



MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

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August 26, 2025

VIA EMAIL (thomas_w_taylor@mcpsmd.org)

Dr. Thomas W. Taylor, Ed.D., M.B.A.

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Montgomery County Public Schools

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Rockville, Maryland 20850

RE: OIGE Case 23-0006-A

Management and Oversight of the Concentration of Poverty Grant

The Maryland Office of the Inspector General for Education (OIGE) performed an investigative audit of Montgomery County Public Schools (MCPS) regarding the management and oversight of the Concentration of Poverty (CoP) Grant from July 1, 2019, through January 31, 2022. The audit findings are included in the attached final report.

The OIGE shared a draft report with MCPS on July 31, 2025. On August 22, 2025, the Controller responded to the recommendations and areas for improvement. The final responses are included in Appendix A of this report and show MCPS's agreement with the recommendations. The response also demonstrates MCPS's commitment to strengthening controls to prevent fraud, waste, and abuse of CoP grant funds.

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

Respectfully,

A handwritten signature in black ink, appearing to read 'Richard P. Henry'.

Richard P. Henry
Inspector General

cc: Ms. Julie Yang, President - MCPS, President - Board of Education
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. Megan Davey Limarzi, Esq., Inspector General for Montgomery County, Maryland
Ms. Georgia Conroy, Supervisory Inspector General, Office of Investigative Audits



Office of the Inspector General for Education

State of Maryland

Richard P. Henry

Inspector General

Investigative Audit 23-0006-A

**Montgomery County Public
Schools**

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

August 26, 2025

Executive Summary

Investigative Audit of Montgomery 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 Montgomery County Public Schools (MCPS) 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 MCPS in improving grant management. Responses to the recommendations will be provided by MCPS.

Results in Brief:

The OIGE's review found no instances of non-compliance with the Blueprint for Maryland's Future legislation.

The OIGE did identify areas of improvement to reduce the opportunity for fraud, waste, and abuse of grant funds.

Investigative Audit of Montgomery County Public Schools Concentration of Poverty Funds Management

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Investigative Audit of Montgomery 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, not affiliated with MCPS, 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 of 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 governing the expenditure of CoP funds, resulting in more than \$12.3 million in unused CoP grant funds for Fiscal Years (FY) 2020 through FY 2022 among the eight LEAs in scope. Additionally, the report noted that LEAs were not provided with adequate and consistent training by MSDE; therefore, they 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 governing CoP grant management to LEAs. 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, which requires Community School Coordinators (CSCs) to submit detailed annual evaluations to MSDE and the State of Maryland Accountability and Implementation Board (AIB) on the use of funding, the number of students impacted, and the strategies employed. These reports are to be made publicly available.

Concurrent to Investigative Audit 23-0001-A, this Investigative Audit report (23-0006-A) details the MCPS CoP grant fund management.

Investigative Audit of Montgomery 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 MCPS using CoP funding from July 1, 2019, through January 31, 2023. MCPS was selected as an LEA with fewer than 40 community schools overall and received CoP grant funds for a minimum of three years.

The following sixteen MCPS community schools were included in this investigative audit:

School Name	First Year of CoP
Arcola Elementary School	2021
JoAnn Leleck Elementary School at Broad Acres	2020
Gaithersburg Elementary School	2020
Georgian Forest Elementary School	2021
Harmony Hills Elementary School	2020
Highland Elementary School	2020
Jackson Road Elementary School	2021
Kemp Mill Elementary School	2021
New Hampshire Estates Elementary School	2020
Sargent Shriver Elementary School	2020
Rolling Terrace Elementary School	2021
South Lake Elementary School	2020
Summit Hall Elementary School	2021
Watkins Mill Elementary School	2021
Weller Road Elementary School	2021
Wheaton Woods Elementary School	2020

Methodology

To accomplish the objectives, the OIGE reviewed all relevant MCPS policies and procedures governing grant management and reviewed submitted CoP program forms

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and reports, including fund allocation, staffing, expenditure patterns, and the impact of CoP funds on supporting educational initiatives and addressing community needs from MCPS to MSDE and the State of Maryland's AIB.

The OIGE also interviewed key personnel at MCPS Central Offices, MSDE, and the AIB to determine their understanding of the processes involved in distributing and spending CoP funds.

