MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

NATALIA M. AHN
INSPECTOR GENERAL

May 22, 2026

Dr. Micah Stauffer
Superintendent
Wicomico County Public Schools
2424 Northgate Drive, Suite 100
Salisbury, Maryland 21801

RE: OIGE Case 23-0009-A
Management and Oversight of the Concentration of Poverty Grant

Dear Dr. Stauffer,

I am writing to introduce myself as the newly appointed Inspector General for Education and to transmit the final report of an investigative audit conducted under the direction of my predecessor, Richard P. Henry.

Last month, I had the privilege of assuming leadership of the Maryland Office of the Inspector General for Education (OIGE). As you know, the OIGE serves as an independent, objective oversight body that safeguards public resources and ensures that money is appropriately spent in support of students. My vision is to evolve this Office beyond a purely reactive compliance entity into a proactive partner in systemic excellence – one that couples accountability with constructive, data-driven insights to help leadership preemptively mitigate risks and strengthen institutional integrity. While our oversight functions require strict independence, it is my firm belief that the most impactful and long-lasting outcomes are achieved through an open, professional baseline of mutual respect and constructive dialogue. In that vein, I look forward to working with you, the Wicomico County Public Schools, and the Wicomico County Board of Education (WCBOE).

The enclosed investigative audit focused on WCBOE's Management and Oversight of the Concentration of Poverty (CoP) Grant for the time period of July 1, 2019, through January 31, 2022. The OIGE shared a draft report with members of your staff on April 14, 2026. On April 17, 2026, the Comptroller provided a response indicating concurrence with our recommendations. This response, which outlines a commitment to improving controls to prevent fraud, waste, and abuse of CoP grant funds, is included in Appendix A. Moving forward, our Office will independently track the progress of these updates, and we look forward to seeing your team successfully strengthen internal controls.

If you have additional questions or concerns regarding the investigative audit, please contact Ms. Georgia Conroy, Supervisory Inspector General for Investigative Audits, at (443) 721-6234 or by email at georgia.conroy@maryland.gov.

Looking ahead, I would welcome the opportunity to visit WCBOE to formally introduce myself and key members of my leadership team, as well as share my strategic vision for the OIGE. To allow your team time to close out the current school year, my office will reach out this summer to find a mutually convenient time for us to connect. I look forward to meeting you in person.

Respectfully,

Natalia M. Ahn
Inspector General

cc: Mr. N. Eugene Malone Jr., Chairman - Wicomico County Public Schools, 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. Georgia Conroy, Supervisory Inspector General, Office of Investigative Audits

Office of the Inspector General for Education

State of Maryland

Investigative Audit 23-0009-A

Wicomico County Public Schools

Management and Oversight of the Concentration of Poverty Grant

May 22, 2026

Executive Summary

Investigative Audit of Wicomico 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 Wicomico County Public Schools (WCBOE) 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 WCBOE in improving grant management. Responses to the recommendations have been provided by WCBOE.

Results in Brief:

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

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

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

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Investigative Audit of Wicomico 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 WCBOE, may have mismanaged funds allocated to 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) found that MSDE had not established effective methods to ensure that Local Education Agencies (LEAs) use Blueprint funds appropriately.

After reviewing publicly available information on the Blueprint components, OIGE, under the leadership of Richard P. Henry, determined that a statewide investigative audit of eight LEAs receiving CoP funds would address the potential risk of CoP fund mismanagement. The OIGE then simultaneously conducted eight individual investigative audits into each LEA's processes, produced reports for each LEA, and one investigative audit report for MSDE, totaling nine reports. All nine investigative audits began and were completed during Inspector General Henry's administration.

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 MSDE policies and procedures governing how CoP funds could be spent, leading to more than $12.3 million in unused CoP grant funds for Fiscal Years (FY) 2020 through 2022 among the eight LEAs involved. Additionally, the report highlighted that LEAs did not receive adequate, consistent training from MSDE, so they often procured their own training, using CoP funds. Lastly, the report found that LEAs were not provided with information on the handling of funds distributed 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 agreed with the recommendations to develop and distribute policies and procedures for governing CoP grant management. In March 2024, MSDE sent guidance to all LEA Superintendents on CoP spending and offered related webinars. Regarding 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 Maryland Accountability & Implementation Board (AIB) on funding use, student impact, and strategies employed. These reports are to be made publicly available.

