MARYLAND OFFICE OF THE
INSPECTOR GENERAL FOR EDUCATION

NATALIA M. AHN
INSPECTOR GENERAL

MANAGEMENT ALERT REPORT - ***Action Requested by January 21, 2027***

October 23, 2026

To: Local Education Agency (LEA) Superintendents
Chief Financial Officers
Internal Audit Directors

From: Natalia M. Ahn, Inspector General
Maryland Office of the Inspector General for Education

Re: Bridging Inter-District Information Silos, Mitigating Vendor Risks, and Enhancing Fiscal Oversight

I. Executive Summary

Pursuant to Md. Code Ann., Educ. Art., § 9.10-104, the Maryland Office of the Inspector General for Education (OIGE) has opened an investigation into vendor misconduct across multiple school systems and issues this Management Alert Report (Alert) to call on Local Education Agencies (LEAs) to report vendor risks to our office. By pairing LEA vigilance with OIGE's statutory subpoena and investigative authorities, we can bridge inter-district information gaps, eliminate systemic vulnerabilities, and protect public resources across Maryland. This Alert stems from critical systemic vulnerabilities identified during a multi-district review of a third-party contractor providing services to several LEAs.

Earlier this year, OIGE received a complaint regarding a third-party vendor's operations, requesting that the OIGE investigate the vendor for fraud, waste, and abuse. The OIGE determined that, over a multi-year period, the vendor held contracts across at least four Maryland school systems. Notably, each LEA independently uncovered the vendor issues across these school systems—highlighting the importance of local oversight while revealing real opportunities to share information across school systems. These local school systems protected public funds by uncovering billing discrepancies, setting up corrective action plans, and recovering funds. However, because school systems lack a statewide, centralized mechanism to report vendor risks across county lines, billing issues and poor performance continued in neighboring LEAs. While the OIGE's investigation into this vendor's practices remains ongoing, issuing this Alert now allows our office to begin bridging the information gap between LEAs.

This Alert addresses a fundamental issue: When multiple school systems encounter risks or non-compliance with the same third-party vendor, administrative silos can prevent school systems from learning from one another's experiences. To help bridge these silos, the OIGE urges LEAs to report vendor risks and audit flags to our office. These reports will allow OIGE to evaluate the risks, determine whether to exercise its statutory subpoena power to investigate broader patterns in vendor practices, and proactively alert school systems statewide so that other LEAs do not fall prey to the same vulnerabilities.

II. Statutory Authority & Multi-Jurisdictional Information Silos

A. OIGE Statutory Authority and Mandate

Title 9.10 of the Education Article empowers the Inspector General to examine and investigate instances of fraud, waste, and abuse involving public funds and property administered by local school systems. The statute authorizes the Inspector General to examine the policies, procedures, and internal controls of LEAs and issue recommendations to local school boards, county superintendents, and state officials to promote efficiency, compliance, and effective management. This Alert aims to prevent financial waste and operational inefficiency proactively before losses occur.

B. Multi-Jurisdictional Silos and the Need for Centralized Risk-Sharing

A recent OIGE review across four Maryland school systems highlighted a single third-party vendor's operational patterns that warrant further review. While the OIGE continues to investigate this vendor's broader operations and practices, the initial review revealed that each district previously operated in administrative isolation:

- LEA A: Issued a corrective action plan following billing anomalies, then issued a partial termination letter for cause. After further monitoring and review, elected not to renew the remaining portions of its contract, and is actively pursuing debarment.
- LEA B: Uncovered overpayments due to gaps in planned services not being reflected on invoices. The overpayments were returned via a credit memo.
- LEA C: Conducted a comprehensive audit covering several years that revealed overbillings, charges for unrendered services, and duplicate disbursements.
- LEA D: Elected not to renew its contract, in part, due to poor vendor performance.

While each LEA took corrective action, neighboring school systems executed contracts and paid unverified invoices before initiating their own independent audits or contract non-renewals. The absence of a cross-school system reporting mechanism forced each LEA to rediscover vendor non-

compliance independently, exposing public funds to preventable risk.

III. ACTION REQUESTED: Vendor-Risk Reporting to the OIGE

To bridge these administrative silos, protect public education funds, and establish statewide vendor visibility, pursuant to § 9.10-104, OIGE invites all 24 LEAs to participate in a collaborative information-sharing initiative by notifying the OIGE **within 90 calendar days** if any of the following vendor risk indicators have occurred within the past two fiscal years (FY2025 - FY2026):

- Issuance of a formal corrective action plan, deficiency notice, or default notice to any third-party vendor.
- Discovery of overbillings, duplicate payments, or documentation gaps resulting in requested reimbursements or credit memos from any third-party vendor exceeding $50,000.00.
- Issuance of a suspension or debarment notification to a vendor.
- Initiation of litigation against a vendor due to billing anomalies, documentation failures, or non-performance.
- Issuance of a termination for cause of a vendor contract, either in whole or in part, due to billing anomalies, documentation failures, or non-performance[1].

Upon receiving vendor risk reports, the OIGE will aggregate data across all 24 LEAs. If systemic fraud risks or cross-school system patterns emerge, the OIGE will define the scope of a multi-school system investigation and leverage its statutory subpoena authority to compel records and testimony as appropriate. Furthermore, the OIGE will issue timely Alerts to all Maryland school systems, ensuring LEAs are alerted to emerging vendor issues before executing new contracts or approving unverified expenditures.

IV. Protocols, Confidentiality, and Verification

Reports should be submitted by an authorized LEA official (Superintendent, CFO, Chief Auditor, or Legal Counsel) via email to **oige.tips@maryland.gov** using the subject line: [School System Name] - Vendor Risk Reporting.

Confidentiality & MPIA Protections: Because this information is submitted as part of an OIGE investigation, material provided under this framework is statutorily protected from public disclosure pursuant to § 9.10-104 and the Maryland Public Information Act (MPIA).

[1] OIGE recognizes that LEA records retention policies and historical data availability vary. LEAs are requested to report information currently available through existing audit, investigative, and contract administration records.

Verification and Vendor Due Process: Prior to issuing any statewide notifications or public alerts identifying specific vendors, OIGE will independently investigate the vendor issues or practices. Vendors will be afforded an appropriate opportunity to review and respond to any adverse preliminary findings in accordance with due process principles.

V. Conclusion

We commend the LEAs that proactively identified these deficiencies through internal reviews, targeted investigations, or formal audits, and for their commitment to strengthening internal controls. Proactive oversight and accountability are vital to protecting public resources and maintaining community trust.

Respectfully,



Natalia M. Ahn
Inspector General

Cc: Dr. Carey Wright, Superintendent, Maryland State Department of Education
Dr. Joshua Michael, President, Maryland State Board of Education
Alex Donahue, Executive Director, Interagency Commission on School Construction