



MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

Richard P. Henry
Inspector General

December 29, 2025

DELIVERED VIA EMAIL: myarbrough@bcps.org

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RE: OIGE Case 23-0004-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 Baltimore County Public Schools' (BCPS) management and oversight of the Concentration of Poverty (CoP) Grant for the period from July 1, 2019, through January 31, 2023. The investigative audit results are included in the attached final report.

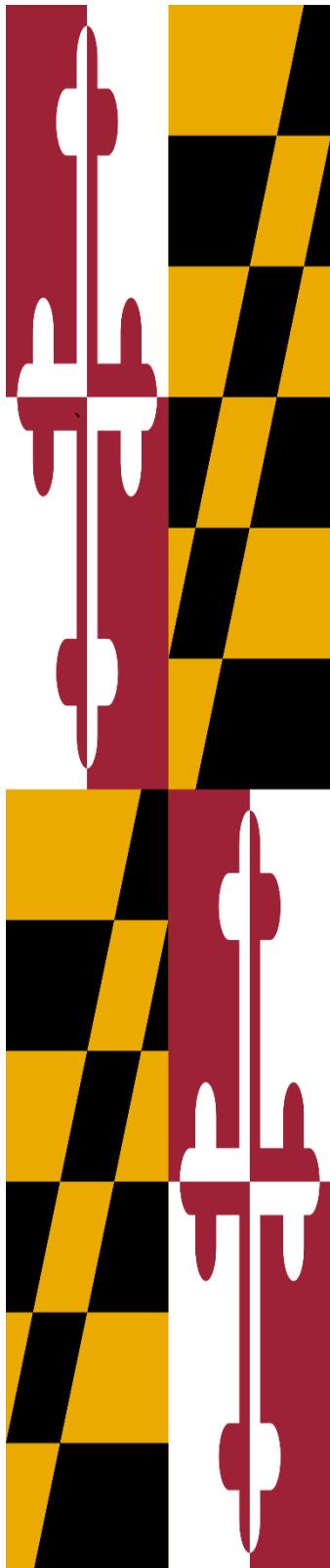
OIGE shared a draft report with BCPS on December 1, 2025. On December 23, 2025, the Director for Community Schools provided a response to the recommendations and areas for improvement. The final responses are included in Appendix A of this report and indicate BCPS's concurrence with the recommendations. The response is also committed to strengthening controls to prevent fraud, waste, and abuse of CoP grant funds.

OIGE would like to thank the BCPS staff for their support and understanding throughout the investigative audit. If you have 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

cc: Jane E. Lichter, Chair - BCPS, Board of Education
Margaret-Ann Howie, Esq., Chief Counsel, BCPS
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Office of the Inspector General for Education

State of Maryland

Richard P. Henry
Inspector General

Investigative Audit 23-0004-A

**Baltimore County Public
Schools**

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

December 29, 2025

Executive Summary

Investigative Audit of Baltimore 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 Baltimore County Public Schools (BCPS) 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 one finding as well as observations and recommendations to assist the BCPS in improving grant management. Responses to the recommendations will be provided by BCPS.

Results in Brief:

The OIGE found that BCPS has a potential risk of contract overspending.

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

The OIGE also identified areas for improvement to reduce the risk of fraud, waste, and abuse of grant funds.



Investigative Audit of Baltimore County Public Schools

Concentration of Poverty Funds Management

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BCPS Response

Appendix A

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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 BCPS, 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 has 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 determined that a statewide investigative audit involving eight LEAs would address the potential risk of CoP fund mismanagement. The OIGE will conduct individual investigative audits simultaneously for each LEA's processes related to CoP fund management and produce an investigative audit report for MSDE, totaling nine 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 MSDE policies and procedures governing how CoP funds could be spent, resulting in more than \$12.3 million in unused CoP grant funds across the eight LEAs involved in Fiscal Years (FY) 2020 through 2022. 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 (23-0004-A) details the BCPS CoP grant fund management.

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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 BCPS using CoP funding from July 1, 2019, to January 31, 2023. BCPS was chosen as a school district with fewer than 40 community schools overall and received CoP grant funds for at least three years.

