



JOHNNYCAKE ELEMENTARY SCHOOL
SAF & P-CARD AUDIT
JULY 28, 2022

Board of Education of Baltimore County Public Schools
Office of Internal Audit

A School Activity Fund (SAF) & procurement card (p-card) audit was completed at Johnnycake Elementary School at the request of the principal.

Refer to Exhibit A for the report distribution list.

BACKGROUND

School Name	Johnnycake Elementary
Length of Tenure at Johnnycake Elementary of Current Principal	5 years
Length of Tenure at Johnnycake Elementary ¹ of Administrative Secretary	3.5 months

AUDIT OBJECTIVE

To determine Johnnycake Elementary School's compliance with applicable board policies, superintendent's rules, and current BCPS practice related to School Activity Fund (SAF) revenue, expenditure, and transfer transactions, and procurement card activity.

AUDIT PERIOD

SAF: July 1, 2019 through March 31, 2021.

P-Card: December 1, 2020 through March 31, 2021.

SUMMARY OF RESULTS

Internal Audit identified six reportable audit findings:

1. Funds raised for student activities were not spent timely.
2. School-specific written money handling procedures have not been developed.
3. SAF expenditure documentation was not adequate.
4. SAF transfer documentation was not retained.
5. Procurement card documentation was not retained, authorized or adequate.
6. Procurement card activity reports were not completed for months with \$0 activity.

See pages 2 to 7 for detailed information regarding the reportable audit findings, Internal Audit's recommended corrective actions, and management's action plan.

AUDIT RATING

Based on the number and nature of the audit results, we issued an overall audit rating of **UNSATISFACTORY** for Johnnycake Elementary School. An unsatisfactory rating indicates that the school's processes don't mitigate the potential risks identified.

FOLLOW-UP

Internal Audit will conduct a follow-up audit to determine if the principal successfully implemented the corrective action plan to mitigate, reduce, and eliminate the potential risks identified.

¹ The former administrative secretary for the majority of the audit period is currently assigned to the Office of Human Resources.

Finding #1: Funds raised for student activities were not spent timely.

<p>Finding:</p>	<p>For three of the five accounts reviewed, with a combined balance of \$1,095.97 as of June 28, 2022, there was little to no expenditure activity during the audit period:</p> <table data-bbox="527 422 1136 531"> <tr> <td>1. Guidance/ Needy Families</td> <td>\$236.45</td> </tr> <tr> <td>2. Library</td> <td>\$272.27</td> </tr> <tr> <td>3. Instrumental Music</td> <td>\$587.25</td> </tr> </table>	1. Guidance/ Needy Families	\$236.45	2. Library	\$272.27	3. Instrumental Music	\$587.25
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2. Library	\$272.27						
3. Instrumental Music	\$587.25						
<p>Corrective Action:</p>	<p>The principal must develop a plan to spend the funds in the inactive accounts in accordance with their intended purpose. In addition, the principal must review the SAF general ledger accounts at least once a year for inactivity.</p>						
<p>Potential Risk(s):</p>	<p>When funds are not utilized, there is a potential for:</p> <ol style="list-style-type: none"> students to not benefit from funds they raised fraudulent activity that could result in misappropriation of assets and loss of student funds. 						
<p>Management Action Plan:</p>	<p>Principal will work with guidance, librarian, and instrumental music teacher to do the following:</p> <ul style="list-style-type: none"> Discuss with each the remaining funds in their respective accounts. Create a plan to use the funds for students by an assigned date. <p>Principal will work with 12 month admin secretary to ensure accounts are reviewed monthly including having the following actions completed:</p> <ul style="list-style-type: none"> Proper paperwork and accounting procedures will be applied when/if materials are purchased or funds used. Ensure accounts are updated and accurate. Follow-up if items are ordered, but account balance has not indicated purchase has been finalized. Keep track of receipts and purchases. 						
<p>Target Date of Completion:</p>	<ul style="list-style-type: none"> Discuss the use of remaining funds with staff by August 22nd. Use remaining funds by end of Q1 2022 						

Finding #2: School-specific written money handling procedures have not been developed.

<p>Finding:</p>	<p>The document used by the school to convey money handling procedures to staff is not sufficient. The current document consists of presentation slides from a bookkeeper training held by the BCPS Controller's Office. It does not contain all of the information needed by school staff to comply with BCPS policies and procedures related to handling money.</p>
<p>Corrective Action:</p>	<p>The principal and administrative secretary must develop school-specific money handling procedures to include all recommended elements. The SAF accountants in the Controller's Office can provide a sample template for this purpose.</p>
<p>Potential Risk(s):</p>	<p>When money handling procedures do not have the required elements, there is a potential for:</p> <ul style="list-style-type: none"> a. increased processing errors b. misstated financial reports c. fraudulent activity that could result in misappropriation of assets and loss of student funds
<p>Management Action Plan:</p>	<p>Principal will designate a time/date during teacher in-service week, to ensure ALL staff receive required training with regard to money handling procedures.</p> <p>12 month admin secretary will develop school-specific money handling procedures and provide the training using the BCPS recommended presentation and talking points.</p> <p>Money handling procedures presentation will be kept in Schoology for staff reference during the school year.</p>
<p>Target Date of Completion:</p>	<p>Principal will schedule a time during in-service week (completed by August 29) Presentation will be posted to Schoology by end of week one of school.</p> <p>School-specific money handling procedures will be developed prior to in-service week in August 2022.</p>

Finding #3: SAF expenditure documentation was not adequate.