In addition, OIGE selected a judgmental sample of twenty-four CoP expenditures totaling \$192,912.07 across the three years in scope and reviewed MCPS' 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)
- Anne Arundel County Public Schools (23-0003-A)
- Baltimore County Public Schools (23-0004-A)
- Dorchester County Public Schools (23-0005-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, the Maryland Code, Education §5-219 established a CoP grant program in Maryland to provide additional resources, support, and services for children attending schools in the state. This grant focused on students living in communities with high poverty and crime rates and a lack of 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 primary purpose of the Blueprint is to enhance student experiences, accelerate student outcomes, and improve the quality of education in Maryland. The Blueprint comprises five pillars, each encompassing key initiatives designed to transform the quality of education in Maryland and narrow opportunity and achievement gaps.

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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.

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 a 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 where 80% or more of the students received free or reduced meals. In FY 2023, this percentage was reduced by 5%. It will continue until it reaches 55% in FY 2027, 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

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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

(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 community school's needs assessment 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;

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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- (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).

MSDE disburses CoP funding to the LEA, 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 expenditure of CoP funds at the district level, provided a plan is 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 receives 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 the initial legislative approval of the Blueprint, funding was delayed due to the Governor's veto. 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 expenditures incurred. Beginning in FY 2023, the legislature revised the methodology for distributing education funds to the LEAs. This change made the definition of state funds more inclusive, incorporating CoP funds, which were subsequently designated as unrestricted

³As 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.

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funds⁵. Concurrently, 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:

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 is 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, representing a 27% 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 there 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.

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. Grant funds 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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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 the 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 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"/>	<input type="text"/>	Local ID	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:	<input type="text"/>
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.

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

Montgomery County Public Schools

MCPS is located within Montgomery County and is part of the greater Washington, DC metropolitan area. It is the most populous county in the state with a population of approximately 1,062,061. It has 136 public elementary schools, 40 public middle schools, 25 public high schools, five special schools, two early childhood centers, one technology high school, and two special service programs. Student enrollment for the 2021-2022 academic year was approximately 159,180. Of the 211 schools at MCPS, 26 have been designated as community schools for the 2022-2023 school year. From FY 2020 to FY 2022, MSDE allocated approximately \$11.4 million in CoP funds to MCPS. Exhibit C below shows the breakdown of CoP funds allocated by MSDE to MCPS.

Exhibit C: MSDE CoP funds allocated to MCPS

Grant Type	Fiscal Year	Funds Allocated
Personnel	2020	1,990,664
	2021	3,981,328
	2022	4,727,827
Subtotal		\$10,699,819
Per-Pupil	2022	681,033
Total		\$11,380,852

The OIGE met with MCPS staff responsible for managing the CoP programs, including personnel from the Department of Controller; Community Schools; and Division of Early Childhood, Title I Programs, and Recovery Funds to discuss the overall management of expenses associated with the CoP Personnel and Per-Pupil Grants.

MCPS established guidelines for the Blueprint and pillar planning by following federal Title I guidelines. CSCs collaborate with local school members and the Director of CSC to focus on initiatives, desired outcomes, and strategies for leveraging resources to effect meaningful changes in the community.

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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Audit Results, Observations, and Recommendations

Use of CoP Personnel Grant - Required Positions Expenses:

The OIGE found that MCPS demonstrated proper spending of CoP personnel grant funds. These grant funds were used to fill the sixteen CSC positions at the community schools in scope by FY 2021, as required by the Blueprint. CoP grant funds were also used to supplement, not supplant or replace, existing funding for the required HP positions or school-day nurses. MCPS already contracted school-day nurses from the Montgomery County Health Department prior to the CoP grant and chose to continue this funding framework and did not supplant it with CoP funds. MCPS utilized the CoP personnel grant funds to cover the costs of nurses providing after-hours services, including health screenings access to medical care, and student mental health services.

