

Financial Management Practices Audit Report

St. Mary's County Public Schools

May 2021



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

Joint Audit and Evaluation Committee

| | |
|--|---------------------------------------|
| Senator Clarence K. Lam, M.D. (Senate Chair) | Delegate Carol L. Krimm (House Chair) |
| Senator Malcolm L. Augustine | Delegate Steven J. Arentz |
| Senator Adelaide C. Eckardt | Delegate Mark S. Chang |
| Senator George C. Edwards | Delegate Nicholas P. Charles II |
| Senator Katie Fry Hester | Delegate Andrea Fletcher Harrison |
| Senator Cheryl C. Kagan | Delegate Keith E. Haynes |
| Senator Benjamin F. Kramer | Delegate David Moon |
| Senator Cory V. McCray | Delegate April R. Rose |
| Senator Justin D. Ready | Delegate Geraldine Valentino-Smith |
| Senator Craig J. Zucker | One Vacancy |

To Obtain Further Information

Office of Legislative Audits
301 West Preston Street, Room 1202
Baltimore, Maryland 21201
Phone: 410-946-5900 · 301-970-5900 · 1-877-486-9964 (Toll Free in Maryland)
Maryland Relay: 711
TTY: 410-946-5401 · 301-970-5401
E-mail: OLASWebmaster@ola.state.md.us
Website: www.ola.state.md.us

To Report Fraud

The Office of Legislative Audits operates a Fraud Hotline to report fraud, waste, or abuse involving State of Maryland government resources. Reports of fraud, waste, or abuse may be communicated anonymously by a toll-free call to 1-877-FRAUD-11, by mail to the Fraud Hotline, c/o Office of Legislative Audits, or through the Office's website.

Nondiscrimination Statement

The Department of Legislative Services does not discriminate on the basis of age, ancestry, color, creed, marital status, national origin, race, religion, gender, gender identity, sexual orientation, or disability in the admission or access to its programs, services, or activities. The Department's Information Officer has been designated to coordinate compliance with the nondiscrimination requirements contained in Section 35.107 of the United States Department of Justice Regulations. Requests for assistance should be directed to the Information Officer at 410-946-5400 or 410-970-5400.



Victoria L. Gruber
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA
Legislative Auditor

May 17, 2021

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Carol L. Krimm, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We conducted an audit of the financial management practices of the St. Mary's County Public Schools (SMCPS) in accordance with the requirements of the State Government Article, Section 2-1220(e) of the Annotated Code of Maryland. The objectives of this audit were to evaluate whether SMCPS' procedures and controls were effective in accounting for and safeguarding its assets and whether its policies provided for the efficient use of financial resources.

Our audit disclosed a limited number of reportable conditions. Specifically, we identified certain security and control risks that existed within SMCPS' computer network. For example, sensitive personally identifiable information was maintained without adequate safeguards and identification, and its computer network was not properly secured. In this regard, certain servers were located in SMCPS' internal network rather than being isolated in a separate protected zone to minimize security risks.

In addition, SMCPS' procurement policies were not sufficiently comprehensive and were not always consistently used when obtaining goods and services under intergovernmental cooperative purchasing agreements. Furthermore, we identified certain practices, which, if implemented, could provide opportunities for achieving cost savings in student transportation. Specifically, we found that certain components of the payments to bus contractors did not reflect actual costs or could not be supported, resulting in potentially higher payments than necessary for student transportation services.

Finally, based on our current audit assessment of significance and risk to our audit objectives, our audit included a review to determine the status of 11 of the 14 findings contained in our preceding audit report. We call your attention to our determination that SMCPs satisfactorily addressed 10 of the 11 prior findings we reviewed. The remaining finding is repeated in this report.

We conducted our audit fieldwork from April 20, 2020 to December 28, 2020. Our fieldwork was conducted during a period in which the local education agencies were impacted by the COVID-19 pandemic health crisis. Specifically, beginning on March 16, 2020, the State Superintendent of Schools decided to close school and administrative buildings to employees and the public for a two-week period. This was eventually extended for the remainder of the 2019-2020 school year with limited access by certain employees. All SMCPs facilities were open during the entire period of our fieldwork and, as a result, the objectives and scope of our audit were not impacted. To the extent that the COVID-19 crisis continues to impact SMCPs operations, certain recommendations in this report may need to be adjusted to ensure proper controls under the modified operations.

SMCPs' response to this audit is included as an appendix to this report. We reviewed the response and noted general agreement to our findings and related recommendations, and while there are other aspects of SMCPs' response which will require further clarification, we do not anticipate these will require the Joint Audit and Evaluation Committee's attention to resolve. Finally, we have edited SMCPs' response to remove certain vendor names or products and certain detailed information regarding information systems security, as allowed by our policy.

We wish to acknowledge the cooperation extended to us during our audit by SMCPs and its willingness to address the audit issues and to implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive, flowing style.

Gregory A. Hook, CPA
Legislative Auditor

Table of Contents

| | |
|---|----|
| Background Information | 5 |
| Statistical Overview | 5 |
| Oversight | 6 |
| External Audits | 7 |
| Status of Findings From Preceding Audit Report | 8 |
| Findings and Recommendations | 9 |
| Revenue and Billing Cycle | 9 |
| Federal Funds | 10 |
| Procurement and Disbursement Cycle | |
| Finding 1 – St. Mary’s County Public School’s (SMCPS) procurement policies did not incorporate certain requirements of State law and recognized best practices when participating in intergovernmental cooperative purchasing agreements. | 11 |
| Human Resources and Payroll | 13 |
| Equipment Control and Accountability | 14 |
| Information Technology | |
| Finding 2 – Sensitive personally identifiable information was maintained without adequate safeguards and being identified. | 15 |
| Finding 3 – Certain servers were improperly located within the internal network, and security settings for SMCPS’ password controls for network authentication were not adequate. | 15 |
| Facilities Construction, Renovation, and Maintenance | 16 |
| Transportation Services | |
| * Finding 4 – Certain elements of the payments to bus contractors did not reflect actual costs or could not be supported resulting in potentially higher payments than necessary for student transportation services. | 18 |
| * Denotes item repeated in full or part from preceding audit report | |

| | |
|---|----------|
| Food Services | 19 |
| School Board Oversight | 19 |
| Management of Other Risks | 20 |
| Audit Scope, Objectives, and Methodology | 22 |
| Agency Response | Appendix |

