



MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

Richard P. Henry
Inspector General

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December 18, 2024

MEMORANDUM

VIA EMAIL: mbedell@aacps.org

Dr. Mark T Bedell, Ed.D.
Superintendent of Schools
Anne Arundel County Public Schools
2644 Riva Road
Annapolis, MD 21401

RE: OIGE Case 23-0003-A
Management and Oversight of the Concentration of Poverty Grant

The Maryland Office of the Inspector General for Education (OIGE) conducted an investigative audit of Anne Arundel County Public Schools System (AACPS) Management and Oversight of the Concentration of Poverty Grant (CoP) for July 1, 2019, through January 31, 2022. The investigative audit results are included in the attached final report.

The OIGE shared a draft report with AACPS on November 6, 2024. On December 2, 2024, the Chief Financial Officer provided a response to an area for improvement. The final response is included in Appendix A of this report and indicates AACPS's partial concurrence with the recommendation. The response indicated a commitment to improving controls to prevent fraud, waste, and abuse of CoP grant funds.

The OIGE would like to thank the AACPS staff for their support and understanding throughout the investigative audit process. If you have any additional questions or concerns, please contact Ms. Georgia Conroy, Supervisory Inspector General for Investigative Audits, at (443) 721-6234 or by email at georgia.conroy@maryland.gov.

Respectfully,

Richard P. Henry
Inspector General

100 COMMUNITY PLACE, CROWNSVILLE, MARYLAND 21032

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cc: Mr. Robert A. Silkworth, President - Board of Education of Anne Arundel County
Dr. Joshua L. Michael, Ph.D., President - Maryland State Board of Education
Dr. Carey M. Wright, Ed.D., State Superintendent of Schools, Maryland State
Department of Education
Ms. Georgia Conroy – Supervisory Inspector General, Office of Investigative Audits

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**Office of the
Inspector General
for Education
State of Maryland**

Richard P. Henry
Inspector General

Investigative Audit 23-0003-A

**Anne Arundel County Public
Schools**

**Management and Oversight
of the Concentration of
Poverty Grant**

Final Report
December 18, 2024

Executive Summary

Investigative Audit of Anne Arundel County Public Schools Concentration of Poverty Funds Management

Objectives:

To determine whether grant funds are being effectively and efficiently managed and to evaluate whether internal controls have been established at Anne Arundel County Public Schools (AACPS) to prevent fraud, waste, and abuse of grant funds.

Scope:

Expenditures using Concentration of Poverty (CoP) funding from July 1, 2019, through January 31, 2023

Recommendations and Response:

The report contains observations and recommendations to assist the AACPS in improving grant management. AACPS will provide responses to the recommendations.

Results in Brief:

Our review found no instances of non-compliance with Blueprint legislation.

OIGE identified one area for improvement for reducing the opportunity for fraud, waste, and abuse of grant funds.



Investigative Audit of Anne Arundel County Public Schools Concentration of Poverty Funds Management

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Investigative Audit of Anne Arundel County Public Schools Concentration of Poverty Funds Management

Investigative Audit Background

In November 2022, the Office of the Inspector General for Education (OIGE) received a complaint alleging that a Community School Manager potentially mismanaged funds budgeted for a Concentration of Poverty (CoP) eligible school, a component of the Blueprint for Maryland's Future (Blueprint). Additionally, the January 2023 Office of Legislative Audits (OLA) Report on the Maryland State Department of Education (MSDE) included a finding that MSDE has not established effective methods to ensure that Local Education Agencies (LEAs) were using Blueprint funds appropriately.

After reviewing publicly available information on the Blueprint components, the OIGE determined that a statewide investigative audit, including eight LEAs, would address the possible risk of CoP fund mismanagement. OIGE would conduct individual investigative audits concurrently for each LEA's processes regarding CoP fund management and an investigative audit report for MSDE, totaling nine investigative audit reports.

On or about February 6, 2024, the first of these reports, Investigative Audit 23-0001-A on MSDE's Management and Oversight of the Concentration of Poverty Grant, was issued. It contained four findings and seven recommendations. In the report, the OIGE noted a lack of policies and procedures from MSDE that govern how CoP funds could be expended, resulting in more than \$12.3 million in unused CoP grant funds for Fiscal Years (FY) 2020 through 2022 by the eight LEAs in scope. Additionally, the report noted that LEAs were not provided with adequate and consistent training by MSDE and, therefore, procured their own training, often using CoP funds. Finally, the report found LEAs were not provided with information on the handling of funds that were distributed but not spent during the grant period, resulting in approximately \$1 million in unspent funds being returned to MSDE by the LEAs.