Concurrent to Investigative Audit 23-0001-A, this Investigative Audit report (23-0009-A) details the WCBOE CoP grant fund management.

Investigative Audit of Wicomico 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 scope of the investigative audit included expenditures made by WCBOE using CoP funding from July 1, 2019, to January 31, 2023. WCBOE was chosen as an LEA with fewer than 40 community schools overall and received CoP grant funds for at least three years.

The following seven WCBOE community schools were included in this investigative audit:

School Name	First Year of CoP
Beaver Run Elementary School	2020
Charles H Chipman Elementary School	2020
East Salisbury Elementary School	2020
Glen Avenue Elementary School	2020
Pinehurst Elementary School	2021
Prince Street Elementary School	2020
West Salisbury Elementary School	2021

Methodology

To accomplish the objectives, the OIGE reviewed all relevant WCBOE policies and procedures related to 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 WCBOE to MSDE and the State of Maryland's AIB.

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

Additionally, the OIGE selected a judgmental sample of twenty-six CoP expenditures totaling $5,622.57 over the three years in scope and reviewed WCBOE's supporting documentation for program approval and expense justification.

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)
- Montgomery County Public Schools (23-0006-A)
- Somerset County Public Schools (23-0007-A)
- Washington County Public Schools (23-0008-A)

Blueprint and Community Schools Legislation

In 2019, Maryland Code, Education §5-219, established a CoP grant program in Maryland to provide additional resources, support, and services for children attending schools across the state. This grant focused on students living in communities with high poverty and crime rates who also lack access to adequate health care and social services. The support services' resources would be available at both 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 raise the quality of education in Maryland. The Blueprint comprises five pillars, each featuring key initiatives to improve education quality in Maryland and reduce 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 emphasizes enhancing wraparound services, as noted below, through expanding community schools, creating the Maryland Consortium on Coordinated Community Supports, providing targeted 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 poverty concentration.

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

Personnel Grant:

The personnel grant is the initial part of the CoP grant given to LEAs. It is a set amount of funding for each eligible community school to hire a CSC and professional Healthcare Practitioner (HP). After these positions are filled, the eligible school can use any remaining grant funds for wraparound services, as described below.

Per-pupil Grant:

The per-pupil grant is the second part of the CoP grant provided to LEAs. The grant amount depends on the number of students living in poverty attending eligible community schools. CoP grant funds are allocated to eligible schools where 80% or more of the students receive free or reduced-price meals. In FY 2023, this threshold was reduced by 5%. It will continue to decrease until it reaches 55% in FY 2027, making it easier for more schools to qualify as community schools and become eligible 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

(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 §9.9-104,[1] 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 creating an implementation plan based on the needs assessment for the community school, working in collaboration with other interested stakeholders. The implementation plan[2] 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.

[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)

(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 use the CoP funds for local community schools, covering personnel or wraparound services, as noted above. According to the Blueprint, if the LEA has at least 40 eligible community schools,[3] referred to as the "40 threshold," the LEA board may pool up to half of the CoP funds and administer them centrally. This permits the use of CoP funds at the district level, provided a plan is developed in collaboration with eligible schools. As of FY 2025, only Baltimore City, Baltimore County, Montogomery County, and Prince George's County Public Schools exceeded the 40 threshold.

The Blueprint emphasizes that an eligible community school receiving outside funding, such as from the local health department for a school nurse, school health services, or community school services in FY 2021 must allocate at least the same amount of resources in FY 2022 to safeguard those funds.

Funding

Following the initial legislative approval of the Blueprint in 2020, funding was delayed due to the Governor’s veto. In anticipation of the legislation taking 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 as restricted grants,[4] with LEAs requesting monthly reimbursements from MSDE for expenses incurred. Starting in FY 2023, revised funding methodology[5] changing the previously classified restricted grants to unrestricted grants, resulting in MSDE distributing CoP funding as automatic bi-monthly unrestricted payments.[6]

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:

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[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 the State assurance that funds are being used per program guidelines. Grant funds are reimbursed on incurred costs.

[5] Pursuant to changes in legislation.

[6] 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.