Background Information

Statistical Overview

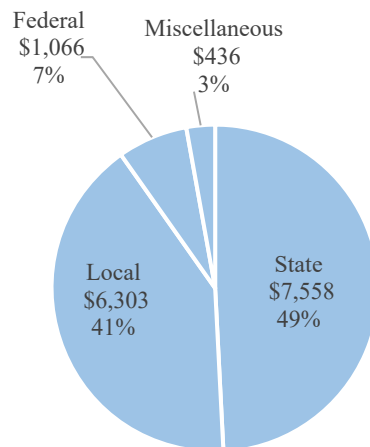
Enrollment

According to student enrollment records compiled by the Maryland State Department of Education (MSDE), St. Mary's County Public Schools (SMCPS) ranks 12th in student enrollment among the 24 public school systems in Maryland. Fiscal year 2020 full-time student enrollment was 18,083 students. SMCPS had 28 schools, consisting of 18 elementary, 4 middle schools, 3 high schools, and 3 other types of schools (including alternative, vocational, and charter school).

Funding

SMCPS revenues consist primarily of funds received from the State, St. Mary's County, and the federal government. According to SMCPS' audited financial statements, revenues from all sources totaled approximately \$277.8 million in fiscal year 2020; including approximately \$136.7 million from the State. See Figure 1 below for SMCPS' revenue sources per enrolled student in fiscal year 2020 according to its audited financial statements.

Figure 1
SMCPS' Revenue Sources Per Enrolled Student
Fiscal Year 2020

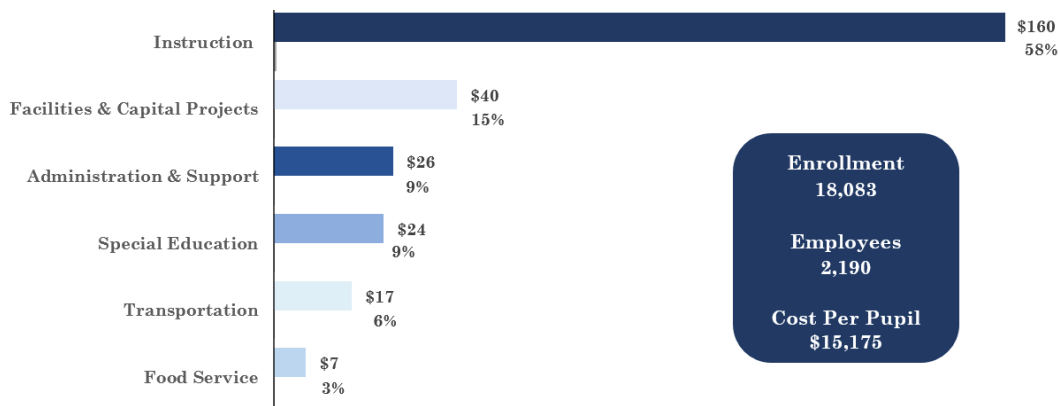


Source: SMCPS' Fiscal Year 2020 Audited Financial Statements and MSDE Data

Expenditures

According to SMCPs' audited financial statements, fiscal year 2020 expenditures were approximately \$274.4 million. The largest expenditure category was salaries and wages, including benefits, which accounted for approximately 76 percent of total expenditures during fiscal year 2020. According to MSDE records, during the 2019-2020 school year, SMCPs had 2,190 full-time equivalent positions, which consisted of 1,542 instructional and 648 non-instructional positions. Instruction accounted for over half of SMCPs' expenditures on a categorical basis (see Figure 2).

Figure 2
SMCPs Expenditures by Category and Selected Statistical Data
Fiscal Year 2020
(amounts in millions)



Source: SMCPs' Fiscal Year 2020 Audited Financial Statements and MSDE Data

Oversight

SMCPs is governed by a local school board, consisting of five elected voting members and one non-voting student member. In accordance with State law, MSDE provides considerable oversight of SMCPs through the establishment and monitoring of various financial and academic policies and regulations. MSDE also works with SMCPs to comply with the requirements and mandates of federal law. The St. Mary's County government also exercises authority over SMCPs primarily through the review and approval of SMCPs' annual operating and capital budgets.

External Audits

SMCPS engages a certified public accounting firm to independently audit its annual financial statements. The firm performs procedures to verify the amounts and disclosures in the financial statements. The firm also evaluates the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. In the related audit reports, the firm stated that the financial statements presented fairly, in all material respects, the financial position of SMCPS as of June 30, 2015, 2016, 2017, 2018, 2019, and 2020 and the changes in its financial position and, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Additionally, in accordance with *Government Auditing Standards*, as part of the audited financial statements the accounting firm also issued separate reports on SMCPS' control over financial reporting and its tests of SMCPS' compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. This report is an integral part of the annual independent audited financial statements. Furthermore, the accounting firm also conducts the Single Audit of SMCPS' federal grant programs. The Single Audit is intended to provide assurance to the federal government that adequate internal controls are in place, and the entity is generally in compliance with certain program requirements.

We reviewed the aforementioned financial statement audits and Single Audit reports for fiscal years 2015 through 2020, and examined the related work papers for the fiscal year 2019 audits, which was the latest available during our audit fieldwork.

Certain work of the independent certified public accounting firm, which we determined was reliable, covered areas included in the scope of our audit. As a result, we did not conduct any audit work related to the following areas:

- Accounts receivables
- Federal grant activity

The independent accounting firm did not disclose any material deficiencies in these areas.

Status of Findings From Preceding Audit Report

Based on our current assessment of significance and risk relative to our audit objectives, our audit included a review to determine the status of 11 of the 14 findings contained in our preceding audit report dated September 21, 2015. We determined that SMCPS satisfactorily addressed 10 of these findings. The remaining finding is repeated in this report, as noted in the following figure.