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

School Name	First Year of CoP
Baltimore Highlands Elementary School	2021
Colgate Elementary School	2021
Deep Creek Elementary School	2020
Halstead Academy Elementary School	2021
Hawthorne Elementary School	2020
Logan Elementary School	2021
Martin Boulevard Elementary School	2021
Sandalwood Elementary School	2020
Shady Spring Elementary School	2021

Methodology

To accomplish the objectives, the OIGE reviewed all relevant BCPS 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 BCPS to MSDE and the State of Maryland's AIB.

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

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Additionally, the OIGE selected a judgmental sample of thirty CoP expenditures totaling \$296,040 over the three years in scope and reviewed BCPS'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)
- 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 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 main goal of the Blueprint is to enhance student experiences, boost student outcomes, and raise the quality of education in Maryland. The Blueprint includes five pillars, each featuring key initiatives to improve education quality in Maryland and reduce opportunity and achievement gaps.

The CoP grant is part of 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

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based on different needs, forming a workgroup on multilingual learners, and designing 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 a 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 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

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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 developing an implementation plan based on the needs assessment for the community school, in collaboration 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;

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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- (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).

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. Before FY 2023, only Baltimore City Public Schools 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, 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.

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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Starting in FY 2023, the legislature revised the method of distributing education funds to the LEAs. This change expanded the definition of state funds to include CoP funds, which were then classified as unrestricted funds. At the same time, MSDE began distributing CoP funding as automatic bi-monthly unrestricted⁵ 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 projected to increase annual education funding by approximately \$3.8 billion over the next decade. 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 October 2023, CoP grants supported 454 community schools across Maryland, a 27% increase from the 358 in 2022.



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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MSDE CoP Funding Process and Key Requirements

MSDE Requirements:

MSDE issues a Notice of Grant Award (NOGA) to LEAs, documenting the award details, 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.



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Exhibit B: AFR Example

Grant:	Cumulative Expenditures		PCA/Fund Source	
	Local ID	Grant Period	Jul 1, 2020	Jun 30, 2021
Summary Information:				
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.⁶

Baltimore County Public Schools

BCPS is situated within Baltimore County and is part of the greater Baltimore metropolitan area, with an estimated population of 827,370. It includes 174 public schools and learning centers: 112 elementary schools, 30 middle schools, 26 high schools, and six learning centers. BCPS ranks as the 26th-largest school district in the United States and the third largest in Maryland. Student enrollment for the 2021-2022 academic year was approximately 111,367. Of these 174 schools, 38 were designated as community schools in the 2022-2023 school year. Between FY 2020 and FY 2022, MSDE allocated about \$9.6 million in CoP funds to BCPS. Exhibit C provides a breakdown of the CoP funds allocated by MSDE to BCPS.

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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Exhibit C: MSDE CoP funds allocated to BCPS

Grant Type	Fiscal Year	Funds Allocated
Personnel	2020	995,332
	2021	2,488,330
	2022	5,474,326
Subtotal		\$8,957,988
Per Pupil	2022	675,436
Total		\$9,633,424

The OIG met with BCPS staff responsible for managing the CoP programs, including the Chief Academic Officer, Director of Student Support Services, Director of Budget and Reporting, and Director of the Office of Title I, Homeless Education Programs, and Community Schools, to discuss the overall management and controls of the expenses related to the CoP Personal and Per Pupil Grants.

BCPS established guidelines for Blueprint and pillar planning based on federal Title I guidelines. CSCs collaborate with the Director of Title I, Homeless Education Programs, and Community Schools to focus on Title I initiatives, desired outcomes, and strategies to leverage resources and create meaningful change in the community.

Audit Results, Observations, and Recommendations

Use of CoP Personnel Grant - Required Positions Expenses:

OIG found that BCPS properly spent CoP personnel grant funds. These grant funds were used to fill the nine CSC positions at community schools in scope by FY 2021, as required by the Blueprint. In the first year of the Blueprint, BCPS contracted with a vendor (Vendor A) to provide contractors to staff the CSC positions and to offer “professional learning” for Community School Facilitators, including vendor coaches and conference training. Additionally, the contract outlined broader technical support to implement a community school’s strategy, including personnel and contracted services salaries to fill any vacant CSC positions, as stated on the approved BCPS budget form submitted to MSDE.