In FY 2022, MCPS established a Community School Coordinator and a Fiscal Assistant position to address the administration of the growing CoP program districtwide. Both positions were funded with CoP funds as the duties were divided among all community schools. MCPS included the salaries and descriptions of both positions in their FY 2022 budget narrative, which was submitted to and approved by MSDE. According to MD Code, Education, § 5-223 “(5)(i) If an eligible school, prior to receiving a personnel grant, employs an individual in a position or has the coverage required under paragraph (2) of this subsection, at least the same amount of funds shall be provided to the eligible school to be used for those positions or coverage after receiving a personnel grant.”

During this audit, the OIGE specifically asked MSDE about these two new positions and, in response, MSDE acknowledged that further scrutiny should have been applied when reviewing these personnel actions, but it was not, demonstrating MSDE’s lack of oversight and guidance about CoP spending, as noted in Investigative Audit 23-0001-A.

In December 2024, the joint AIB and MSDE Community Schools report was submitted to the Maryland General Assembly, detailing technical assistance, expenditure data, and the impacts of community schools. Notably, Appendix C included the National Center for Community Schools, Maryland Community Schools’ Technical Assistance Assets and Needs Assessment, which highlighted the impact of district infrastructure on school-level implementation. It states, in sum and substance,

A lack of coherence and alignment within organizational structure hampers the ability to identify essential enabling conditions and practices for successful implementation. This highlights the need for comprehensive support systems and capacity-building efforts at the district level to facilitate effective implementation at the school level.

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

The OIGE found that MCPS demonstrated proper spending of CoP per-pupil grant funds. MCPS implemented procurement protocols for the CoP grant. The CoP Fiscal Assistant, CoP Coordinator, and the Director of Student Engagement Behavior Health and Academics at MCPS can authorize purchases made using CoP funds. These funds, combined with any remaining personnel grant funds, were used to support identified wraparound services that address community needs and enhance student experiences. After staffing the required positions noted above, MCPS used the available CoP funds to fund multiple positions, including, but not limited to, the following:

- Paraeducators to assist teachers to promote student learning and well-being. Their duties include reinforcing instruction, monitoring performance, and supporting student's learning
- Wellness Trainer to design and implement a structured wellness program for diverse populations, advocating and promoting wellness, a healthy and active lifestyle, and healthy eating behaviors in assigned schools. They develop and implements training programs, workshops and presentations to train, support and provide materials and resources for school staff to engage and instruct students in matters related to wellness, fitness, restorative justice, and positive emotional and behavioral health.
- Parent Community Coordinators to perform instructional support work involving parents and the community. They identify community needs that can be met using school and other resources for supporting school programs and liaise for parents/children.

To confirm that MCPS followed established procurement protocols, the OIGE reviewed a judgmental sample of twenty-four CoP expenditures totaling \$192,912 across the three years in scope. Testing included a review of supporting documentation for each expenditure to verify program approval and justification of these expenses. Overall, the OIGE found that the twenty-four reviewed expenses complied with the Blueprint and were acceptable uses of CoP funds for wraparound services, further supported by the March 2024 MSDE spending guidance sent to Superintendents, as noted above. The OIGE noted that expenditures aligned with priorities, including Family and Community Engagement, enhancing student enrichment experiences, improving physical wellness and behavioral health, and improving student attendance, with the goal of positively contributing to educational outcomes. The OIGE found some unique examples of justified CoP expenses spent on wraparound services in alignment with MCPS needs assessments and implementation plan, such as:

- professional development training for staff to support safety, mental well-being, leadership, equity, multi-sensory, and children impacted by incarceration,

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- child and family therapy services, behavioral health services, and diapers and baby wipes for the Maryland Diaper Bank to expand school-based health center services and family support,
- Spanish literacy services for staff and a wireless touring system with portable translators to improve the learning and family environment,
- field trip expenses for student enrichment and extended learning time,
- office and classroom supplies, such as computers, a printer, a mobile cart, and cameras,
- classroom therapeutic materials, such as wobble stools to enhance behavioral health services, and classroom instructional materials, such as access to online reading subscriptions, musical instruments, and unifix cubes.

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

MCPS established inventory control procedures, which includes entering expenditures into the financial system to track the location of barcoded property assets, including sensitive items⁷. Fiscal staff confirm receipt of items and the location in the system. Every 18 to 36 months, a physical inventory is conducted. Through testing, the OIGE noted that the CoP-purchased items were appropriately logged according to MCPS policies and procedures.