Figure 3
Status of Preceding Findings

| Preceding Finding | Finding Description | Implementation Status |
|--------------------------|--|--|
| Finding 1 | SMCPS did not adequately restrict user's capabilities on its automated procurement and accounts payable system. | Not repeated |
| Finding 2 | Contracts were not always awarded through competitive procurements and contract billings were not always properly verified. | Not repeated |
| Finding 3 | Human resources and payroll system user capabilities were not adequately monitored and restricted and independent documented reviews of transactions were not performed. | Not repeated |
| Finding 4 | SMCPS equipment policies were not comprehensive and proper controls and recordkeeping were not established over sensitive equipment. | Not repeated (Not followed up on) |
| Finding 5 | Controls over accounts, passwords, database access and logging, and security monitoring were not sufficient. | Not repeated |
| Finding 6 | The SMCPS computer network was not adequately secured. | Not repeated |
| Finding 7 | Workstations and servers were not sufficiently protected against malware. | Not repeated |
| Finding 8 | SMCPS did not periodically perform a system-wide analysis of bus routes and did not use bus capacities to maximize the efficiency of its bus routes. | Not repeated |
| Finding 9 | Certain SMCPS payments to bus contractors did not consider market conditions, actual costs, or available discounts. | Repeated (Current Finding 4) |
| Finding 10 | Internal controls over payments to bus contractors were not adequate. | Not repeated |
| Finding 11 | Cash receipt duties were not properly segregated as transactions could be voided by cashiers without independent review or approval. | Not repeated (Not followed up on) |
| Finding 12 | SMCPS did not perform documented independent verifications of validated deposits. | Not repeated (Not followed up on) |
| Finding 13 | SMCPS did not competitively bid healthcare contracts for administrative services and stop loss coverage and did not maintain copies of the annual agreements. | Not repeated |
| Finding 14 | SMCPS did not ensure the propriety of payments for employee and retiree healthcare costs. | Not repeated |

Findings and Recommendations

Revenue and Billing Cycle

Background

St. Mary's County Public Schools (SMCPS) revenues consist primarily of funds received from the State, St. Mary's County, and the federal government. According to SMCPS' audited financial statements, revenues from all sources totaled approximately \$277.8 million in fiscal year 2020; including approximately \$136.7 million from the State.

External Audits

There were similarities between the work of the independent certified public accounting firm that audited the SMCPS financial statements and the objectives of our audit of certain revenue activities. As a result, we relied on this work to provide audit coverage for accounts receivable, for which the auditor's procedural review and testing disclosed no material weaknesses or significant deficiencies.

School Activity Funds

Schools collect funds for other purposes such as student activities, clubs, and school publications. Because they are not considered school revenue, these school activity funds are accounted for separately by each school, and reported in summary in the audited financial statements. During fiscal year 2020, school activity collections totaled \$2.6 million and the June 30, 2020 fund balance was \$1.3 million.

SMCPS' Board of Education (the Board) has a fiduciary responsibility to ensure that school activity funds were used only for intended purposes. Finance Department employees conducted school activity fund reviews to determine compliance with the School Activity Funds Accounting Manual by testing collections and disbursements, and ensuring that funds have been properly accounted for. These internal school activity fund reviews are performed at all schools annually and the related findings are discussed with school principals and bookkeepers. The resultant reports we reviewed, disclosed that internal controls weaknesses were not prevalent and that control weaknesses at certain schools were addressed by school management.

Conclusion

Based on our current assessment of significance and risk relative to our audit objectives, we relied on the work of others to provide audit coverage in this area including procedures and controls related to the accounting for and safeguarding of cash receipts with respect to revenue and billing. Specifically, we considered

the work performed by the independent certified public accounting firm and reviews performed by SMCPs' Finance Department.

Federal Funds

Background

SMCPs receives funds pertaining to federal government programs that are generally restricted for use for a specific program (such as the School Lunch Program or Special Education). According to SMCPs' Single Audit, fiscal year 2020 expenditures totaled \$19.4 million, not including federally funded fee-for-service programs such as Medicaid reimbursement for special education services.

Single Audit Report Disclosed No Reportable Conditions Regarding Federal Grant Management

There were similarities in the work performed by the independent certified public accounting firm that conducted the Single Audit of SMCPs' federal grants and the objectives of our audit in this area. In addition to expressing an opinion on SMCPs compliance with the terms of several grant programs, the auditor also considered the existing internal control structure's impact on compliance and audited the required Schedule of Expenditures of Federal Awards (which includes claimed and reported grant expenditures) for fiscal years 2015 to 2020.

The related report stated that SMCPs complied, in all material respects, with the requirements applicable to its major federal programs. With respect to internal controls over compliance with, and the operation of, major federal programs, the auditors did not identify any material weaknesses or significant deficiencies.

Medicaid Funds for Eligible Services

SMCPs has established a procedure to identify children eligible for Medicaid-subsidized services and the services rendered. Medicaid is an entitlement program for which certain service costs can be reimbursed to SMCPs. Medicaid activity is not covered by the Single Audit of federal grants.

The Maryland State Department of Education's Interagency Medicaid Monitoring Team issued a report in September 2019 of the results of its review of 41 student case files for 71 criteria (including the correct billing of Medicaid for eligible services). The report found that SMCPs was 100 percent compliant with 64 criteria and between 91 to 97 percent compliant with the remaining criteria. According to SMCPs records, fiscal year 2020 state and federal reimbursements for Medicaid-subsidized services totaled approximately \$1.8 million.

Conclusion

Based on our current assessment of significance and risk relative to our audit objectives, our audit did not include a review of Medicaid subsidized services. We relied on the work of the independent certified public accounting firm that conducted the Single Audits for all other work in the federal funds area, including policies, procedures, and controls with respect to federal grants and expenditures.

Procurement and Disbursement Cycle

Background

According to the audited financial statements and SMCPs records, disbursements, excluding payroll, totaled \$65.0 million during fiscal year 2020. SMCPs uses an automated system for purchases and disbursements. Requisitions are created in the system by departments and are subject to on-line departmental and purchasing department approvals. Purchase orders are prepared on the system by the purchasing department based on the approved requisitions. The purchasing department also generally handles the solicitation, bid evaluation, and establishment of contracts. The receipt of goods and services is entered into the automated system by the receiving school or department. Payments are then processed by the Finance Department through the automated system that matches receiving reports to appropriate purchasing documents and then prints vendor checks and posts the payment to the financial records.