BCPS staff explained that the contract provided a way to ensure positions would be filled; however, it did not anticipate the increase in community schools and the need to fill

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additional mandatory CSC positions at these schools. Ultimately, BCPS directly hired staff to fill the CSC positions at the community schools.

CoP grant funds were also used to supplement, not supplant or replace, existing funding for the required Blueprint HP positions or school-day nurses. BCPS already employed school-day nurses and partially funded Health Assistants before the CoP grant. BCPS chose to maintain this funding approach and did not supplant it with CoP funds. BCPS used the CoP Personnel grant funds to supplement Health Assistant positions, enabling them to become full-time roles.

In FY 2022, BCPS created a district-wide Fiscal Assistant role to support the fiscal needs of the 22 community schools, with plans to expand to 38 schools in FY 2023. The position was funded with CoP funds because its duties covered all community schools.

As noted in Investigative Audit 23-0001-A, MSDE lacked oversight and clear guidance regarding the use of CoP funds for 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.”

In December 2024, the joint AIB and MSDE Community Schools report was submitted to the Maryland General Assembly, outlining technical assistance, expenditure data, and the effects of community schools. Notably, Appendix C included the National Center for Community Schools' 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.

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

The OIG found that BCPS demonstrated proper spending of CoP per-pupil grant funds. BCPS implemented procurement protocols for the CoP grant. The school principal authorizes purchases made using CoP funds; the Director of Student Support Services,

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the Director of Title I, Homeless Education Programs, Community Schools, 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 the required positions noted above, BCPS used the available CoP funds to fund multiple positions, including, but not limited to, the following.

- CARE Liaisons to engage and be involved with caregivers
- Multi-Tiered System of Support Teachers and social workers to address academic growth, as well as social and emotional needs of students
- Bilingual Family Services Liaisons to assist foreign language-speaking students and families
- Academic Engagement Teachers to address the academic needs of students and empower families to increase participation

To confirm that BCPS followed established procurement protocols, the OIGE reviewed a judgmental sample of thirty CoP expenditures totaling \$296,040 over the three years in scope. Testing included reviewing supporting documentation for each expenditure to verify program approval and justification for these expenses. Overall, the OIGE found that the thirty expenses reviewed 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. OIGE noted that expenditures aligned with priorities, including Family and Community Engagement, enhancing student enrichment experiences, improving physical wellness and behavioral health, and increasing student attendance - aimed at positively contributing to educational outcomes. Some noteworthy examples of justified CoP expenses spent on wraparound services, aligned with BCPS needs assessments and the implementation plan, were:

- Classroom instructional materials, such as books, lap desks, headsets, student supplies, STEM Kits, and a whiteboard/digital canvas for improving the learning environment at the school,
- Instructor and activity materials, translation, meals, and a printer for posters for family and community engagements (e.g., a parent behavior presentation, a STEM event, and a self-care and self-love workshop),
- Cost for an overnight conference and professional development for staff to improve the learning environment at the school,
- Costs associated with technical support to implement a community schools strategy,

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- Food boxes for students to enhance physical wellness and community engagement,
- Classroom therapeutic materials, such as books and posterboards, to enhance behavioral health services, and
- One-on-one tutoring for students during extended learning time.

Additionally, the OIG found that these expenditures, except for the payment noted in Finding One below, were approved in accordance with BCPS' policies and procedures and were approved in a timely manner.

BCPS followed existing inventory control policies and procedures for items purchased with CoP funds. Any item valued over \$5,000 was classified as capital and listed on the inventory. BCPS staff did not indicate whether any additional controls were used to indicate that items were deemed sensitive.⁷ Through testing, OIG observed that the CoP-purchased items were correctly recorded in accordance with BCPS policies and procedures.

The March 2024 MSDE spending guidance required that technology purchased to enhance the school's learning environment be labeled "Property of Community Schools." One expense in the judgmental sample, purchased before the MSDE spending guidance, was a printer with a stand, totaling \$3,355, which was not labeled "Property of Community Schools."

Recommendation #1

During the audit's scope of time, BCPS 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, BCPS should update its inventory controls to indicate that technology and health equipment purchased with CoP funds should be labeled "Property of Community Schools." Additionally, these items should be

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. (page 16-17)

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

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included in an annual physical inventory. Updating procedures to incorporate these measures will help ensure BCPS inventory controls are consistent with current guidance.