Exhibit A: MSDE CoP 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 projected to increase annual education funding by approximately $3.8 billion by 2030. State and local governments will receive this increased funding in accordance with the requirements in the legislation, which reflect the needs and demographics of each county or city.

As of July 2024, CoP grants supported 622 community schools across Maryland, a 74% increase from the 358 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.

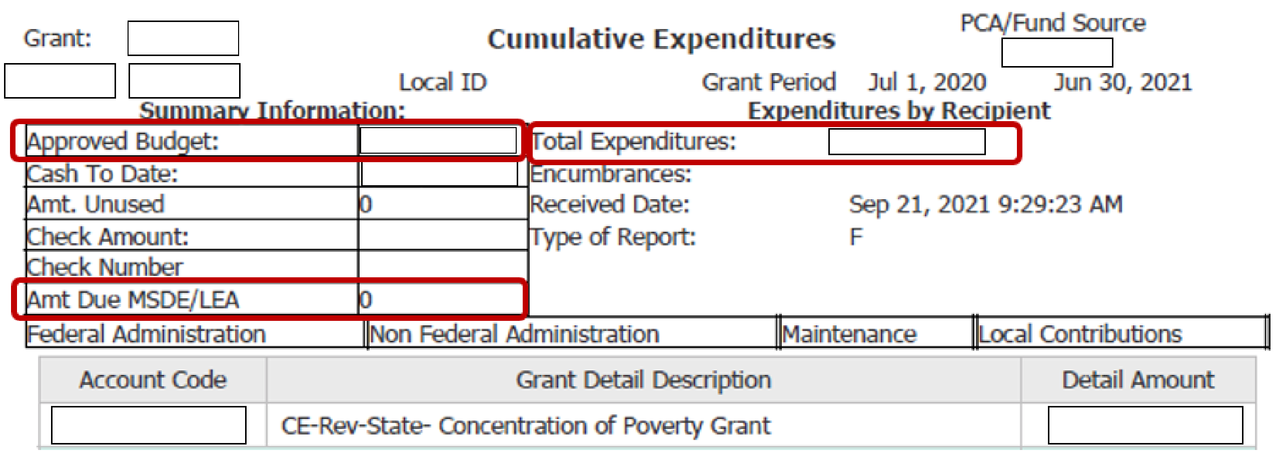
The overall conditions and requirements of the NOGA are acknowledged, signed, and dated by 1) an MSDE Program Representative; 2) an MSDE Financial Representative; 3) an MSDE Assistant Superintendent/Office Head; and 4) the MSDE Accounting Office.

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 start of the grant period. Both the LEA Superintendent and the LEA Finance Officer approve the C-1-25. The form must show the budgeted expenditures for 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 completes the AFR using the fiscal year's financial data to report to MSDE for all restricted grants. The AFR includes critical summary information and shows the LEA's Approved Budget, Total Expenditures (amount spent by the LEA), Cash to Date (funds received by the LEA), Amount Unused (the difference between the Approved Budget and Total Expenditures), and Amount Due to MSDE or to the LEA (the amount the LEA owes back to MSDE or the additional amount MSDE owes the LEA upon finalization). See Exhibit B below for an example of the AFR header. The AFR also provides an annual financial breakdown of how grant funds were spent and reported to MSDE. MSDE uses the information in the final AFR to reconcile each LEA grant balance.

Exhibit B: AFR Example



Grant: Cumulative Expenditures PCA/Fund Source

Local ID Grant Period Jul 1, 2020 Jun 30, 2021

Summary Information:		Expenditures by Recipient	
Approved Budget:		Total Expenditures:	
Cash To Date:		Encumbrances:	
Amt. Unused	0	Received Date:	Sep 21, 2021 9:29:23 AM
Check Amount:		Type of Report:	F
Check Number			
Amt Due MSDE/LEA	0		

Federal Administration	Non Federal Administration	Maintenance	Local Contributions

Account Code	Grant Detail Description	Detail Amount
	CE-Rev-State- Concentration of Poverty Grant	

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 installment.[7]

Wicomico County Public Schools

WCBOE is situated within Wicomico County in southeastern Maryland, on the Delmarva Peninsula with an approximate population of 104,000. It includes twenty-six public schools and learning centers - sixteen public elementary schools, one public middle/elementary school, three public middle schools, one public middle/high school, three public high schools, and one public evening high school. Student enrollment for the 2021-2022 academic year was 14,200. Of these twenty-six schools, nine were designated as community schools in the school year for the 2022-2023 school year. Between FY

[7] 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.