In response to this report, MSDE concurred with the recommendations to create and disseminate policies and procedures to LEAs governing CoP grant management. In March 2024, MSDE sent all LEA Superintendents CoP spending guidance and offered spending guidance webinars. Relevant to the MSDE report and the CoP grant, the 2024 Legislative Session passed SB161/HB200 requiring the Community School Coordinators (CSCs) to submit detailed annual evaluations to MSDE and the State of Maryland, Accountability & Implementation Board (AIB) on the use of funding, students impacted, and strategies employed. These reports are to be made publicly available.

Concurrent to Investigative Audit 23-0001-A, this Investigative Audit report (23-0003-A) details the AACPS CoP grant fund management.

Investigative Audit of Anne Arundel County Public Schools Concentration of Poverty Funds Management

Objectives

The objectives of the investigative audit are to determine whether:

- 1) CoP grant funds are being effectively spent and managed to determine risk and
- 2) Internal controls have been established to prevent fraud, waste, and abuse of CoP grant funds.

Scope

The investigative audit's scope included expenditures made by AACPS using CoP funding from July 1, 2019, through January 31, 2023. AACPS was selected as an LEA with fewer than 40 community schools overall and received CoP grant funds for at least three years.

The following nine AACPS community schools were included in this investigative audit:

School Name	First Year of CoP
Belle Grove Elementary School	2021
Eastport Elementary School	2021
Georgetown East Elementary School	2021
Hilltop Elementary School	2021
Mary Moss at J. Albert Adams Academy	2021
Walter S. Mills-Parole Elementary School	2020
Park Elementary School	2021
Tyler Heights Elementary School	2020
Van Bokkelen Elementary School	2021

Methodology

To accomplish the objectives, the OIGE reviewed all relevant AACPS policies and procedures governing grant management and reviewed submitted CoP program forms and reports, including fund allocation, staffing, expenditure patterns, and the impact of CoP funds on supporting educational initiatives and addressing community needs from AACPS to MSDE and the State of Maryland's AIB.

The OIGE also interviewed key personnel at AACPS Central Offices, MSDE, and the AIB to determine their understanding of the processes associated with the distribution and spending of CoP funds.

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In addition, the OIGE selected a judgmental sample of forty CoP expenditures totaling \$213,134 across the three years in scope and reviewed AACPS' supporting documentation for program approval and justification of these expenses.

Related OIGE Reports

As noted above, in addition to this investigative audit report and the MSDE investigative audit report, the OIGE conducted the following seven investigative audits concurrently:

- Allegany County Public Schools (23-0002-A)
- Baltimore County Public Schools (23-0004-A)
- Dorchester County Public Schools (23-0005-A)
- Montgomery County Public Schools (23-0006-A)
- Somerset County Public Schools (23-0007-A)
- Washington County Public Schools (23-0008-A)
- Wicomico County Public Schools (23-0009-A)

Blueprint and Community Schools Legislation

In 2019, MD Code, Education §5-219 established a CoP grant program in Maryland to provide additional resources, support, and services for children attending Maryland schools. This grant focused on students living in communities with high poverty and crime rates and lack access to adequate health care and social services. The resources for these support services would be provided at the school and community levels. This bill defined a community school as,

a public school that establishes a set of strategic partnerships between the school and other community resources that promote student achievement, positive learning conditions, and the well-being of students, families, and the community by providing wraparound services.

The principal purpose of the Blueprint is to enrich student experiences, accelerate student outcomes, and improve the quality of education in Maryland. The Blueprint encompasses five pillars, each including key initiatives aimed at transforming the quality of education in Maryland and narrowing opportunity and achievement gaps.

The CoP grant is included in Pillar Four of the Blueprint, titled "More Resources for Students to be Successful." This pillar focuses on strengthening wraparound services, noted below, through the expansion of community schools, establishing the Maryland Consortium on Coordinated Community Supports, targeting support for students and families based on differentiated needs, establishing a workgroup on multilingual learners, and developing a funding formula based on a new measure of concentration of poverty.