<p>Finding:</p>	<p>Of the three SAF expenditures reviewed, none had a check voucher or supporting documentation to indicate approval for the purchase and to detail what was purchased.</p>
<p>Corrective Action:</p>	<p>The principal and administrative secretary must ensure that:</p> <ul style="list-style-type: none"> • all SAF expenditures are approved prior to purchase • approval is indicated on a BCPS check voucher • an original, itemized receipt or invoice is provided prior to the issuance of payment to the vendor
<p>Potential Risk(s):</p>	<p>When pre-approval for expenditures is not obtained and expenditure documentation is not provided or retained, there is a potential that:</p> <ol style="list-style-type: none"> a. funds may not be available to cover the liability b. the vendor assumes risk by providing goods/services without proper approvals c. unapproved or fraudulent purchases could occur d. payment to undetected fictitious vendors could occur e. expenditures are unallowable or not reimbursable
<p>Management Action Plan:</p>	<p>Principal will ensure that new 12 month admin secretary has received required training in order to effectively implement proper expenditure procedures.</p> <p>School based documentation procedures will be developed with 12 month admin secretary to ensure proper documentation of expenditures.</p>
<p>Target Date of Completion:</p>	<p>School-specific money handling procedures will be developed prior to in-service week in August 2022.</p> <p>During the time period of June 2022-August 2022, 12 month admin secretary will complete required trainings.</p>

Finding #4: SAF transfer documentation was not retained.

Finding:	<p>None of the four SAF transfer transactions selected for review were supported with a journal voucher form to indicate the reason for the transfer and the principal's approval of the transfer.</p>
Corrective Action:	<p>The principal and administrative secretary must ensure that:</p> <ul style="list-style-type: none"> • the principal reviews and approves all SAF transfers. • the journal voucher form, used to document the transfer of funds, is signed by the principal to indicate approval of the transfer. • the journal voucher form is retained in accordance with the BCPS Records Retention policy.
Potential Risk(s):	<p>When fund transfers are completed without approval or documentation, there is a potential for:</p> <ol style="list-style-type: none"> a. increased processing errors b. misstated financial reports c. fraudulent activity that could result in misappropriation of assets and loss of student funds
Management Action Plan:	<p>12 month admin secretary will meet with Principal bi-weekly to review transfers and establish procedures for approval and complete vouchers.</p>
Target Date of Completion:	<p>This corrective action will be ongoing and completed as applicable.</p>

Finding #5: Procurement card procedures were not followed.

<p>Finding:</p>	<ul style="list-style-type: none"> • None of the 10 sampled monthly packets were available for review to ensure that purchases were reconciled by the cardholder and approved by the principal. • Two of the 18 sampled transactions were not supported with documentation to detail the items purchased. Both were from W.B. Mason and totaled \$1,060.96.
<p>Corrective Action:</p>	<p>The cardholder must ensure that:</p> <ul style="list-style-type: none"> • he/she completes and reconciles his/her procurement card packet each month • the packet includes the Statement of Account Report, the Bank Memo Statement and itemized documentation for each purchase • he/she signs the Statement of Account Report to document his/her reconciliation of the purchases <p>The principal must ensure that:</p> <ul style="list-style-type: none"> • cardholders submit a monthly procurement card packet • the packet contains all required documents • all purchases are appropriate • he/she signs the Statement of Account to document his/her approval of the purchases
<p>Potential Risk(s):</p>	<p>When the use of a procurement card by employees is not managed and monitored in accordance with established procedures, there is a potential for:</p> <ol style="list-style-type: none"> a. increased processing errors b. misstated financial reports c. fraudulent activity that could result in misappropriation of assets and loss of funds
<p>Management Action Plan:</p>	<p>Principal will meet with staff for whom P-Cards responsibilities are given to explain procedures for documenting the purchasing of materials using the P Card.</p> <p>12 month admin secretary will use a folder system in which, P card documentation is collected, stored, and signed by Principal</p>
<p>Target Date of Completion:</p>	<p>This will be an ongoing corrective action. Procedures will be shared with applicable staff in August 2022.</p>

Finding #6: Procurement card activity reports were not completed for months with \$0 activity.

<p>Finding:</p>	<p>There were no signed Cardholder Activity Reports on file for any of the 13 procurement card periods where there were no purchase transactions during the period.</p>
<p>Corrective Action:</p>	<p>The cardholder must ensure that:</p> <ul style="list-style-type: none"> • he/she prints and signs the Statement of Account for each billing cycle regardless of whether the card had activity. <p>The principal must ensure that:</p> <ul style="list-style-type: none"> • the cardholder remits a signed Statement of Account report each month for review and approval.
<p>Potential Risk(s):</p>	<p>When activity reports are not provided for all months, regardless of activity, there is a potential for:</p> <ol style="list-style-type: none"> a. misstated financial reports. b. fraudulent activity that could result in misappropriation of assets and loss of funds.
<p>Management Action Plan:</p>	<p>Principal will meet with staff for whom P-Cards responsibilities are given to explain procedures for documenting non-purchasing months.</p> <p>12 month admin secretary will use a folder system in which, P card documentation is collected, stored, and signed by Principal</p>
<p>Target Date of Completion:</p>	<p>This will be an ongoing corrective action. Procedures will be shared with applicable staff in August 2022.</p>

EXHIBIT A

JOHNNYCAKE ELEMENTARY SCHOOL REPORT DISTRIBUTION LIST

Title		Location
Principal		Johnnycake Elementary School
Superintendent		BCPS
Chief Academic Officer		Division of Curriculum & Instruction
Chief of Schools		West Zone
Executive Director, Elementary School Support		West Zone
Chief Financial Officer		Division of Fiscal Services
Chief Auditor		Office of Internal Audit
Administrative Secretary		Johnnycake Elementary School