2020 and FY 2022, MSDE allocated about $5.8 million in CoP funds to WCBOE. Exhibit C provides a breakdown of the CoP funds allocated by MSDE to WCBOE.

Exhibit C: MSDE funds allocated to WCBOE

Grant Type	Fiscal Year	Funds Allocated
Personnel	2020	1,244,165
	2021	1,492,998
	2022	2,239,497
Subtotal		**$4,976,660**
Per-Pupil	2022	870,346
Total		**$5,847,006**

The OIGE met with WCBOE staff responsible for managing the CoP programs, including the Community Schools Supervisor, Assistant Superintendent Student & Family Services, Comptroller, Chief Finance and Operation Officer, and Grants Accountant, to discuss the overall management and controls of the expenses related to the CoP Personnel and Per-Pupil Grants.

WCBOE established guidelines for Blueprint and pillar planning by following federal Title I guidelines. CSCs collaborate with the Community Schools Supervisor and the Assistant Superintendent of Student & Family Services to focus on initiatives, desired outcomes, and strategies for leveraging resources to create meaningful change in the community.

Audit Results, Observations, and Recommendations

Use of CoP Personnel Grant - Required Positions Expenses:

OIGE found that WCBOE demonstrated proper spending of CoP personnel grant funds. These grant funds were used to fill the seven CSC positions at community schools in scope by FY 2021, as required by the Blueprint. In the first year of the Blueprint, WCBOE Per-Pupil Workers (PPWs) took on “acting” CSC duties until full-time coordinators could be hired in FY 2022.

CoP grant funds were also used to supplement, not supplant or replace, existing funding for the required Blueprint HP positions or school-day nurses. WCBOE already employed school-day nurses and maintained general funding for these positions. The availability of CoP funds also provided schools with the opportunity to expand and hire additional school-day nurses or certified nursing assistants, enhancing the level of medical support available to students during regular school hours.

In FY 2022, WCBOE created a district-wide Community School Supervisor position to provide support for all community school programs and, therefore, was funded with CoP funds.

At that time, and as noted in Investigative Audit 23-0001-A, MSDE lacked oversight and clear guidance regarding the use of CoP funds on wraparound services and district-wide positions. 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."

However, in December 2024, MSDE provided additional guidance regarding the appropriate use of CoP funds. Specifically, AIB and MSDE jointly submitted a Community Schools report to the Maryland General Assembly, outlining technical assistance, expenditure data, and effect of community schools. Notably, Appendix C included the National Center for Community Schools (NCCS), Maryland Community Schools Technical Assistance Assets and Needs Assessment, which emphasized how district infrastructure influences school-level implementation. It states, in summary,

> *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.*

<u>Use of CoP Per-Pupil Grant – Wraparound Services Expenses:</u>

OIGE found that WCBOE demonstrated proper spending of CoP per-pupil grant funds. WCBOE implemented procurement protocols for the CoP grant, where purchases made using CoP funds are authorized by the school principal and may include the Community Schools Supervisor, Director of Special Education, Director of Climate Safety, Assistant Superintendent of Student & Family Services, and Finance. These funds, combined with any remaining personnel grant funds, were used to support identified wraparound services for various initiatives aimed at addressing community needs and enhancing student experiences. After staffing required positions noted above, WCBOE used the available CoP funds to fund multiple positions, including, but not limited to, the following:

- English Language Learner (ELL) teachers and ELL assistants to assist foreign language speaking students and families
- Home School Liaisons to engage families that have attendance issues
- PPWs and social workers to address academic growth and social and emotional needs of students

To confirm that WCBOE followed established procurement protocols, the OIGE reviewed a judgmental sample of 26 CoP expenditures totaling $5,622.57 over the three years in scope. Testing included reviewing of supporting documentation for each expenditure to verify program approval and justification for these expenses. Overall, the OIGE found that all 26 expenses that were reviewed complied with Blueprint and were acceptable uses of wraparound services, which was further supported by the March 2024 MSDE spending guidance sent to Superintendents, noted above. OIGE noted that expenditures were aligned with priorities, including Family and Community Engagement, enhancing student enrichment experiences, improving physical wellness and behavioral health and increasing student attendance, to positively contribute to educational outcomes. Some noteworthy examples of justified CoP expenses spent on wraparound services, aligned with WCBOE' needs assessments and the implementation plan, were:

- Lawn games, speakers, and snacks for various family and community engagements (e.g., multi-cultural event, hair cut night, and causal day family night);
- Thanksgiving meals and food pantry items to enhance physical wellness;
- Food service for a Winter Wonderland event for student positive behavior interventions and support incentives; and
- Classroom therapeutic materials, such as books and dollhouses to enhance behavioral health services.

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

WCBOE followed existing inventory control policies and procedures for the items purchased with CoP funds. Any item valued at more than $5,000, including IT sensitive items[8] less than $5,000, was considered capital and maintained on an inventory list. Other items less than $5,000 may be tracked by the local school. WCBOE created

[8] 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. (page 16-17)

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

a district-wide policy that any single item purchased with CoP funds over $100 needs to be maintained on a supply list along with its location. Through testing, OIGE observed that the CoP-purchased items were correctly recorded in accordance with WCBOE policies and procedures.

The March 2024 MSDE spending guidance required that technology and health equipment purchased to enhance the school's learning environment be labeled "Property of Community Schools." The sample selected for testing did not contain equipment or technology; therefore, OIGE did not fully evaluate inventory procedures.

Recommendation #1

During the audit period, WCBOE complied with its existing inventory control policies and procedures. In alignment with the recent MSDE CoP spending guidance and the established Maryland DGS guidance on tagging, WCBOE should update its inventory controls to indicate that sensitive items purchased with CoP funds should be labeled "Property of Community Schools." Additionally, these items should be subject to an annual physical inventory. Updating procedures to incorporate these measures will help ensure WCBOE inventory controls are consistent with current guidance.

Unused CoP Funds:

The OIGE's review of CoP personnel and per-pupil grant funds found $5.8 million was allocated to and ultimately spent by the WCBOE from FY 2020 to FY 2022, see Exhibit C on page 10. WCBOE was one of two LEAs in scope for this investigative audit that was able to obligate all CoP grant funds within the grant period.

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), following the start of the investigative audit. 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.

At the time of the MSDE investigative audit, MSDE neither provided nor confirmed the existence of a policy or procedure for handling funds returned to MSDE by LEAs. In response to Finding 4: Returned CoP in 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 (beginning and ending) are required for all funds for complete reporting. However, there is no requirement to report the balance of individual funds separately, which is typically reported in aggregate with other unrestricted funds.

Recommendation #2

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

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

Audit Team

Georgia Conroy, CIGA, CFE

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Investigative Auditor

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Investigative Auditor

Investigative Audit Recommendation Response Form

Investigative Audit Number: 23-0009-A
Investigative Audit Title: Wicomico County Public Schools (WCBOE) Management and Oversight of the Concentration of Poverty Grant

Recommendation 1
During the audit period, WCBOE 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, WCBOE should update their inventory controls to reflect that sensitive items purchased with CoP funds should be labeled "Property of Community Schools." Additionally, these items should be subject to an annual physical inventory. Updating procedures to incorporate these measures will help ensure WCBOE inventory controls are consistent with current guidance.

WCBOE 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	Inventory controls associated with sensitive items purchased with CoP funds will be updated to ensure appropriate labeling as “Property of Community Schools” and these items will be placed on record for annual physical inventory. This process will be documented appropriately in a procedure directly associated with our Community Schools program inclusive of language focusing on “asset tagging” in our schools and system.	Not Yet Implemented	9/30/2026

Recommendation 2
As local governments continue to share funding responsibility for Blueprint, WCBOE should report, as a specific fund balance carried over from prior years, the amount of unused CoP funds. This information will ensure transparency and allow the local government to monitor and address the potential underutilization of allocated funds.

WCBOE 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	Inventory controls associated with sensitive items purchased with CoP funds will be updated to ensure appropriate labeling as "Property of Community Schools" and these items will be placed on record for annual physical inventory. This process will be documented appropriately in a procedure directly associated with our Community Schools program inclusive of language focusing on "asset tagging" in our schools and system.	Not Yet Implemented	9/30/2026