The CoP grant consists of two funding categories: personnel grants and per-pupil grants.

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Personnel Grant:

The personnel grant is the first portion of the CoP grant awarded to LEAs. It is a fixed amount of funding per eligible community school to hire a CSC and professional Healthcare Practitioner (HP). After filling these positions, an eligible school may use the remaining grant funds towards wraparound services, as noted below.

Per-pupil Grant:

The per-pupil grant is the second portion of the CoP grant awarded to LEAs. It is calculated based on the number of students living in poverty attending eligible community schools. CoP grant funds were awarded to eligible schools, with 80% or more students receiving free or reduced meals. In FY 2023, this percentage was reduced by 5%. It will continue until it reaches 55% in FY 2027, essentially easing the eligibility requirement to become a community school and allowing more schools to qualify for CoP funds.

These per-pupil CoP grant funds are to be used for a wide range of wraparound services, defined in the Blueprint as:

- (1) Extended learning time, including before and after school, weekends, summer school, and an extended school year.
- (2) Safe transportation to and from school and off-site apprenticeship programs.
- (3) Vision and dental care services.
- (4) Establishing or expanding school-based health center services.
- (5) Additional social workers, mentors, counselors, psychologists, and restorative practice coaches.
- (6) Enhancing physical wellness, including providing healthy food for in-school and out-of-school time and linkages to community providers.
- (7) Enhancing behavioral health services, including access to mental health practitioners, and providing professional development to school staff to provide trauma-informed interventions.
- (8) Providing family and community engagement and support, including informing parents of academic course offerings, language classes, workforce development training, opportunities for children, and available social services, as well as educating families on how to monitor a child's learning.
- (9) Establishing and enhancing linkages to Judy Centers and other early education programs that feed into the school.
- (10) Enhancing student enrichment experiences, including educational field trips, partnerships, and programs with museums, arts organizations, and cultural institutions.
- (11) Improving student attendance.
- (12) Improving the learning environment at the school; and

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(13) Any professional development for teachers and school staff to quickly identify students who are in need of these resources.

According to MD Code, Education §9.9-104¹, the CSC shall be responsible for completing an assessment of the needs (needs assessment) of the students in the school for appropriate wraparound services to enhance their success. The needs assessment shall:

- (i) Be completed in collaboration with:
 - 1. The principal;
 - 2. A school health care practitioner; and
 - 3. A parent teacher organization or a school council;
- (ii) Include an assessment of the physical, behavioral, and mental health needs and wraparound service needs of students, their families, and their communities; and
- (iii) Be submitted to the Department (MSDE) and the local school system within one year of receiving a personnel grant under § 5-223 of this article or within one year of becoming a community school.

Additionally, the CSC is responsible for developing an implementation plan based on the needs assessment for the community school in cooperation with other interested stakeholders. The implementation plan² shall include:

- 3(i) A strategy for providing wraparound services to address the needs of the students, their families, and their communities, building on and strengthening community resources near the school;
 - (ii) Inclusion, if possible and practicable, of community partners in geographic proximity to the school that can assist in meeting the needs identified in the assessment;
 - (iii) Ensure that time is made available to train staff on the supports available, the need for the supports, and how to engage with the community schools coordinator to access these supports; and
 - (iv) Develop strategies to maximize external non-State or non-local education funding.
- (4)(i) The implementation plan shall be submitted to the local school system for approval within one year of completion of the needs assessment.
- (ii) After the implementation plan is approved by the local school system, it shall be submitted to the Department (MSDE).

¹ 2022 Maryland Statutes Education, Division II - Elementary and Secondary Education, Title 9.9 - Community Schools, Section 9.9-104 - Community School Coordinator

² Ibid b(3)

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CoP funding is disbursed from MSDE to the LEA and not directly to the community schools. The LEAs spend the CoP funds on the local community schools for either personnel or wraparound services, as noted above. According to the Blueprint, if the LEA has at least 40 eligible community schools³, referred to as the "40 threshold," the LEA board may pool up to half of the CoP funds and administer them centrally. This allows for the spending of CoP funds at the district level as long as a plan was developed in consultation with eligible schools. Prior to FY 2023, only Baltimore City Public Schools and Prince George's County Public Schools met the 40 threshold.