Finding #1: Potential Risk of Contract Overspending

OIGE found that BCPS lacked sufficient controls to prevent contract overspending when processing payments to a vendor with multiple contracts.

Of the thirty transactions reviewed, OIGE identified one transaction for \$127,513.00 with Vendor A that initially raised questions about whether it was an allowable use of CoP grant funds. This was based on a detailed review of the relevant contract, including its scope of work, deliverables, and overall spending. While reviewing this transaction, OIGE requested to examine all transactions with Vendor A and noted that BCPS had entered into at least two contracts with Vendor A.

As noted on page 11, Contract One covered “professional learning” for Community School Coordinators, implementing a community schools’ strategy, and filling any vacant CSC positions.

Contract Two involved covering before and after-school childcare expenses at Sandalwood Elementary School, a community school within scope. The OIGE noted that approximately \$48,000 in Contract Two costs were mistakenly charged to Contract One. Both contracts with Vendor A were used properly, and OIGE did not raise any concerns about improper use of funds.

OIGE reviewed contract spending controls and found that BCPS’s current process for tracking expenditures against contracts relies on manual reporting and periodic reviews. This approach introduces a risk that contract spending could exceed authorized limits, as misapplied purchase orders might not be identified until later stages of monitoring. Multiple payments for allowable CoP expenses were incorrectly coded to the wrong contract during manual entry when creating purchase orders. Because the vendor’s name remained the same, BCPS procurement did not detect these errors during routine reviews. As a result, spending was linked to a contract outside the correct scope and authority, covering services beyond the contract’s intended scope.

The OIGE found that purchase orders could not be corrected after a fiscal year had closed, resulting in a misalignment in spending that cannot be corrected retroactively. This misalignment could potentially lead to inaccuracies in tracking contract expenditures. BCPS informed OIGE that a new Enterprise Resource Planning (ERP) system is being implemented but is not expected to be fully operational for the Finance team until April 2026. Until then, the current manual review process remains in place, leaving a gap in real-time contract expenditure tracking.

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OIGE is aware that this contract has since been terminated.

Recommendation #2

To reduce the risk of contract overspending before the new ERP system is implemented, OIGE recommends strengthening interim controls by conducting more frequent contract spending reconciliations and implementing a secondary review of contract assignments before purchase orders are approved.

Unused CoP Funds:

The OIGE's review of CoP personnel grant funds used to hire critical program staff found that approximately \$9 million was allocated to the BCPS in scope from FY 2020 to FY 2022, and that roughly \$4.2 million, or 47%, went unused. See Exhibit D below for details.

Exhibit D: CoP 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
			(Used)	(Unused)	
Baltimore	2020	995,332	796,676	198,656	20%
	2021	2,488,330	1,537,895	950,435	38%
	2022	5,474,326	2,407,457	3,066,869	56%
Total		\$8,957,988	\$4,742,029	\$4,215,959	47%

OIGE's review of CoP per-pupil grant funds revealed that \$675,436 was allocated to BCPS in FY 2022, and \$176,935 (26%) went unused during the grant period. See Exhibit E below for details:

Exhibit E: CoP 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
		(Used)	(Unused)	
Baltimore	\$675,436	\$498,501	\$176,935	26%

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Concentration of Poverty Funds Management

BCPS faced several challenges in hiring and retaining staff as the start of the CoP program coincided with the onset of the COVID-19 pandemic. By the second year of the CoP grant (FY 2021), BCPS resumed hiring critical program staff and reconvened meetings to discuss CoP fund spending. Despite these efforts, challenges continued, especially with staff turnover and hiring healthcare workers. These unspent funds carried over to the following years, increasing the risk of additional unused funds, as shown in Exhibits D and E.

As noted in the background, the CoP grant funding process shifted from restricted to unrestricted in FY 2023 (see *footnote 4 on page 7 and footnote 5 on page 8*), 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 owns these funds. Therefore, any unused funds remaining at the end of the fiscal year will stay with the LEA.

OIGE's review of final AFRs found that BCPS was one of four LEAs in scope that received CoP grant funds, which ultimately went unspent.⁸ BCPS had \$55,747 in unspent CoP funds owed to MSDE, which was most likely carried over to the next fiscal year.

During the MSDE portion of the 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.*

⁸ The final AFRs indicate the Amount Due to MSDE or to the LEA upon finalization, see Exhibit B on page 10 for an example.

