

**Meeting of
The Board of Education of Howard County
Audit Committee**

June 11, 2008

The Audit Committee of the Board of Education of Howard County met in public on Wednesday, June 11, 2008, at 11:00 a.m., in Board Room B, located at 10910 Route 108, Ellicott City, Maryland. The following were present:

Patricia S. Gordon, Chairman, BOE Audit Committee
Ellen Flynn Giles, BOE Audit Committee

John J. Connors, Internal Auditor
Ray Brown, Chief Operating Officer
Beverly Davis, Director of Finance
Mary Klatko, Director, Food and Nutrition Services (left at 11:42 a.m.)
Arlene Conway, Recording Secretary
Florence Jackson, Recording Secretary

The meeting was called to order by Committee Chairman Patricia S. Gordon at 11:03 a.m.

On motion by Ms. Gordon and second by Mrs. Giles the agenda was approved.

On motion by Ms. Gordon and second by Mrs. Giles, the minutes of the quarterly Audit Committee meeting of March 10, 2008, were approved.

Mr. Connors provided the following recap of FY 2007 audit activities:

Status of School Audits

14 school audits were completed:

- Atholton HS
- River Hill HS
- Dunloggin MS
- Hammond MS
- Harpers Choice MS
- Lime Kiln MS

Approved – September 4, 2008

- Bellows Spring ES
- Centennial Lane ES
- Clemens Crossing ES
- Thunder Hill ES
- Cedar Lane ES
- Rockburn ES
- Ilchester ES
- Waterloo ES (report not yet finalized)

During FY 2008, school audit work also noted certain weaknesses in either policy implementation and/or program administration, which were reported to the appropriate management officials for corrective action (nepotism and RECC Program).

Mr. Brown said that a memo has been sent to principals detailing that fees collected must be used for RECC program and no other purpose.

Proposed Audit Plan for FY 2009

- 47 schools have not yet received a comprehensive internal audit.
- A comprehensive audit takes approximately 70 hours per school – Mr. Connors reports that he has found that the elementary schools appear to need more assistance than the others, and he focused his efforts towards them in the latter part of FY 2008. In FY 2009, his focus will be on schools that have had a turnover of either the Principal or school fiscal agent (principal's secretary or bookkeeper).
- There are approximately 1270 staff hours available for audit in FY 2008. Mr. Connors estimates that between 18-20 school audits can be completed.
 - A balance of schools will be selected for audit with the principal criterion being those schools that have experienced administrative/fiscal staff turnover followed by those that have experienced significant bank balance swings, inaccurate/untimely reports to Finance, and/or negative publicity or complaints.
 - Four schools are scheduled to be audited in July and August (Burleigh Manor, Clarksville, Ellicott Mills and Longfellow). The other schools that will be audited in FY 2009 because of staff turnover are: Worthington ES, Triadelphia Ridge ES, Atholton ES, Glenwood MS, and Folly Quarter MS).

Mr. Brown stated that he has reviewed the Audit Plan and concurs.

Roundtable Discussion

Mrs. Davis discussed the benefits of a new web-based software package for the school system in response to a request from the Information Technology Office. The schools have used Blue Bear activity accounting software since 2004. In order to upgrade to a higher level of functionality, the recommendation is to change to the software program called SchoolCash.NET by KEV Group, Inc. This is a web-based system requiring minimal support from our Information Technology office. There will be a roll-out meeting on June 23, 2008, at Homewood Center from 9:30 – 11:30 a.m. The Finance Department expects a smooth transition for schools.

Mr. Brown informed members of a recent cafeteria fraud at one of the elementary schools and asked Mrs. Klatko to explain the details.

Mrs. Klatko explained that the cafeteria manager admitted to stealing \$110.25 by tampering with the roster list of the Free and Reduced Meal (FARM) list. She has since been terminated. Mrs. Klatko said it was difficult to be able to determine if this has been a long-term situation. Cafeteria managers are now being trained on proper use of the roster.

Mr. Brown suggested periodically performing a random sample of school's rosters. Mrs. Davis added that the sheets could be signed, dated, and amount noted. If there were copying of the form, it would be obvious.

Mr. Brown said a performance audit function is being developed focusing on the financial aspect of the school system. He also added that outside auditors will be coming to the school system for a six-month period starting in July 2008.

Adjournment: Mrs. Giles moved to adjourn the meeting at 11:52 a.m. The motion was seconded by Ms. Gordon and approved 2-0.