The Blueprint further notes that an eligible community school that received outside funding (e.g., from the local health department) for a local school nurse, school health services, or community school services in FY 2021 must receive at least the same level of resources in FY 2022 to safeguard those funds.

Funding

Following Blueprint's initial legislative approval, funding was delayed due to a veto by the Governor. In anticipation of the legislation going into effect, MSDE allocated start-up funding to the LEAs to establish the Blueprint's policy framework, including funding for the CoP personnel grant. Funding was initially provided to LEAs in the form of restricted grants⁴ with LEAs requesting monthly reimbursements from MSDE for incurred expenditures. Beginning in FY 2023, the legislature changed the methodology by which payment of state education funds was distributed to the LEAs. This change made the definition of state funds more inclusive, incorporating CoP funds, which became unrestricted funds⁵. Contemporaneously, MSDE began distributing CoP funding as automatic bi-monthly unrestricted payments.

According to MSDE figures, from 2019 to 2024, MSDE allocated \$649 million in CoP grant funds alone to eligible LEAs, as shown in Exhibit A:

³ As of 2023, only three LEAs have over 40 schools.

⁴ Restricted grants in education are funds designated by the State to be utilized only for specific purposes. The purpose and the time to use the funds are determined by the State, giving them assurance funds are being used per program guidelines. Grant funds are reimbursed on incurred costs.

⁵ Unrestricted grants are funds provided to an LEA and may be used for any purpose so long as it meets the objectives outlined in the grants governing document. Unrestricted grant funds may generate a fund balance for current expenses, and the funds allocated to the LEA are no longer required to be placed in a restricted account.

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Exhibit A: MSDE CoP grant funds allocated to LEAs

	Personnel Grant	Per-Pupil Grant	Total CoP
2019-2020	\$51 million	N/A	\$51 million
2020-2021	\$65 million	N/A	\$65 million
2021-2022	\$75 million	\$42 million	\$117 million
2022-2023	\$92 million	\$97 million	\$189 million
2023-2024	\$124 million	\$103 million	\$227 million
Total			\$649 million

Note: MSDE – FY 24 State Aid Calculation

The Blueprint was expected to increase annual education funding by an estimated \$3.8 billion over the next ten years. The State and Local governments will share this funding increase based on requirements in the legislation reflecting the needs and demographics of the county or city.

As of October 2023, CoP grants were provided to 454 community schools throughout Maryland, a twenty-seven percent increase from the 358 community schools in 2022.

MSDE CoP Funding Process and Key Requirements

MSDE Requirements:

MSDE issues a Notice of Grant Award (NOGA) to LEAs, documenting the details of the award, including the total amount awarded and the grant period. Within the NOGA are two separate fields in which MSDE notifies an LEA that an Annual Financial Report (AFR) is required.

The overall conditions and requirements of the NOGA are acknowledged, signed, and dated by 1) an MSDE Program Representative, 2) an MSDE Financial Representative, 3) an MSDE Assistant Superintendent/Office Head, and 4) the MSDE Accounting Office.

LEA Requirements:

To receive restricted grant funds, LEAs must report budget information for any grant using the MSDE Grant Budget C-1-25 Form at the beginning of the grant period. Both the LEA Superintendent and the LEA Finance Officer approve the C-1-25. The C-1-25 must show the budgeted expenditures for the CoP personnel and per-pupil grants for the upcoming school year.

According to the MSDE Financial Reporting Manual for Maryland Public Schools, Appendix A, the LEA populates the AFR with fiscal year's financial data to be reported to MSDE for all restricted grants. The AFR includes critical summary information and denotes the LEA's Approved Budget, Total Expenditures (amount spent by the LEA), Cash to Date (funds received by the LEA), Amount Unused (the difference in Approved

Investigative Audit of Anne Arundel County Public Schools Concentration of Poverty Funds Management

Budget and Total Expenditures), and Amount Due to MSDE or to the LEA (the amount that a LEA owes back to MSDE or the additional amount that MSDE owes the LEA upon finalization). See Exhibit B below for an example of the AFR header. The AFR further provides annual financial breakdowns of how grant amounts were spent and submitted to MSDE. MSDE uses the information contained in the final AFR to reconcile each LEA grant balance.