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Concentration of Poverty Funds Management

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 #3

As local governments continue to share funding responsibility for Blueprint, BCPS should individually report the amount of unused CoP funds carried over from previous years. This information will promote transparency and enable the local government to monitor and address potential underutilization of allocated funds.



**Investigative Audit of Baltimore County Public Schools
Concentration of Poverty Funds Management**

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Investigative Audit Recommendation Response Form

Investigative Audit Number: 23-0004-A

Investigative Audit Title: Baltimore County Public Schools (BCPS) 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, BCPS 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 BCPS inventory controls are in alignment with existing guidance.

BCPS Responses:

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	Baltimore County Public Schools (BCPS) acknowledges the necessity of aligning internal controls with the recent MSDE CoP spending guidance and State of Maryland DGS tagging standards. To address the risks associated with sensitive, concealable items such as laptops and furniture, BCPS will update its inventory control procedures to cover items purchased by community schools. Specifically, these high-risk assets will be formally tracked within the asset management	Not Yet Implemented	June 30, 2026

	system and physically labeled “Property of Community Schools” to deter theft and ensure clear ownership. Furthermore, to maintain accurate records and accountability, BCPS will employ an annual physical inventory of these purchased items. These updated measures will ensure full compliance with state guidance and safeguard community school resources.		
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*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Finding 1: Potential Risk of Contract Overspending

OIGE found that BCPS lacked sufficient controls to prevent overspending when processing payments to a vendor with multiple contracts.

Of the thirty-five transactions reviewed, OIGE noted one transaction for \$127,513 with Vendor A that initially raised questions about whether it was an allowable use of CoP grant funds. This was based on a detailed review of the relevant contract, including the scope of the work, deliverables, and overall spending. While reviewing this transaction, OIGE requested to examine all transactions with Vendor A and noted that BCPS had entered into at least two contracts with Vendor A.

OIGE reviewed contract spending controls and found that BCPS' current process for tracking expenditures against contracts relies on manual reporting and periodic reviews. This approach introduces risk that contract spending could exceed authorized limits. Multiple payments for allowable CoP expenses were incorrectly coded to the wrong contract. As a result, spending was linked to a contract outside the correct scope and authority, covering services beyond the contract's intended scope.

OIGE found that purchase orders could not be corrected after a fiscal year had closed, resulting in a misalignment in spending that cannot be corrected retroactively. This misalignment could potentially lead to inaccuracies in tracking contract expenditures.

Recommendation 2:

To reduce the risk of contract overspending before the new Enterprise Resource Planning (ERP) system is implemented, the OIGE recommends strengthening interim controls by conducting more frequent contract spending reconciliations and implementing a secondary review of contract assignments before purchase orders are approved.

BCPS Responses:

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	Purchasing runs contract spending reports every two weeks. Purchasing Agents regularly review the report for significant changes in spending against each contract. Currently, a contract number is assigned to a requisition as soon as it arrives in the office. The assignment is then double-checked by the Agent responsible for that contract to confirm that the supplier applied all terms and conditions to the quote and that the scope aligns with the identified contract. This has been fully implemented.	Implemented	11/30/2025

*If applicable, please include attachments that may provide better context regarding planned corrective actions.

Recommendation 3:

As Local governments continue to share funding responsibility for the Blueprint, BCPS 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.

BCPS Responses:

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. BCPS has been executing this recommendation since it was required to by the Blueprint legislation and AIB guidance at the close of FY2023.	Until FY2022, COP was a reimbursable grant. Unused funds would not be received, and so there was no need or ability to carry over any unused funds. Since FY2023, the COP funds have been distributed with our bi-monthly state aid revenue. BCPS has been setting aside those unused COP funds at year end as a designated fund balance and has been budgeting and spending those funds with a one-year lag. I.e., FY2023 carryover was budgeted and fully expended in FY2025. FY2024 carryover was budgeted and is expected to be fully expended in FY2026. FY2025 carryover is expected to be budgeted and expended in FY2027. The FY2025 ACFR contains the details of all remaining COP designated fund balances: FY2024 Personnel and Per Pupil grants.	Fully Implemented	Complete

*If applicable, please include attachments that may provide better context regarding planned corrective actions.