

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

**Project 4-2020.001
November 13, 2020**



**School Activity Funds (SAF)
3-Year Cash Analysis
George Washington Carver Center for
Arts and Technology**

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SAF 3-Year Cash Analysis

George Washington Carver Center for Arts and Technology

FY 17 Beginning Balance	FY 19 Ending Balance	Change in Cash Balance - Dollars	Change in Cash Balance – Percentage
\$116,068.51	\$220,231.52	\$104,163.01	89.74%

Analysis:

The increase in cash is primarily due to changes in 18 accounts:

1. An increase in revenue of \$31,352.59 is attributable to twelve new donation accounts opened in FY17 through FY19. Approximately \$26,000 of the increase was from donations recorded in FY19.
2. The Black Awareness Club Scholarship account increased \$13,000 from FY17 to FY19.
3. The Fundraiser – Art account increased \$7,597.34 from FY17 to FY19.
4. The Athletics account increased \$8,174 from FY17 to FY19. The balance in this account increased from \$7,620.19 at the beginning of FY17 to \$16,511.10. as of October 31, 2020.
5. The Lost and Damaged Books – Dance Account increased \$6,677.22 in FY19.
6. The AP¹ Exams account increased \$10,389.38 from FY17 to FY19.
7. The Theatre Arts account increased \$27,190 from FY17 to FY19.

Other concerns noted:

1. In our Follow-up to School Activity Fund (SAF) and Procurement Card Audit report (Report) dated July 26, 2019, Internal Audit identified SAF transactions that were not posted to the appropriate accounts. Balances in four of the eight accounts identified in our prior audit follow-up report were not corrected as of May 31, 2020.
2. The Report also identified four instances where funds collected to reimburse the operating budget were not remitted to the Board. The school processed payments to the Board for two of the items cited the Report; however, the payments were not properly allocated to the correct SAF accounts. Additionally, the remaining two items cited in the Report were not processed for payment as of May 31, 2020.

Inquiry of School Personnel and Documentation Reviewed:

1. Twelve donation accounts - As of October 31, 2020, \$21,970.65 of the \$25,894.20 that was received was primarily spent for stadium bleachers and the culinary program. There is a plan to spend the remaining funds when students return to in-person learning. The expenditures made, as well as the planned expenditures, appear reasonable; therefore, no further action is required at this time.

¹ Advanced Placement program – administered by the College Board.

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2. Black Awareness Club Scholarship account – In FY19, \$13,000 was transferred from the Black Awareness Club account to establish a scholarship account. Scholarships that totaled \$9,000 were disbursed from this account in FY20. This activity appears reasonable; therefore, no further action is required at this time.
3. Fundraiser – Art account - The \$7,597.34 balance in this account as of June 2019 was primarily comprised of revenue recorded from an FY19 Fresh Produce fundraising event. As of October 2020, these funds have not been spent.
4. Athletics account – The account sponsor indicated that the current \$16,511.10 balance in this account will be used to replace team uniforms once the athletics program is fully active again.
5. Lost and Damaged Books – Dance Account – The balance in this account increased \$6,677.22 in FY19 due to the erroneous posting of on-line school payments (OSP) related to dance department fieldtrips and costume sales. This issue was highlighted in the Report dated July 26, 2019. Internal Audit discussed the posting errors with the principal and fiscal assistant and determined that journal entries were posted in June 2020 to transfer the balance in this account to both the Dance and Fieldtrip – Dance accounts. Since the account balance is now zero, no further action is required at this time.
6. AP Exams Account – The balance in this account increased from \$14,761.96 at the beginning of FY17 to \$30,544.34 as of October 31, 2020. The account sponsor indicated that although the school charges students in accordance with the College Board fee schedule, the school receives rebates from the College Board. The account sponsor indicated that the rebates can only be used on AP expenses. Internal Audit verified that reviewed the College Board provides a rebate to the school equal to \$9 per exam, which is reflected as a reduction in the amount of the College Board invoice. Additionally, a large-volume school rebate is provided on a sliding scale to schools who give 150 or more exams per year. These combined rebates resulted in a surplus of at least \$5,000 per year. There are plans to continue to pay proctors, purchase calculators, and new tables and chairs for the testing area once students return to in-person learning.
7. Drama – Theatre Arts Account – The account sponsor indicated that in FY19 funds were earmarked for upgrades to the theatre’s microphone system due to a change in FCC regulations, however, a slight change in the policy eliminated the need to replace the entire microphone system. The only items that require change will be the school’s headsets at a cost of \$1,000 - \$2,000. The account sponsor also indicated that approximately \$25,000 is now earmarked for enhancements to the theatre’s sound system. It was anticipated this project would be completed before the end of FY20; however, the COVID-19 building closure has delayed implementation. The intent is to initiate these purchases as soon as possible once the building fully reopens.

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Other concerns:

1. Transactions not posted to appropriate accounts – Internal Audit discussed the four accounts in question with the principal and fiscal assistant and determined that journal entries to correct these accounts were not posted until June 2020. Since the corrections were made, no further action is required at this time.
2. Funds collected to reimburse the operating budget were not remitted to the Board – Internal Audit discussed the improperly allocated payments to the Board as well as the overdue Board reimbursements with the principal and fiscal assistant and determined that journal entries to properly allocate the payments and reimbursements to the Board were not posted until June 2020. Since the corrections were made, no further action is required at this time.

Follow-up:

Internal Audit will conduct a follow-up to ensure that the funds are spent as intended once students return to in-person learning for four accounts:

1. Fundraiser – Art account,
2. Athletics account,
3. AP Exams account, and
4. Drama – Theatre Arts account.