Exhibit B: AFR Example

Grant:	<input type="text"/>	Cumulative Expenditures	PCA/Fund Source
<input type="text"/>	<input type="text"/>	Local ID	<input type="text"/>
		Grant Period	Jul 1, 2020 Jun 30, 2021
Summary Information:		Expenditures by Recipient	
Approved Budget:	<input type="text"/>	Total Expenditures:	<input type="text"/>
Cash To Date:	<input type="text"/>	Encumbrances:	
Amt. Unused	0	Received Date:	Sep 21, 2021 9:29:23 AM
Check Amount:	<input type="text"/>	Type of Report:	F
Check Number	<input type="text"/>		
Amt Due MSDE/LEA	0		
Federal Administration		Non Federal Administration	Maintenance
			Local Contributions
Account Code	Grant Detail Description		Detail Amount
<input type="text"/>	CE-Rev-State- Concentration of Poverty Grant		<input type="text"/>

The NOGAs issued for FYs 2020 through 2022 for CoP grants required an AFR for both CoP grants (personnel and per-pupil). As the CoP grant funding process shifted from restricted to unrestricted in FY 2023, MSDE no longer required AFRs for CoP grants, which eased the funding process.

LEAs now receive CoP funds as part of their state share of MSDE’s foundation program in their automatic bi-monthly installment⁶.

Anne Arundel County Public Schools

Anne Arundel County is centrally located in Maryland and the site of the state capital of Annapolis. It has more than 570,000 residents and is close to Baltimore and Washington, D.C. It is the fourth largest school system in Maryland, with an enrollment of 82,657 students and 126 schools in 2021-2022. It has fifty-five preschools, eighty-six elementary schools, twenty-eight middle schools, and eighteen high schools. Of the 126 schools at AACPS, twelve have been designated as community schools in the school year 2022 to 2023. From FY 2020 to FY 2022, MSDE allocated approximately \$6 million in CoP funds

⁶ According to Maryland Code for Education Section 5-201, the foundation program refers to the product of the annual per pupil foundation amount and a county’s enrollment count.

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to AACPS. Exhibit C below shows the breakdown of CoP funds that MSDE allocated to AACPS.

Exhibit C: MSDE CoP grant funds allocated to AACPS

Grant Type	Fiscal Year	Funds Allocated
Personnel	2020	497,666
	2021	2,239,497
	2022	2,985,996
Subtotal		\$5,723,159
Per Pupil	2022	331,494
Total		\$6,054,653

The OIGE met with AACPS staff responsible for managing the CoP programs, including the Chief Financial Officer (CFO), the Director of Community and School Programming, the Lead Accountant in Finance, the Budget Specialist in Community and School Programming, and the Supervisor of Purchasing to discuss the overall management of the expenses associated with the CoP Personnel and Per Pupil Grants.

AACPS established guidelines similar to those developed for following federal Title I for Blueprint and pillar planning. CSCs collaborated with local school board members and the Director of Community and School Programming to concentrate on Title I initiatives, desired outcomes, and strategies for leveraging resources to effect meaningful change in the community.

Observations

Use of CoP Personnel Grant - Required Positions Expenses:

The OIGE found that AACPS demonstrated proper spending of CoP personnel grant funds. These grant funds were used to fill the nine CSC positions at the community schools in scope by FY 2021, as required by Blueprint. CoP grant funds were also used to supplement, not supplant or replace, existing funding for the required Blueprint HP positions or school-day nurses. Prior to CoP grant funding, AACPS used school-day nurses from Anne Arundel County Health Department, with the County paying for nursing coverage for four hours per day. AACPS used the CoP personnel grant funds to pay for the additional five hours for school-day nurses and during summer hours. AACPS employed school psychologists on a part-time basis prior to the CoP grant, paying the salaries with general funds. After the CoP grant, CoP personnel grant funds were combined with general funds to attain full-time positions for school psychologists.

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In July 2022, AACPS hired a district-level Budget Support Specialist to address the administrative demands of the growing CoP program. As AACPS fell below the “40-threshold,” noted on page 7, and was therefore not eligible to pool CoP funds to pay for the central administrative duties, general funds were used to fund this added position.

