

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

**Audit Report  
Project #2021.001  
November 11, 2020**



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

**Distribution List:**

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## Background

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The Office of Internal Audit (Internal Audit) conducted an audit at Randallstown High School due to the time since the last audit. The prior audit was completed 5 ½ years ago, with a report date of November 26, 2014. This audit had seven findings. A follow-up audit was completed on March 1, 2016. Six of the seven findings were resolved, and one was partially resolved.

## Audit Objectives

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Internal Audit conducted a School Activity Fund (SAF) and procurement card audit at Randallstown 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 July 1, 2019 through June 30, 2020.
- To evaluate, on a sample basis, the internal controls and compliance over procurement card transactions for the period July 8, 2019 through July 6, 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

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Internal Audit identified nine reportable audit findings:

1. Funds received for student activities were not spent timely.
2. Sales tax collections were not remitted to the Maryland Comptroller.
3. Funds owed to the Board of Education were not remitted.
4. Screen-printed clothing was purchased from an unapproved vendor.
5. SAF transfers were not approved by the principal.
6. The allowable transaction limit was exceeded for procurement card purchases.
7. Procurement card packets were not available for review or were not approved.
8. Documentation to support overnight travel-related expenses was not adequate.
9. Activity reports were not completed or approved for months with \$0 activity.

See pages 3 to 9 for detailed information regarding the reportable audit findings, Internal Audit's recommended corrective actions, and management's action plan.

## Follow-up

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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 32 accounts reviewed, with a combined balance of \$14,008.33, as of September 23, 2020, had no activity during the audit period. See <b>Appendix A</b> on pages 8 and 9 for detail of the 26 accounts.	The principal must develop a plan to spend the funds in the inactive accounts in accordance with their intended purpose.	The principal will review all inactive accounts and spend funds according to the intended purpose; see Appendix A below	Ongoing
	The principal must review the SAF general ledger accounts at least once a year for inactivity.	The principal will review the SAF general ledger accounts every 3 months for inactivity.	Ongoing
2. Sales and Use Tax collections of \$864.44 for the sale of taxable items sold by Randallstown High School since August 2016 have not been remitted to the Maryland Comptroller. <sup>1</sup>	The principal must ensure that \$864.44, plus applicable late fees, are immediately remitted to the Maryland Comptroller. Additionally, the principal must ensure that all sales tax collections are remitted to the Maryland Comptroller at least annually.	The fiscal assistant will request assistance from the SAF Accounting Office to remit the tax owed for items sold by the school since August 2016 that has not been remitted to the MD Comptroller. The sales tax collection will be reviewed quarterly for appropriate submission.	11/01/20 & Ongoing

<sup>1</sup> This is a repeat finding from two prior audits. The remittance of sales tax was a finding in the FY 2018 Physical Education Uniform Inventory Process Audit report, dated July 19, 2018. Additionally, a follow-up to this audit was completed on July 3, 2019, and the finding was still unresolved.

Finding	Corrective Action	Management Action Plan	Target Date
<p>3. The Office of Accounting has issued refunds to the students and families on the behalf of Randallstown High School for money collected for the Class of 2020. On July 31, 2020, the Office of Accounting requested that a check for \$29,001.25, and the applicable documentation, be remitted to the Board of Education by the school to reimburse BCPS for the refunds issued. As of October 6, 2020, the funds have not been remitted.</p>	<p>The principal must ensure that the requested check and documentation are immediately remitted to the BCPS Office of Accounting.</p>	<p>The fiscal assistant has remitted the requested check and documentation to the BCPS Office of Accounting.</p>	<p>10/19/20</p>
<p>4. Screen-printed apparel purchases that totaled \$2,566.07, were not purchased from an approved vendor per the contract for <b>Screen Printing and Embroidery for Apparel and Accessories (JBO-705-18)</b>.</p>	<p>The principal must ensure that approved vendors, per current contracts, are used when making purchases. Specifically, contract JBO-705-18 for Screen Printing and Embroidery for Apparel and Accessories must be following when making applicable purchases for apparel and wearable accessories.</p>	<p>A list of approved Screen Printing and Embroidery for Apparel and Accessories will be provided to all sponsors. Additionally, all submitted quotes will be checked prior to approval of purchases.</p>	<p>Ongoing</p>

Finding	Corrective Action	Management Action Plan	Target Date
<p>5. Ten of the 11 journal voucher forms reviewed were not signed by the principal to indicate approval of the transfer of school activity funds.</p>	<p>The principal must review and approve all transfers of school activity funds. The journal voucher form, used to document the transfer of funds, must be signed by the principal to indicate his approval of the transfer.</p>	<p>The principal will review and sign all transfers of school activity funds. The journal voucher will be signed with monthly reconciliation reports to ensure appropriate approval and signature are reflected.</p>	<p>Ongoing</p>
<p>6. A cardholder used their travel procurement card to pay six non-overnight travel related invoices for student transportation. The invoice amounts ranged from \$1,738.25 to \$3,224.00, which exceed the \$1,000 single purchase limit for payments that are not related to overnight travel.</p>	<p>The principal must ensure that procurement cardholders do not use their procurement card for non-travel purchases that total more than \$1,000.</p> <p>The principal must ensure that all purchases comply with the established purchasing procedures. A BCPS check request must be used, when applicable, and all purchases requiring a purchase order must be initiated in sufficient time to be properly processed by the Office of Purchasing.</p>	<p>The principal will ensure all non-travel purchases are reviewed before they are paid. It will be determined if non-travel purchases require a BCPS check request or the use of a procurement card. If a blanket purchase order can be produced in a timely manner, the Purchase Order will be processed.</p>	<p>Ongoing</p>