SMCPs' written procurement policies require that procurements exceeding \$50,000 be competitively bid in accordance with Section 5-112 of the Education Article of the Annotated Code of Maryland. Contracts and agreements exceeding \$50,000 are to be approved by the Board.

Finding 1

SMCPs procurement policies did not incorporate certain requirements of State law and recognized best practices when participating in intergovernmental cooperative purchasing agreements (ICPA).

Analysis

SMCPs procurement policies did not incorporate certain requirements of State law and recognized best practices, and SMCPs did not always perform the requirements and certain best practices when evaluating the merits of participating in an ICPA. Specifically, the following statutory requirement and critical best practices were not included in SMCPs' policies, and the requirements of State law and certain of these best practices were not always consistently used when obtaining goods and services under an ICPA.

- Prepare a written assessment of the benefits of using an ICPA, as required by State law
- Analyze all costs of conducting competitive solicitations
- Research, compare, and evaluate available ICPAs
- Verify ICPA has a clause allowing utilization by other parties
- Verify the ICPA solicitation was competitively bid and publicly advertised and obtain originating agency's competitive procurement documentation (including public advertisements and proposal evaluations)
- Verify terms, scope of services, specifications, and price meet SMCPS needs
- Execute an addendum of participation with the lead contract agency and remove or incorporate necessary local terms and conditions
- Obtain a copy of the ICPA and related price lists for invoice verification

We tested SMCPS' participation in nine ICPAs during fiscal years 2019 and 2020 with contract awards totaling approximately \$5.6 million. Our review disclosed that SMCPS did not have a written assessment of the benefits of using an ICPA for any of the ICPAs tested, as required by State law. In addition, analyzing the costs of conducting competitive solicitations was not performed for eight of the ICPAs and researching, comparing, and evaluating other available ICPAs was not performed for six of the ICPAs tested. Furthermore, verifying that the ICPA was competitively bid and publicly advertised was not performed for five of the ICPAs.

Incorporating the statutory requirement and best practices into SMCPS policies could help ensure they are consistently used. In this regard, we did identify certain critical best practices (allowing utilization by other parties, verifying terms and scope, executing addendums of participation, obtaining a copy of the ICPA and related pricing) that were incorporated into all nine of the ICPAs we reviewed, but were not included in SMCPS' policies.

State law, which legal counsel to the Maryland General Assembly advised us is applicable to local education agencies, allows the use of cooperative purchasing arrangements or ICPAs only after the using entity has determined (or assessed) in writing that the use of such arrangements will provide cost benefits, promote

administrative efficiencies, or promote intergovernmental cooperation¹. Further, the Institute for Public Procurement, formerly known as the National Institute of Government Purchasing, as well as other public and educational organizations have published ICPA best practices. These practices include comprehensive multi-step checklists that require, among other things (as per the list above), that prospective ICPA users verify that the contract allows other entities to participate. In addition, ICPA users should ensure that the contract was awarded through a competitive procurement process, and requires that addendums be executed documenting their participation and incorporating local required terms and conditions.

Recommendation 1

We recommend that SMCPS incorporate the aforementioned statutory requirement and other identified and acknowledged best practices into its procurement policies, and ensure that the performance of the requirement and best practices is documented when evaluating the participation in ICPAs.

Human Resources and Payroll

Background

Payroll expense represents the largest single cost component in the SMCPS budget. According to SMCPS' records, fiscal year 2020 salary, wage, and benefit costs totaled \$209.4 million, representing approximately 76 percent of the total expenditures. According to Maryland State Department of Education reports, during the 2019-2020 school year SMCPS had 2,190 full-time positions, which consisted of 1,542 instructional positions and 648 non-instructional positions.

SMCPS uses automated systems to maintain human resources information, record employee time, track leave usage, and process and record payroll transactions. Leave for full time employees is approved by supervisors in a time management system which is then uploaded to the payroll system to create electronic bi-weekly

¹ Section 13-110 of the State Finance and Procurement Article, of the Annotated Code of Maryland in part, defines an intergovernmental cooperative purchasing agreement (ICPA). As defined, an ICPA is a contract that is entered into by at least one governmental entity in a certain manner, that is available for use by the governmental entity entering the contract and at least one additional governmental entity, and that is intended to promote efficiency and savings that can result from intergovernmental cooperative purchasing. The aforementioned law applies to all ICPAs regardless of the services, goods, or commodities purchased. In addition, Section 5-112(a)(3) of the Education Article of the Code provides that local education agencies do not need to conduct competitive procurements for goods and commodities if they use a contract awarded by public agencies or intergovernmental purchasing organizations and the originating procuring agency followed public bidding procedures.

time records, and any adjustments are processed by central payroll personnel. Manual timesheets are used for the remaining employees and approved by supervisors.

Conclusion

Our audit did not disclose any significant deficiencies in the design or operation of SMCPs' internal control over the human resources and payroll areas of operations reviewed. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

Equipment Control and Accountability

Background

According to SMCPs' notes to the audited financial statements, the undepreciated value of its capital equipment was \$12.6 million as of June 30, 2020. SMCPs maintains centralized automated records for equipment with a cost of \$5,000 or more (including assets capitalized for financial statement purposes). In addition, SMCPs' Department of Information Technology Services maintains inventory records for all sensitive items that are susceptible to theft such as computers (laptops, tablets) and small items (cameras, portable tools) regardless of cost.

Conclusion

Based on our current assessment of significance and risk relative to our audit objectives, our audit did not include a review of policies, procedures, and controls with respect to the equipment area of operations.

Information Technology

Background

SMCPs' Information Technology Services (ITS) Department maintains and administers the SMCPs' computer network, computer operations and instructional information system applications. SMCPs operates a wide area network, with internet connectivity, which connects the individual schools' local networks to the SMCPs centralized computer resources. ITS also supports the student information and the financial management systems, which include critical applications pertaining to student grades, student attendance, budgeting, purchasing, accounting, accounts payable, payroll, human resources and various other functions.