Use of CoP Per-Pupil Grant – Wraparound Services Expenses:

AACPS demonstrated proper spending of CoP per-pupil grant funds by implementing existing procurement protocols for the CoP grant expenditures. Historically, school principals approved purchase cards, contracts, and master agreement expenses. In the Fall of 2021, after the first few months of the CoP grant allocation, the programmatic staff for the CoP grant began reviewing and approving procurement card CoP-related expenses greater than \$250.

CoP per-pupil grant funds, combined with any remaining personnel grant funds, were used for identified wraparound services to support various initiatives to address community needs and enhance student experiences. CoP funds were used to address family and community engagement in English for Speakers of Other Languages (ESOL) communities at the Tyler Heights Elementary School by offering basic computer skills classes with a local community college.

As part of the supported activities, each school was able to benefit from a Social Worker, providing students in need of intensive counseling and therapeutic and family intervention services to reduce barriers to learning. Select CoP schools were able to staff positions for counseling, behavioral support, and teacher assistants where needed. The OIGE found that expenditures were aligned with priorities, such as Family and Community Engagement, enhancing student enrichment experiences, and improving student attendance, with the goal of contributing positively to educational outcomes.

To confirm that AACPS followed the established procurement protocols, the OIGE reviewed a judgmental sample of forty CoP expenditures totaling \$213,134 across the three years in scope. Testing included a review of supporting documentation of each expenditure to ascertain program approval and justification of these expenses. Overall, the OIGE found that the forty reviewed expenses complied with Blueprint and were acceptable use of wraparound services, further supported by the March 2024 MSDE spending guidance sent to Superintendents, noted above. The OIGE found some unique examples of justified CoP expenses spent on wraparound services in alignment with AACPS’ needs assessments and implementation plan, such as:

- Audio visual equipment and a motorized gym divider curtain for family and community engagements;

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- Sensory room items for enhancing behavioral health services and improving the learning environment;
- Tennis summer program for extended learning time;
- Playground fence at a community school and homeschool supply packs for improving the learning environment and enhancing physical wellness;
- Classroom instructional materials, such as books, bookworm vending machine wrap, childcare services for music production, STEM consultants, and classroom furniture for enhancing student enrichment experiences; and
- Field trip expenses, including, but not limited to, Six Flags and Mission Escape Room, for student positive behavior interventions and support (PBIS) incentives.

Additionally, the OIGE found that the expenditures were approved in accordance with AACPS' policies and procedures and in a timely manner.

AACPS established inventory control procedures such that items valued at more than \$5,000 were tagged. If items were sent directly to a community school, a tag was sent to that school for labeling. Items less than \$5,000 that are deemed sensitive, meaning items prone to theft, received a special budget code. Sensitive items⁷ were flagged in the inventory system with the corresponding school and classroom location. The property control process regarding sensitive items was shared with the coordinators. Items were not typically swapped between local schools, but a transfer form would need to be completed if necessary.

Through testing, the OIGE noted that the CoP-purchased items were appropriately tagged and/or logged according to AACPS procedures. OIGE noted a purchase of audio-visual equipment totaling \$2,000, which was not added as inventory and entered in the fixed asset system as it fell below \$5,000, in compliance with policies or procedures. A revised procedure, titled AACPS Supplies, Sensitive Items, & Equipment Memo for FY 2025, dated on or about May 8, 2024, indicated audio video equipment is deemed

⁷ According to the Maryland Department of General Services, Inventory Control Manual, effective July 1, 2023, sensitive items are capital or non-capital equipment items, such as all computer equipment, but not limited to, laptops, notebooks computers, palm pilots, recording devices, portable tools, hand radios, cameras, and the like that are prone to theft and concealable in a handbag or briefcase. Equipment items that are too large for concealment, such as typewriters, projectors, chain saws and the like, shall be considered sensitive items. DGS capital equipment inventory system includes a threshold for sensitive items at \$250, requiring these items to be label/tag and subject to an annual physical inventory (pages 16-17).

Although AACPS is not required to follow DGS guidance, OIGE is using this Inventory Control Manual for a general definition of sensitive items.

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sensitive and should be added to AACPS inventory and entered into the fixed asset system.

Additionally, the March 2024 MSDE spending guidance included the need to ensure that technology purchased to improve the school's learning environment was “labeled” with “Property of Community Schools.”

