



Department of Legislative Services
Office of Legislative Audits

Financial Management Practices Performance Audit Report

Calvert County Public Schools

Report Dated July 1, 2009



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 2010, 18 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 08 operating expenditures of \$222 million, including payroll of \$172 million.
 - Enrollment of approximately 17,400 students in 24 schools.
 - Report contains 31 findings and 19 recommendations in 9 of the 11 areas reviewed.
 - Internal control problems were noted in a number of areas, such as controls over access to automated systems and payments to bus contractors.
 - Policies need to be developed or improved in certain areas.
 - Certain operational improvements should be made to improve effectiveness and efficiency.
 - Certain best practices were found to be in place in several areas such as revenue cycle, federal funds, facilities and food services.
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Key Findings – Internal Controls

Procurements and Disbursements– (p. 17)

- Numerous employees had been granted system access to perform incompatible payment functions.

Payroll – (p.22)

- Access to the payroll system was not adequately restricted and one individual who reviewed payroll adjustments could also process such adjustments.

Inventory – (p. 26)

- Controls had not been established to account for all sensitive items , such as computers.

Transportation – (p.44)

- Certain payments made to, and on behalf of, contractors were not properly documented or approved.

Food Services – (p. 52)

- Voided transactions were not reviewed or approved by managers.
 - Purchases of food supplies were frequently made without a contract and without supervisory approval.
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Key Findings – Policies

Procurement – (p.16)

- Current policies did not require contract awards made on piggybacked contracts to be reviewed by the Board.

Equipment – (p.26)

- Policies did not address recording or inventorying of sensitive equipment items.

Transportation – (p.41)

- Process and procedures for developing and changing bus routes were not fully documented.

Cash Management – (p.64)

- A policy to govern the use of long-term financing had not been developed.



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Key Findings – Other Issues

Information Technology – (p.31)

- A comprehensive disaster recovery plan had not been developed.

Facilities – (pgs.36-37)

- Performance measures were not used to assess the efficiency of operations.
- Preventive maintenance was not adequately documented.

Transportation – (pgs.43-45)

- Payments to bus contractors were based on criteria that may result in unnecessary payments of \$4.2 million.
- Performance measures were not developed and used to evaluate student transportation costs.



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Key Findings – Other Issues

Food Service – (pgs.54-55)

- A performance measurement system had not been established to assess the efficiency of the food services operation.
- Student participation in free and reduced-price meal programs was below other similarly sized school systems and national averages.

Health Care Costs – (pg.64)

- Steps should be taken to verify the propriety of health care costs, such verifying the authenticity of participants and dependents and auditing health care claims paid.