



**Department of Legislative Services
Office of Legislative Audits**

**Financial Management Practices
Performance Audit Report**

Wicomico County Public Schools

Report Dated December 8, 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.



Department of Legislative Services Office of Legislative Audits

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



Department of Legislative Services Office of Legislative Audits

Overview

- FY 07 operating budget of \$165 million, including payroll of \$112 million
 - Enrollment of approximately 14,400 students in 27 schools.
 - Report contained 21 findings and 13 recommendations in 8 of the 11 areas reviewed.
 - Revised or additional procedures to improve efficiency or effectiveness of school system operations could be implemented in several areas, particularly transportation.
 - Control weaknesses were noted in a few areas including equipment and credit cards.
 - Certain best practices were found to be in place in several areas such as procurement and payroll systems, federal funds, food services and risk management.
-



Department of Legislative Services Office of Legislative Audits

Key Findings – Transportation

Bus Contractors– (p.35-36)

- Bus contractors were paid 120 percent of the bus' cost for depreciation over the life of each bus.
- Bus contractors were also paid an annual 9.5% return on their investment in each bus without considering market interest rates.
- As a result, for the 108 buses purchased between 1997 and 2008, payments to bus contractors will be \$2.6 million higher than necessary.
- A requirement that bus contractors be county residents may violate State and Federal laws.

Electronic Routing Software– (p.35)

- WCPS did not use its routing software to assist in developing more efficient bus routes.

Cost Benefit Analysis – (p.36)

- The decision to use a contractor owned bus fleet instead of school-owned buses has not been formally reevaluated.



Department of Legislative Services Office of Legislative Audits

Key Findings – Efficiency and Effectiveness

Human Resources– (p.20)

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

Facilities and Maintenance – (pgs.31-32)

- A documented energy management plan was not developed.
- A formal documented training program for maintenance employees had not been developed.
- The full capabilities of its automated work order system were not used to control costs and assess performance.

Food Services– (p.41)

- Adopting a higher meals per labor hour goal, consistent with industry guidelines, could lead to improved efficiencies in the food service operations.



Department of Legislative Services Office of Legislative Audits

Key Findings – Other Issues

Procurement and Disbursements– (pgs.16-17)

- Contracts were not always formally approved by the Board and adequately monitored to ensure that correct prices were paid.
- Credit card disbursements frequently were not approved by supervisors.

Information Technology – (pgs.26-27)

- Certain security measures were not taken to more effectively control computer access and user privileges.
- An IT disaster recovery plan was not prepared.

Equipment – (p.24)

- Procedure are needed for conducting periodic physical inventories and reporting of lost or stolen items to improve accountability.

School Board Oversight – (pgs.45-46)

- The system's budget does not contain specific goals, objectives, and financial-related performance measures.
 - A formal ethics policy should be adopted.
-