Recommendation #1

During the timeframe in scope for the audit, AACPS complied with its existing inventory control policies and procedures. In alignment with the recent MSDE CoP spending guidance and the established State of Maryland DGS’ guidance on tagging, AACPS should update their inventory controls to reflect a lower dollar amount threshold for sensitive items purchased with CoP funds, such as audio-visual equipment, projectors, amplifiers, musical materials, and MP3 player(s), as they are prone to theft and potentially concealable. These types of equipment/technology should also be tracked using the asset system and labeled “Property of Community Schools.” Further, these items should be subject to bi-annual physical inventory. Updating policies and procedures with these measures will ensure AACPS inventory control is in alignment with existing guidance.

AACPS should also review previously purchased items that were not maintained as inventory but would be considered so according to the AACPS Supplies, Sensitive Items, & Equipment Memo for FY 2025.

Unused CoP Funds:

The OIGE’s review of CoP personnel grant funds used to hire critical program personnel found nearly \$5.7 million allocated to the AACPS in scope from FY 2020 to FY 2022. Approximately \$750,846, or thirteen percent, went unused. See Exhibit D below for details:

Exhibit D: Personnel Grant Data by Participating Fiscal Years 2020 through 2022

Personnel Grants	Fiscal Year	Total CoP Funds Allocated	Total Amount of CoP Funds Spent (Used)	Total Amount of CoP Funds Remaining (Unused)	% Unused
Anne Arundel	2020	497,666	497,666	-	-
	2021	2,239,497	1,876,926	362,570	16%
	2022	2,985,996	2,597,721	388,275	13%
Total		\$5,723,159	\$4,972,313	\$750,846	13%

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The OIGE’s review of CoP per-pupil grant funds found that approximately \$331,494 was allocated to AACPS in FY 2022, and approximately \$186,553, or fifty-six percent, went unused during the grant period. See Exhibit E below for details:

Exhibit E: Per-Pupil Grant Data for FY 2022

Per-Pupil Grant FY2022	Total CoP Funds Allocated	Total Amount of CoP Funds Spent (Used)	Total Amount of CoP Funds Remaining (Unused)	% Unused
Anne Arundel	331,494	144,941	186,553	56%

The start of the CoP program coincided with the onset of the COVID-19 pandemic, and AACPS encountered several challenges in hiring staff. AACPS staff advised that once schools were shut down, staff were prohibited from working on-site, and purchasing/billing cycles fluctuated. Nurses were conducting county-level work, such as contract tracing, and were not allowed into school buildings. The Health Department did not bill AACPS for the work nurses performed until the following year, which resulted in an inaccurate representation of spending for FY 2021. There were numerous staff members on unpaid medical leave for a considerable amount of time, which also contributed to an inaccurate representation of spending. The culmination of these issues, coupled with hiring problems, led to a lack of spending and left AACPS staff contending for appropriate ways to spend the CoP grant money, as they did not want to spend money simply because it was available.

AACPS staff felt they received inconsistent messaging from MSDE staff regarding handling unspent grant funds. At first, MSDE staff informed LEAs that CoP grant funds would carry over, which initially occurred but abruptly stopped. Further, the constant turnover of staff at MSDE made it difficult to obtain clear guidance about spending CoP grant funds. These issues led to the potential for additional unused funds, as noted above in Exhibit D and Exhibit E. AACPS staff strived to effectively manage and plan for the unforeseen challenges ahead through prudent financial management to maximize the impact of available resources.

As noted in the background, the CoP grant funding process shifted from restricted to unrestricted in FY 2023; see footnotes 4 and 5 on page 7 after the investigative audit commenced. LEAs now receive CoP funds as part of their state share of MSDE’s foundation program in their automatic bi-monthly installment, and the LEA holds these

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funds. Therefore, any unused funds at the end of the fiscal year will, in fact, remain at the LEA.