Included in the March 2024 MSDE spending guidance was the need to ensure technology purchased to improve the learning environment of the school was "labeled" with "Property of Community Schools." Four expenses in the judgmental sample purchased prior to the MSDE spending guidance, including four portable translators, totaling \$8,344; eleven computers, totaling \$ 8,789; four mobile device carts, totaling \$3,836; and a color printer totaling \$4,289, were not labeled "Property of Community Schools".

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 MCPS 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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Recommendation #1

During the timeframe in scope for the audit, MCPS 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, MCPS should update its inventory controls to reflect that sensitive items purchased with CoP funds should be labeled “Property of Community Schools.” Further, these items should be subject to an annual physical inventory. Updating procedures with these measures will ensure MCPS inventory controls are aligned with existing guidance.

Unused CoP Funds:

The OIGE’s review of CoP personnel grant funds used to hire critical program personnel found that more than \$10.7 million was allocated to the MCPS from FY 2020 to FY 2022, and approximately \$4.7 million, or 44%, 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
Montgomery	2020	1,990,664	1,970,190	20,474	1%
	2021	3,981,328	2,561,895	1,419,433	36%
	2022	4,727,827	1,421,218	3,306,609	70%
Total		\$10,699,819	\$5,953,303	\$4,746,516	44%

The OIGE’s review of CoP per-pupil grant funds found that the entire amount, \$681,033, of funds allocated to MCPS in FY 2022 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
Montgomery	\$681,033		\$681,033	100%

MCPS faced several challenges due to the pandemic, including difficulties with staff hiring and the cancellation of planned activities. The growth of the CoP program at MCPS resulted in an inability to spend the allocated funds at a rate equal to the release of funds,

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compounded by expectation that it would continue to expand to 34 community schools by FY 2024. MCPS encountered challenges in hiring staff as the start of the CoP program coincided with the onset of the COVID-19 pandemic. Once schools were shut down, staff were not permitted to work on-site, and purchasing and billing cycles fluctuated. By the second year of the CoP grant (FY 2021), MCPS resumed hiring program staff and reconvened meetings with CSCs to discuss CoP fund expenditures. Despite these efforts, challenges persisted, particularly in contracting health care staff for after-school events.

While MCPS provided the above as their reasoning for the amount of unspent funds, the OIGE found that MCPS's response did not provide sufficient reasoning for the total amount of funds that went unspent.

As noted in the background, the CoP grant funding process transitioned from restricted to unrestricted in FY 2023, following the commencement of the investigative audit (see footnotes 4 and 5 on page 7). 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 funds. Therefore, any unused funds remaining at the end of the fiscal year will be retained by the LEA.

Unspent CoP Funds:

OIGE's review of final AFRs found that MCPS had received \$625,077 in CoP grant funds from FY 2020 to FY 2022, which ultimately went unspent.⁸ MCPS returned the funds to MSDE on May 31, 2023; three months after the investigative audit entrance conference⁹; one month after the OIGE staff requested supporting documentation from MCPS staff¹⁰; and one day after the investigative audit initial interview with MCPS staff¹¹. When asked about the why these funds were returned, the OIGE found that MCPS's response did not provide sufficient reasoning for the timing of this return. Subsequently, MCPS staff asked the OIGE if unspent funds could be returned to MCPS. The OIGE recommended that MCPS refer this matter to MSDE. See Exhibit F below for details:

⁸ The final AFRs indicate the Amount Due to MSDE or to the LEA upon finalization, see Exhibit B on page 9 for an example

⁹ February 23, 2023

¹⁰ April 2023

¹¹ May 30, 2023

Investigative Audit of Montgomery County Public Schools

Concentration of Poverty Funds Management

Exhibit F: CoP Grant Funds Due to MSDE from MCPS for FY 2020 – FY2022

LEA	Year	Amount Due to MSDE from LEA (Unspent)	Restricted CoP Funds Returned by LEA to MSDE	Date
Montgomery	2020	\$20,474	\$20,474	5/31/2023
	2021	\$397,950	\$397,950	5/31/2023
	2022	\$206,652	\$206,652	5/31/2023
	Total	\$625,077	\$625,077	

At the time of the MSDE investigative audit, MSDE neither provided nor confirmed the existence of a policy or procedure to address the collection of funds returned to MSDE by LEAs. In response to Finding 4: Returned CoP Funds in the Investigative Audit 23-0001-A 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 LEAs to disclose any unused CoP funds to the State or Local governments. 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 outlined 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, both beginning and ending, are required for all funds to ensure 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.