Finding 2

Sensitive personally identifiable information (PII) was maintained without adequate safeguards and being identified.

Analysis

Sensitive personally identifiable information (PII) was maintained without adequate safeguards and being identified. SMCPs operated a computer system which contained a significant amount of sensitive PII. As of June 16, 2020, we noted that this system's database included a significant number of unique sensitive information records which were maintained in a manner that made the information vulnerable to improper disclosure. SMCPs personnel also advised us that this sensitive PII was not subject to other substantial mitigating security controls. We did identify numerous employee or system accounts that had access to this sensitive PII and found such access to be proper.

Furthermore, SMCPs had not performed an inventory of its systems to identify all stored sensitive PII, determined if it was necessary to retain the PII, and deleted PII identified as unnecessary. Detailed aspects of this finding were omitted from this report, however the related detailed information, including a sensitive information record count, was previously shared with SMCPs for purposes of implementing the following recommendation.

Best practices as per the State of Maryland *Information Technology Security Manual* requires that agencies protect confidential data using adequate safeguards and/or other substantial mitigating controls.

Recommendation 2

We recommend that SMCPs

- a. implement appropriate information security safeguards for its stored sensitive PII; and**
- b. perform an annual inventory of all of its systems, identify all sensitive PII, and delete all unnecessary PII.**

Finding 3

Certain servers were improperly located within the internal network, and security settings for SMCPs' password controls for network authentication were not adequate.

Analysis

SMCPs' computer network had certain insecure elements. We noted two conditions affecting network security.

- Certain servers were located in the SMCPS internal network rather than being isolated in a separate protected network zone to minimize security risks. These servers, by their nature and location, created improper security risk for the internal network. Best practices in the State of Maryland *Information Technology Security Manual* include placing such servers in an external protected zone to protect those servers as well as the entity's internal network. Detailed aspects of this finding were omitted from this report; however, the related information was previously shared with SMCPS for the purposes of implementing appropriate corrective actions.
- Certain password control settings defined for authenticating SMCPS network users were not in accordance with best practices as per the State's *Information Technology Security Manual* requirements concerning password length, history, minimum age and expiration. During our audit work, we noted that there were approximately 3,800 defined network accounts involved with either all parts or a portion of this control weakness.

Recommendation 3

We recommend that SMCPS

- relocate servers, as appropriate, to a separate protected network zone to limit security exposures to the internal network segment; and**
- establish appropriate password controls over user network authentication.**

Facilities Construction, Renovation, and Maintenance

Background

SMCPS employs a staff of 182 employees to maintain 28 schools (including alternative, vocational, and charter school and a number of other facilities (such as administrative and support offices). According to its fiscal year 2020 Capital Improvement Plan, necessary construction, major renovations, and systemic improvements to SMCPS' facilities over the next six years are estimated to cost approximately \$101.6 million.

SMCPS Capital Projects Were Competitively Procured and Related Expenditures Were Properly Supported

Our review of 5 construction-related procurements awarded during fiscal years 2019 and 2020 totaling \$17.8 million, disclosed that all 5 contracts were competitively procured and properly approved by the Board. In addition, our test of 14 invoices totaling \$6.1 million for these contracts disclosed that the invoices

were properly supported and the amounts invoiced were in accordance with contract terms.

Processes are in Place to Promote Ongoing Facility Maintenance and to Minimize Energy Costs

SMCPS has processes in place to promote ongoing facility maintenance and to minimize energy costs. For example, SMCPS performs preventive maintenance on its buildings and equipment to prevent emergency repairs. In addition, SMCPS monitors energy (including electricity and heating) usage and related costs. SMCPS also has written policies that encourage both students and employees to be aware of and limit their energy use. SMCPS also makes use of solar alternative energy sources.

Conclusion

Our audit did not disclose any significant deficiencies in the design or operation of SMCPS' internal control over the facilities construction, renovation, and maintenance financial-related areas of operations reviewed. Our audit also did not disclose any significant instances of noncompliance with applicable laws, rules, or regulations.

Transportation Services

Background

According to statistics compiled by the Maryland State Department of Education (MSDE), SMCPS has approximately 17,900 students eligible to receive student transportation service. SMCPS reported that 2.9 million route miles were traveled to transport students for the 2019-2020 school year. These students were transported using 191 contractor-owned buses and 13 system-owned buses. According to SMCPS financial records, fiscal year 2019 transportation costs totaled \$17.2 million with \$14.0 million (81 percent) representing payments for the contracted bus services.

SMCPS bus contracts are for an initial 6-year term subject to renewal for an additional 6-year term to last the 12-year useful life of the bus. The contracts can be terminated by the Board at its discretion for cause by giving 30 days written notice, or by either party at the end of the school year for any reason by giving written notice of 30 days. Payments to bus contractors consist of several components including hourly reimbursements for drivers, a per-mile maintenance fee, and fuel costs. Additional components include a per-vehicle allotment (PVA) intended as reimbursement for the cost of purchasing a bus and a flat rate for

return on investment, reimbursement of certain administrative costs (such as overhead, insurance, bus driver training, physicals, and drug testing).

Finding 4

Certain elements of the payments to bus contractors did not reflect actual costs or could not be supported resulting in potentially higher payments than necessary for student transportation services.

Analysis

Certain elements of the payments to bus contractors did not reflect actual costs or could not be supported resulting in potentially higher payments than necessary for student transportation services.

- SMCPs could not support the appropriateness of the estimated \$3.2 million it paid to bus contractors for per-mile bus maintenance costs (\$0.85 per mile) during fiscal year 2019. A similar condition was commented upon in our preceding report.
- SMCPs could not document how it determined the reasonableness of administrative costs of \$4,835 per bus paid during fiscal year 2019 which we estimated totaled \$919,000 for all contractors. Since fiscal year 2012, SMCPs has reimbursed the bus contractors for administrative costs and this amount has continued to increase. A similar condition was commented upon in our preceding report.
- The standard contract language used by SMCPs for its bus contracts did not include a right to audit provision. Such a provision would allow SMCPs to verify the contractors' actual costs of purchasing and maintaining the buses when negotiating the PVA, hourly reimbursements for drivers, the per-mile maintenance fee, fuel costs, and the annual administrative fees. The State of Maryland has established a preference in regulation that all contracts require contractors to make their records available for audit by authorized representatives of the State at all reasonable times.

