



Department of Legislative Services
Office of Legislative Audits

Financial Management Practices Performance Audit Report

Baltimore County Public Schools

Report Dated October 15, 2008



Department of Legislative Services Office of Legislative Audits

School Audits

- Audits are performed in accordance with State law, which requires OLA to audit all 24 public school systems once over a six-year period. As of January 2009, 14 reports have been issued.
- The purpose of the audits is to evaluate the effectiveness and efficiency of the school system's financial management practices in safeguarding assets and its use of financial resources.
- Audit approach consists of 11 functional areas previously approved by the Joint Audit Committee, as required by State law.
- When warranted, we used the work of other auditors to avoid duplication of effort.



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Functional Areas

The functional areas consisted of:

1. Revenue and Billing Cycle
2. Federal Funds
3. Procurement and Disbursement Cycle
4. Human Resources and Payroll
5. Inventory Control and Accountability
6. Information Technology
7. Facilities Construction, Renovation and Maintenance
8. Transportation Services
9. Food Services Operations
10. School Board Operations and Oversight
11. Other Financial Controls



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Overview

- FY 07 operating budget of \$1.2 billion, including payroll of \$895 million.
 - Enrollment of approximately 105,800 students in 158 schools.
 - Report contained 18 findings and 18 recommendations in 8 of the 11 areas reviewed.
 - Certain internal control weaknesses were noted over automated systems for procurements and payroll, credit cards and IT security.
 - Efficiency recommendations were made in the areas of facilities, human resources, and transportation.
 - Certain best practices were found to be in place in several areas, including facilities, transportation and food services.
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Key Findings – Internal Controls

Procurement and Payroll Systems – (pgs.17, 22, 23)

- Numerous employees were given capabilities on the procurement and payroll systems that were not needed to perform their job duties. Adequate compensating controls (e.g., independent reviews of transactions processed) were not established.

Purchasing Cards – (p.18)

- Duties of ordering and receiving new cards were not separated.

Information Technology –(p.32)

- BCPS needs to strengthen controls over passwords, physical access to the computer operations, computer security monitoring, and backing up of critical files.
- A formal, comprehensive disaster recovery plan was not established.



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Key Findings – Efficiency and Effectiveness

Facilities– (pgs.38, 42-44)

- BCPS should better analyze and use available alternative actions to address overcrowding in certain schools and limit construction costs.
 - The full capabilities of the automated work order system were not used to control costs and assess performance.
 - Maintenance staffing levels were not compared to peer school systems or industry staffing formulas.
 - The cost-benefit of outsourcing certain maintenance services had not been analyzed.
 - Corrections are needed to eliminate the backlog of open maintenance work orders, and to ensure work orders are completed properly and within expected timeframes.
 - Customer satisfaction survey results should be used to help resolve school maintenance deficiencies.
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Key Findings – Efficiency and Effectiveness

Human Resources– (p.24)

- Work force planning does not include non-instructional positions.

Electronic Routing Software– (p.49)

- BCPS did not use the routing software it purchased to assist in developing more efficient bus routes.



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Key Findings – Other Issues

Equipment– (p.28)

- Policies did not provide for adequate control of sensitive equipment items, such as computers and other electronics costing less than \$5,000.

Textbooks – (p.28)

- Policies did not provide for adequate accountability and redistribution of textbooks.

Public School Construction Program –(p.42)

- Change orders should be submitted timely to the State to ensure no loss of State funding.

School Board Oversight– (p.59)

- Additional financial-related goals, objectives, and performance measures should be considered for the Board's Budget and the Master Plan.