Investigative Audit of Montgomery County Public Schools Concentration of Poverty Funds Management

Recommendation #2

As Local governments continue to share funding responsibility for the Blueprint, MCPS should individually report the amount of unused CoP funds carried over from prior years. This information will ensure transparency and allow the Local government to monitor and address the potential underutilization of allocated funds.

Investigative Audit of Montgomery County Public Schools Concentration of Poverty Funds Management

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Investigative Audit Recommendation Response Form

Investigative Audit Number: 23-0006-A

Investigative Audit Title: Montgomery County Public Schools (MCPS) Management and Oversight of the Concentration of Poverty Grant

Recommendation 1: In alignment with the recent MSDE CoP spending guidance and the established State of Maryland DGS guidance on tagging, MCPS should update their inventory controls to reflect sensitive items purchased with CoP funds, such as laptops and furniture, as they are prone to theft and potentially concealable. These types of equipment and technology should also be tracked using the asset system and labeled “Property of Community Schools.” Further, these items should be subject to an annual physical inventory. Updating policies and procedures with these measures will ensure MCPS inventory controls are in alignment with existing guidance.

MCPS 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 alignment with the Maryland State Department of Education (MSDE) and Department of General Services (DGS) guidance, MCPS will update its inventory policies and procedures to ensure sensitive items purchased with Concentration of Poverty (CoP) funds are properly tracked. We will update a process to tag sensitive items like laptops and furniture as	Partially Implemented	December 31, 2025

	<p>"Property of Community Schools" and incorporate them into our asset management system. Furthermore, these items will be subject to an annual physical inventory to ensure accountability and reduce the risk of loss or theft. This updated procedure will be formalized through a comprehensive update to our internal policy and procedural documents within the Office of Community Schools. As we have begun this process, we seek to enhance the inventory process with a more detailed structure for schools to locate and inventory in a more efficient and effective manner in alignment with the first MSDE Spending Guidance Manual released in March 2024 with updates in October 2024.</p> <p>Regarding the statement of unspent COP funds on page 15, MCPS returned funds on May 31, 2023, based on our restricted grants process. MCPS cannot keep the money under restricted grants since no extension had not been authorized by MSDE and no clear instructions were given by MSDE regarding the unspent funds at these time.</p>		
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*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 2

As Local governments continue to share funding responsibility for the Blueprint, MCPS should individually report the amount of unused CoP funds as a specific fund balance carried over from prior years. This information will ensure transparency and allow the Local government to monitor and address the potential underutilization of allocated funds.

MCPS 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	<p>Montgomery County Public Schools (MCPS) concurs with the recommendation to individually report the amount of unused Concentration of Poverty (CoP) funds as a specific fund balance carried over from prior years. This measure is critical for ensuring full transparency and providing the local government with the necessary data to monitor and address any potential underutilization of these funds.</p> <p>In response to this recommendation, MCPS has implemented the required reporting procedure. MCPS began this practice for the last two years, during the 2024-2025 school year and continued it for the 2025-2026 school year. MCPS is committed to and will continue this practice in the current and all future school years. This ongoing reporting provides a clear and consistent record of fund utilization, aligning with the principles of the</p>	Implemented in fiscal year 2024-2025	MCPS has implemented this practice, for the last two school 2024-2025 and 2025-2026 years and are continuing the process in the current school year and future school years

	<p>Blueprint for Maryland's Future and our commitment to fiscal stewardship.</p> <p>Our local government entities of our Board of Education and County Council both receive a detailed supplemental appropriation through a specific process of detailed report to the MCPS Board of Education for review, discussion, and approval, which moves the supplemental appropriation documentation to the Montgomery County Council to review, seek further clarity, and approval vote for the CoP funds to be expended in the outlined categories aligned to the thirteen wraparound services.</p>		
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*If applicable, please include attachments that may provide better context regarding planned corrective actions.