Recommendation 4

We recommend that SMCPs

- a. use actual documented maintenance costs, cost studies, or independently derived estimates for establishing contractor rates for per-mile maintenance costs (repeat);**
- b. document the reasonableness of the annual administrative costs paid to contractors (repeat); and**

- c. **include provisions to audit the bus contractors in future contracts and use it to determine the actual cost of operating contractor buses.**

Food Services

Background

According to SMCPs' audited financial statements, food service operating expenditures totaled \$6.5 million in fiscal year 2020, and were primarily funded with federal funds totaling \$3.6 million and food sales totaling \$2.6 million. According to MSDE records, in fiscal year 2020 SMCPs had 89 food service positions for its 28 schools, consisting of 82 cafeteria positions and 7 administrative positions.

Conclusion

Based on our current assessment of significance and risk relative to our audit objectives, our audit did not include a review of policies, procedures, and controls with respect to the Food Services financial area of operations.

School Board Oversight

Background

The St. Mary's Board of Education (the Board) is composed of five elected members and a non-voting student member. As noted in the Background Information section, the Board contracted with a certified public accounting firm for independent audits of the SMCPs financial statements and federal programs. The Board has not established any special committees.

SMCPs Adopted an Ethics Policy that Met the Requirements of State Law

The Board has adopted a detailed ethics policy that conforms to State Law and was approved by the State Ethics Commission. The policy is applicable to both Board members and SMCPs employees and includes provisions for conflicts of interest and financial disclosures by Board members and certain employees. Specifically, annual financial disclosure statements are required to be filed by Board members, candidates for the Board, the Superintendent, and other administrators (Assistant Superintendent, Deputy Superintendent, General Counsel, Chief Strategic Officer, Accountability Officer, Directors, and Principals) by April 30th of each year.

In accordance with the policy, SMCPs established an Ethics Panel consisting of five members appointed by the Board to interpret ethics policies and provide

advice on policy implementation. The Panel also reviews and rules on any reported complaints of ethics violations. Our review of the records for Board members and SMCPs employees required to submit financial disclosure forms for calendar year 2019 disclosed that all forms were submitted as required.

Conclusion

Our audit did not disclose any reportable conditions related to school board oversight.

Management of Other Risks

Healthcare Background

SMCPs self-insures its employee and retiree healthcare costs. SMCPs negotiates contracts with a third-party administrator (TPA) firm for health care claims processing services for employee and retiree medical, vision, dental, pharmacy costs, and for stop-loss insurance coverage.

SMCPs pays the TPA a monthly subscription charge based on the number of participants and their medical coverage, and an administrative fee. The monthly payment also includes the stop-loss insurance, which indemnifies SMCPs against health insurance claim amounts that exceed \$200,000 per participant per plan year (as of the 2018-2019 plan year).

Medical providers submit claims to the TPA who pays them on behalf of SMCPs. In a year-end settlement process, for the plan year ending June 30th, the TPA nets the amount of medical claims it paid, and related fees, excess stop-loss amounts and rebates, against the monthly subscription charges billed to and paid by SMCPs to determine any excess amount due from or to be reimbursed to either party.

SMCPs contracts with two consultants to help manage the health plans. One consultant performs data analysis of the health services utilization and costs, provides recommendations on potential rate changes, and evaluates the merits of the health plan proposals. The other consultant audits medical claims processed by the TPA for compliance with the health plans, reconciles paid claims to the year-end settlements, and determines the reasonableness of stop-loss costs paid by the TPA.

As of December 1, 2020, SMCPs management advised that health insurance benefits were provided to approximately 5,678 enrolled employees, dependents, and retirees. According to TPA records, during the 2018-2019 contract year

health care payments totaled \$40.9 million, including \$1.7 million for administrative fees and \$2.7 million for stop-loss insurance coverage.

Conclusion

Our audit did not disclose any reportable conditions related to the management of other risks area of operations reviewed.

Audit Scope, Objectives, and Methodology

We conducted a performance audit to evaluate the effectiveness and efficiency of the financial management practices of the St. Mary's County Public Schools (SMCPS). We conducted this audit under the authority of the State Government Article, Section 2-1220(e) of the Annotated Code of Maryland, and performed it in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We had two broad audit objectives:

1. Evaluate whether the SMCPS procedures and controls were effective in accounting for and safeguarding its assets.
2. Evaluate whether the SMCPS policies provided for the efficient use of financial resources.

In planning and conducting our audit of SMCPS, we focused on 11 major financial-related areas of operations as approved on December 6, 2016 by the Joint Audit and Evaluation Committee of the Maryland General Assembly in accordance with the enabling legislation. The scope of the work performed in each of these areas was based on our assessments of significance and risk. Therefore, our follow-up on the status of findings included in our preceding audit report on SMCPS dated September 21, 2015, was limited to those findings that were applicable to the current audit scope for each of the 11 areas.

The audit objectives excluded reviewing and assessing student achievement, curriculum, teacher performance, and other academic-related areas and functions. Also, we did not evaluate the SMCPS Comprehensive Education Master Plan or related updates, and we did not review the activities, financial or other, of any parent teacher association, group, or funds not under the local board of education's direct control or management.

To accomplish our objectives, we reviewed applicable State laws and regulations pertaining to public elementary and secondary education, as well as policies and procedures issued and established by SMCPS. We also interviewed personnel at SMCPS and the Maryland State Department of Education (MSDE), and staff at other local school systems in Maryland (as appropriate). Our audit procedures

included inspections of documents and records, and to the extent practicable, observations of SMCPS operations. We also tested transactions and performed other auditing procedures that we considered necessary to achieve our objectives, generally for the period from July 1, 2019 to September 30, 2020. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected. For certain areas within the scope of the audit, we relied on the work performed by the independent accounting firm that annually audits SMCPS' financial statements and conducts the federal Single Audit, as well as the reviews of student activity funds performed by SMCPS' Finance Department.