The OIGE found that LEAs and MSDE had varying responses to addressing the \$1 million in unused program funds provided to LEAs, as highlighted in Investigative Audit 23-0001-A Finding 4: Returned CoP Funds. In response to the report, MSDE issued the following guidance in their March 2024 report to LEAs regarding unused CoP funds:

*Community school leaders are advised to utilize all the allocated concentration of poverty grants funds within each fiscal year. If there are any remaining funds, the local education agency must keep the unused personnel grant funds in a restricted account. These funds will be carried over to the next fiscal year and will be available to the designated community school for **wraparound services**...Similarly, any unused per-pupil grant funds will be kept in a restricted account and will remain available to the designated school to provide wraparound services for students and families within their community. Therefore, any unused concentration of poverty funds will not be returned to MSDE but will remain with the local education agency.*

MSDE spending guidance does not require any disclosure of unused CoP funds to State or Local governments by LEAs. According to COMAR 13.A.02.01.02, “the annual school budget shall be submitted by the local board of education to the board of county commissioners or county council or the city council according to the form and procedures adopted by the State Board of Education and set forth in the “Financial Reporting Manual for Maryland Public Schools Revised 2009,” which is incorporated by reference.” The Financial Reporting Manual further clarifies that fund balances (beginning and ending) are required for all funds for complete reporting. However, there is no requirement for the balance of individual funds to be reported individually, which is typically reported in aggregate with other unrestricted funds.

AACPS is currently reporting CoP carry-over funds in their annual financial statements, both in total with other restricted funds and as a specific fund balance with the remaining carry-over CoP funds spent in two years. As Local governments continue to share funding responsibility for Blueprint, AACPS should clearly indicate to the county funding authority the amount of unused CoP funds included in subsequent budgets. This information will ensure transparency and allow the Local government to monitor unspent allocated funds.

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APPENDIX "A"

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MARYLAND OFFICE OF THE INSPECTOR GENERAL FOR EDUCATION

Investigative Audit Recommendation Response Form

Investigative Audit Number: 23-0003-A

Investigative Audit Title: Anne Arundel County Public Schools (AACPS) Management and Oversight of the Concentration of Poverty Grant

Recommendation 1: During the timeframe in scope for the audit, AACPS complied with their existing inventory control policies and procedures. In alignment with the recent MSDE CoP spending guidance and the established State of Maryland DGS' guidance on tagging, AACPS should update their inventory controls to reflect a lower dollar amount threshold for sensitive items purchased with CoP funds, such as audio-visual equipment, projectors, amplifiers, musical materials, and MP3 player(s), as they are prone to theft and potentially concealable. These types of equipment/technology should also be tracked using the asset system and labeled "Property of Community Schools." Further, these items should be subject to bi-annual physical inventory. Updating policies and procedures with these measures will ensure AACPS inventory control are in alignment with existing guidance.

AACPS should also review previously purchased items that were not maintained as inventory but would be considered so according to the AACPS Supplies, Sensitive Items, & Equipment Memo for FY 2025.

AACPS Response:

Opinion (Concur/Non-Concur)	Correction Action Plan (Provide Narrative Response*)	Current Status of Corrective Action (Implemented/Partially Implemented/Not Yet Implemented)	Estimated Date of Full Implementation of Corrective Action
Concur in part	<p>Although Anne Arundel County Public Schools (AACPS) appreciates the reasoning for the auditor’s recommendation, AACPS will not be altering its current processes.</p> <p>Reducing the threshold to a lower limit as suggested by the Office of the Inspector General for Education (OIGE) would create an additional burden on staff without producing measurable results.</p> <p>(AACPS) has a robust Property Control and Inventory Tracking system in place that minimizes, to the greatest extent possible, any chance for fraud, waste, and abuse. AACPS’ established threshold for Supplies, Equipment, and Sensitive Items have been in place for 15+ years, and has been accepted as adequate by numerous audits in the past. Related documentation is updated annually and is made available to all staff.</p> <p>AACPS currently conducts a bi-annual inventory for inventoriable items. In addition, all technology devices are inventoried annually by school-based staff.</p> <p>However, per the OIGE recommendation, items purchased with ‘Community School’ funds that meet AACPS’ current thresholds for inventory tracking</p>	Not Yet Implemented – AACPS’s believes its current controls, policies, and practices are sufficient to minimize fraud, waste, and abuse. Will update asset tags to reflect “Property of Community Schools” effective July 1, 2025.	N/A

	purposes will be denoted as “Property of Community Schools” in the inventory control systems.		
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*If applicable, please include attachments that may provide better context regarding planned corrective actions.