results

Internal Audit identified five reportable audit findings:

1. Funds raised for student activities were not spent timely.
2. SAF transfers were not allowable.
3. Funds were not submitted and/or receipted promptly.
4. Procurement card purchases were made for prohibited activities.
5. Non-travel related procurement card purchase was made in excess of \$1,000.

See pages 3 to 5 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
1. Twenty-six of the 51 accounts reviewed, with a combined balance of \$11,016.08, as of July 31, 2020, had little or no activity during the audit period. See Appendix A on page 5 for detail of the 26 accounts.	<p>The principal must develop a plan to spend the funds in these 26 accounts in accordance with their intended purpose.</p> <p>The principal must review the SAF general ledger accounts at least once a year for inactivity.</p>	<p>The principal will identify the accounts that are tied to programs that are no longer active. These accounts will be transferred to the General Fund. Applicable account sponsors will be notified and will work with the principal to utilize the remaining funds as intended.</p> <p>The principal will review the SAF general ledger accounts annually for inactivity.</p>	10-5-20
2. Five of the 15 journal entries reviewed during the audit period were not allowable. These journal entries transferred \$663.56 from various fundraising accounts to the Discretionary account. ¹	The principal must ensure that journal entries are allowable, prior to approving the transfer.	The principal will discuss with the bookkeeper to review specific criteria on movement of funds and ensure the transfer is accurate and allowed.	9-30-20

¹ These journal entries were discovered by BCPS Fiscal Services and the school was directed to move the funds to the appropriate SAF accounts. The correcting entries were posted in June 2020. In addition, Internal Audit performed a Physical Education Uniform Inventory Process (PE) audit follow-up on August 14, 2019 and determined the school inappropriately moved \$10,700 from the Physical Education account to the Discretionary Account. Based on our follow-up review, the funds were moved to the General Account per the PE audit recommendation.

Finding	Corrective Action	Management Action Plan	Target Date
<p>3. Five of the 40 revenue transactions reviewed were not submitted and/or receipted promptly. There was a delay of two to five business days between the date indicated on the sponsor's money envelope and the date on the BCPS receipt.</p>	<p>The 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 principal will ensure teachers are dating envelopes correctly and returning them at end of the day. The bookkeeper has a detailed process on depositing funds requiring the back-up bookkeeper to make deposits if bookkeeper is out more than one day.</p>	<p>10-19-20</p>
<p>4. Two procurement card purchases, which totaled \$239.21, were made for prohibited activities. Food purchases were made from Seasons Pizza for students' lunches during normal school hours on September 5, 2019 and October 23, 2019. These purchases do not meet the Maryland Nutrition Standard as stated in Superintendent's Rule 3310.</p>	<p>The principal must ensure that all food purchased for students during the normal school day meets the Maryland Nutrition Standard per Superintendent's Rule 3310.</p>	<p>The principal will review nutrition standards with teachers regarding food served during the school day and will work with the cafeteria manager if special circumstances arise due to programs that have students miss their lunch because of an academic event.</p>	<p>10-5-20 – will post updated Food guidelines in Schoology (when we return)</p>
<p>5. The school's designated travel procurement cardholder made a non-travel related purchase greater than the \$1,000 limit. A \$1,793.00 purchase was made in June 2020 for the on-line AP Summer Institute at Goucher College for professional development.</p>	<p>The principal should review non-travel spending limits with the travel procurement cardholder and ensure non-travel purchases in excess of \$1,000 are not made.</p>	<p>In order to register for conferences that only take a credit card and it is over \$1000, an email granting permission from fiscal services will be obtained.</p>	<p>10-5-20</p>

Appendix A

	Account Name	Balance (as of 7/31/20)
1	L and D Books English	\$596.78
2	L and D Books World Language	\$566.87
3	L and D Books Math	\$177.34
4	L and D Books Social Studies	\$156.00
5	L and D Books Science	\$198.47
6	L and D Books Family Studies	\$40.00
7	Lost and Damaged Device Equip	\$1,233.00
8	Donation - Cheerleading	\$135.00
9	Don.-Refugee Youth Program-CVD	\$1,250.00
10	Don. Arbutus Rec - Parks CVD	\$1,000.00
11	Art - Studio AP	\$699.25
12	English	\$5.00
13	World Language	\$206.34
14	Family Studies	\$154.03
15	SEIT Academy Science Engineer	\$263.00
16	Library	\$821.20
17	Athletics V. Football	\$94.41
18	Athletics BV Lacrosse	\$183.42
19	Athletics V. Softball	\$1,398.15
20	National Art Honor Society	\$18.63
21	Future Teachers	\$255.14
22	Scholarship – Art	\$138.44
23	SADD	\$40.87
24	Skills USA	\$741.90
25	Environmental Club	\$550.04
26	The Society for Girls	\$92.80
	Total - Little or No Spending	\$ 11,016.08