We used certain statistical data—including financial and operational—compiled by MSDE from various informational reports submitted by the Maryland local school systems. This information was used in this audit report for background or informational purposes, and was deemed reasonable.

We also extracted data from the SMCPS automated financial management system for the purpose of testing expenditure and payroll transactions. We performed various audit procedures on the relevant data and determined the data were sufficiently reliable for the purposes the data were used during the audit.

SMCPS' management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to SMCPS, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. In addition to the conditions included in this report, other findings were communicated to SMCPS that were not deemed significant and, consequently, did not warrant inclusion in this report.

We conducted our fieldwork from April 2020 to December 2020. On March 16, 2020, due to the COVID-19 pandemic health crisis, the State Superintendent of Schools decided to close school and administrative buildings to employees and the public for a two-week period. This was eventually extended for the remainder of the 2019-2020 school year with limited access by certain employees. All SMCPs buildings were open during the entire period of our fieldwork, so the objectives and scope of our audit were not impacted. To the extent that the COVID-19 crisis continues to impact SMCPs operations, certain recommendations in this report may need to be adjusted to ensure proper controls under the modified operations.

The SMCPs response to our findings and recommendations is included as an Appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise SMCPs regarding the results of our review of its response.



APPENDIX

St. Mary's County Public Schools

Central Administration

Office of the Superintendent
23160 Moakley Street, Suite 109
Leonardtown, Maryland 20650

Phone: 301-475-5511 ext. 32178; Fax: 301-475-4270

Dr. J. Scott Smith
Superintendent

May 5, 2021

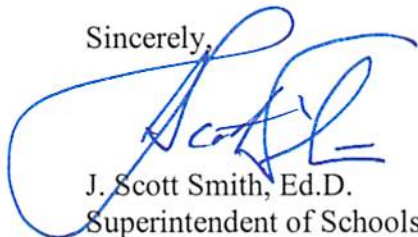
Mr. Gregory Hook, CPA
Legislative Auditor
Office of Legislative Audits
State Office Building, Room 1202
301 West Preston Street
Baltimore, Maryland 21201

Dear Mr. Hook:

Please accept this letter as our response to the Department of Legislative Services audit of St. Mary's County Public Schools. There were four recommendations made in this report, of which the attached contains our response and applicable action on the recommendations.

If you have any questions, please contact my office at 301-475-5511.

Sincerely,



J. Scott Smith, Ed.D.
Superintendent of Schools

JSS/jas

Attachment

cc: Karin Bailey, Chairman, Board of Education
Tammy McCourt, Assistant Superintendent of Fiscal Services and Human Resources
Jeff Walker, Assistant Superintendent of Supporting Services

St. Mary's County Public Schools

Agency Response Form

Procurement and Disbursement Cycle

Finding 1

SMCPS procurement policies did not incorporate certain requirements of State law and recognized best practices when participating in intergovernmental cooperative purchasing agreements (ICPA).

We recommend that SMCPS incorporate the aforementioned statutory requirement and other identified and acknowledged best practices into its procurement policies, and ensure that the performance of the requirement and best practices is documented when evaluating the participation in ICPAs.

| Agency Response | |
|---|---|
| Analysis | |
| Please provide additional comments as deemed necessary. | <p>The legislative analysis included a checklist of eight items recognized as best practices in evaluating the Intergovernmental Cooperative Purchasing Agreements for use by St. Mary's County Public Schools. Of which, it was determined that St. Mary's County Public Schools consistently performed the following five best practices:</p> <ul style="list-style-type: none">● Verify ICPA has a clause allowing utilization by other parties.● Verify terms, scope of services, specifications and price met the entity's needs.● Execute an addendum of participation with lead contract agency and remove or incorporate necessary local terms and conditions.● Obtain a copy of the ICPA and related price lists for invoice verification.● Verify the ICPA solicitation was competitively bid and publicly advertised and obtain originating agency's competitive procurement documentation (including public advertisements and proposal evaluations.) <p>St. Mary's County Public Schools strives to continually set our bar high and conform with nationally established best practices.</p> |

St. Mary's County Public Schools

Agency Response Form

| | | | |
|---|---|-----------------------------------|---------------|
| | | | |
| Recommendation 1 | Agree | Estimated Completion Date: | June 30, 2021 |
| Please provide details of corrective action or explain disagreement. | SMCPS will develop a comprehensive checklist to be completed when obtaining goods or services under an ICPA. This checklist and supporting documentation will be maintained in the contract file. SMCPS will modify the existing Regulation DJC-R (Procurement Methods) to include reference to the checklist as a mandatory component of the procurement process when goods or services are being obtained under an ICPA. | | |

St. Mary's County Public Schools

Agency Response Form

Information Technology

Finding 2

Sensitive personally identifiable information (PII) was maintained without adequate safeguards and being identified.

We recommend that SMCPs

- a. implement appropriate information security safeguards for its stored sensitive PII; and
- b. perform an annual inventory of all of its systems, identify all sensitive PII, and delete all unnecessary PII.

| Agency Response | | | |
|--|--|----------------------------|---------------|
| Analysis | | | |
| Please provide additional comments as deemed necessary. | With the increased reliance on technology, St. Mary's County Public Schools is doing its part to assess the school districts cyber vulnerability. St. Mary's County Public Schools recently, in partnership with the Maryland Association of Boards of Education Group Insurance Pool, has engaged in a vulnerability assessment. | | |
| Recommendation 2a | Agree | Estimated Completion Date: | June 30, 2022 |
| Please provide details of corrective action or explain disagreement. | The Department of Information Technology has identified a system to provide automated scans to identify PII on St. Mary's County Public Schools servers. The system will scan for sensitive data, show access levels, and provide remediation options. Grant funding has been awarded to support this initiative with a purchase to be made the first of July 2021 and full implementation to be made by June 30, 2022. | | |
| Recommendation 2b | Agree | Estimated Completion Date: | July 1, 2021 |
| Please provide details of corrective action or explain disagreement. | Most of the accounts listed are system, software product, and/or accounts used for scheduled tasks for System Administrators. However, there are a few members of the Department of Assessment and Accountability and the Department of Information Technology with account access due to the nature of their positions. The Department of Information Technology will work with the Department of Assessment and Accountability to restrict access to the sensitive fields wherever possible and will review database security options. | | |

St. Mary's County Public Schools

Agency Response Form

Finding 3

Certain servers were improperly located within the internal network, and security settings for SMCPS' password controls for network authentication were not adequate.