Finding	Corrective Action	Management Action Plan	Target Date
<p>7. Of the 15 procurement card packets selected for review, one packet was missing, and five packets were not signed by the approving official to indicate review and approval of the expenditures.</p>	<p>The cardholder must assemble and reconcile his/her procurement card packet each month. The packet must include the Cardholder Activity Report, the VISA Memo Statement and itemized documentation for each purchase. The cardholder must sign and date the Cardholder Activity Report to document his/her reconciliation of the purchases.</p> <p>The principal must review all monthly procurement card packets for completeness and appropriateness. The Cardholder Activity Report must be signed and dated to document his/her approval of the purchases.</p> <p>The principal must complete and sign his/her monthly procurement card packet and submit it to the community superintendent for review and approval. The Cardholder Activity Report must be signed and dated by the community superintendent to document his/her review and approval of the purchases.</p>	<p>A spreadsheet with a checklist will be created to track each cardholder's procurement packet to ensure that it is correctly assembled and submitted by the 20<sup>th</sup> of each month.</p> <p>The principal and the fiscal assistant will review all monthly procurement packets for accuracy and appropriateness. The Cardholder Activity Report will be signed and dated upon the packet being deemed complete.</p> <p>The fiscal assistant will submit the principal's monthly procurement card packet to the community superintendent monthly and will be tracked by scanning the packet. The receipt/email will be forwarded to the principal monthly.</p>	<p>Ongoing</p>

Finding	Corrective Action	Management Action Plan	Target Date
<p>8. For four of the six overnight travel-related procurement card purchases reviewed, which totaled \$1,830.84, the documentation provided in the packet did not include the approved Overnight Travel form.</p>	<p>The principal must ensure that all overnight travel-related procurement card purchases include the proper documentation, including the approved Overnight Travel form.</p>	<p>The principal and the fiscal assistant will require the traveler to printout the approved Overnight Travel form and any other related documentation prior to any travel arrangements being made.</p>	<p>Ongoing</p>
<p>9. Nine of the 15 required Cardholder Activity Reports for cardholders with no purchases were missing or were not signed by the approving official.<sup>2</sup></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 principal must review and sign all Cardholder Activity Reports on a monthly basis.</p>	<p>A spreadsheet with a checklist will be created to track each cardholder’s procurement packet to ensure that it is correctly assembled and submitted by the 20<sup>th</sup> of each month.</p> <p>The principal will review and sign all completed Cardholder Activity Reports on a monthly basis.</p>	<p>Ongoing</p>

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<sup>2</sup> Applies to Cardholder Activity Reports required to be submitted prior to March 16, 2020. The opportunity for cardholders to print their reports and remit them to the approving official after this date was affected by the COVID 19 school building closures and remote work situations.

## Appendix A

Item #	Account Name	Balance at 9/23/20 (fieldwork)	Management Action Plan
1	One Card ID Payable	\$1,691.00	Transferred to General School Account
2	Graduation Ticket Sales	\$311.60	Will reissue a check to BCPS; previous check was never cashed
3	Grant - MDS3	\$400.00	Transferred to General School Account
4	Legacy bench class of 2018	\$2,126.68	Not enough funds to purchase the bench
5	AP Exams	\$2,323.00	Will be used to help with supplies for this year's test
6	Food and Nutrition	\$160.70	Transferred to General School Account
7	Library & Media Services	\$24.84	Transferred to General School Account
8	Softball	\$5.00	Transferred to Athletics
9	Lacrosse - Girls	\$56.91	Transferred to Athletics
10	Tennis	\$102.04	Transferred to Athletics
11	Theatre	\$253.23	To be used in this year's production
12	Photography	\$165.45	Transferred to Art
13	Scholarship	\$312.00	No requirements were found - will discuss with Counselors to disburse to students
14	Scholarship - A Mund	\$474.84	No requirements were found - will discuss with Counselors to disburse to students
15	Scholarship - Snyderman	\$698.43	No requirements were found - will discuss with Counselors to disburse to students
16	Scholarship - It's Academic	\$98.68	No requirements were found - will discuss with Counselors to disburse to students
17	Scholarship - Winand PTA	\$450.00	No requirements were found - will discuss with Counselors to disburse to students



<b>Item #</b>	<b>Account Name</b>	<b>Balance at 9/23/20 (fieldwork)</b>	<b>Management Action Plan</b>
18	Scholarship - Old Court MS	\$100.00	No requirements were found - will discuss with Counselors to disburse to students
19	Scholarship - Sunset Ridge	\$250.00	No requirements were found - will discuss with Counselors to disburse to students
20	Scholarship - Legg Mason	\$1,032.91	No requirements were found - will discuss with Counselors to disburse to students
21	Scholarship - Class of 2006	\$1,047.00	No requirements were found - will discuss with Counselors to disburse to students
22	Scholarship - Human Services	\$630.20	No requirements were found - will discuss with Counselors to disburse to students
23	Scholarship - Arts	\$630.20	No requirements were found - will discuss with Counselors to disburse to students
24	Scholarship - Business	\$130.20	No requirements were found - will discuss with Counselors to disburse to students
25	Student Council	\$56.63	Transferred to General School Account
26	Yearbook	\$476.79	Will be used to help with online yearbook expenses
	<b>Total amount of accounts with no activity</b>	<b>\$14,008.33</b>	