We recommend that SMCPS

- a. relocate servers, as appropriate, to a separate protected network zone to limit security exposures to the internal network segment; and**
- b. establish appropriate password controls over user network authentication.**

| Agency Response | | | |
|---|--|-----------------------------------|---------------|
| Analysis | | | |
| Please provide additional comments as deemed necessary. | With the increased reliance on technology, St. Mary's County Public Schools is doing its part to assess the school districts cyber vulnerability. St. Mary's County Public Schools recently, in partnership with the Maryland Association of Boards of Education Group Insurance Pool, has engaged in a vulnerability assessment. | | |
| Recommendation 3a | Agree | Estimated Completion Date: | June 30, 2022 |
| Please provide details of corrective action or explain disagreement. | The Department of Information Technology will review each server listed and determine either DMZ status or decommissioning. The Department of Information Technology is developing a plan to migrate the DMZ to a new data center to leverage increased redundancy and processing power. This would also include utilizing additional network restrictions and firewall policies. | | |
| Recommendation 3b | Agree | Estimated Completion Date: | June 30, 2022 |
| Please provide details of corrective action or explain disagreement. | The Department of Information Technology will review the locally defined accounts and modify to reflect password policies where possible. User accounts are governed by domain-wide password policy. Domain accounts do have complexity requirements enabled. ITS will review and determine the impact of changing a particular password policy. The Department of Information Technology will make the change as applicable following the outcome of the impact assessment. | | |

St. Mary's County Public Schools

Agency Response Form

Transportation Services

Finding 4

Certain elements of the payments to bus contractors did not reflect actual costs or could not be supported resulting in potentially higher payments than necessary for student transportation services.

We recommend that SMCPs

- use actual documented maintenance costs, cost studies, or independently derived estimates for establishing contractor rates for per-mile maintenance costs (repeat);
- document the reasonableness of the annual administrative costs paid to contractors (repeat); and
- include provisions to audit the bus contractors in future contracts and use it to determine the actual cost of operating contractor buses.

| Agency Response | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|-----------------------------------|----------------|--------------------------------|--|------------|--|------|-----------------|------|----------------|------|-----------------|------|----------------|------|-----------------|------|----------------|------|-----------------|------|----------------|------|-----------------|------|----------------|
| Analysis | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Please provide additional comments as deemed necessary. | SMCPs determines the rates paid to contractors each year based upon multiple factors. Those factors include but are not limited to: data from publications, the Consumer Price Index (CPI) for Motor Vehicle Parts and Motor Vehicle Maintenance rates in the Washington DC/Baltimore Area, comparisons to the rates used by other LEAs, new school bus specification requirements, experience with school system owned buses, and available funding. The contractor payment formula for each school year, which includes the per mile maintenance rate for that year, receives final approval by the Board of Education at their first August meeting each school year. | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Recommendation 4a | Agree | Estimated Completion Date: | June 30, 2021 | | | | | | | | | | | | | | | | | | | | | | | | |
| Please provide details of corrective action or explain disagreement. | <p>According to Government Fleet Magazine, the "Average Maintenance Cost Per Mile" for a similar Class B vehicle was:</p> <table> <thead> <tr> <th colspan="2">Government Fleet Magazine Rate</th><th colspan="2">SMCPs Rate</th></tr> </thead> <tbody> <tr> <td>2015</td><td>\$0.84 per mile</td><td>FY15</td><td>\$.73 per mile</td></tr> <tr> <td>2016</td><td>\$0.96 per mile</td><td>FY16</td><td>\$.75 per mile</td></tr> <tr> <td>2017</td><td>\$0.91 per mile</td><td>FY17</td><td>\$.75 per mile</td></tr> <tr> <td>2018</td><td>\$1.10 per mile</td><td>FY18</td><td>\$.80 per mile</td></tr> <tr> <td>2019</td><td>\$1.26 per mile</td><td>FY19</td><td>\$.85 per mile</td></tr> </tbody> </table> <p>According to a 2011 Michigan School Business Officials' Bus Maintenance Cost report, the "Average Vehicle Maintenance Cost Per</p> | | | Government Fleet Magazine Rate | | SMCPs Rate | | 2015 | \$0.84 per mile | FY15 | \$.73 per mile | 2016 | \$0.96 per mile | FY16 | \$.75 per mile | 2017 | \$0.91 per mile | FY17 | \$.75 per mile | 2018 | \$1.10 per mile | FY18 | \$.80 per mile | 2019 | \$1.26 per mile | FY19 | \$.85 per mile |
| Government Fleet Magazine Rate | | SMCPs Rate | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2015 | \$0.84 per mile | FY15 | \$.73 per mile | | | | | | | | | | | | | | | | | | | | | | | | |
| 2016 | \$0.96 per mile | FY16 | \$.75 per mile | | | | | | | | | | | | | | | | | | | | | | | | |
| 2017 | \$0.91 per mile | FY17 | \$.75 per mile | | | | | | | | | | | | | | | | | | | | | | | | |
| 2018 | \$1.10 per mile | FY18 | \$.80 per mile | | | | | | | | | | | | | | | | | | | | | | | | |
| 2019 | \$1.26 per mile | FY19 | \$.85 per mile | | | | | | | | | | | | | | | | | | | | | | | | |

St. Mary's County Public Schools

Agency Response Form

| | | | |
|---|--|-----------------------------------|-----------------|
| | <p>Bus" was \$14,189 in the 2009-2010 school year. The average daily miles of a SMCPs regular route bus is 100.17 miles per day. 100 miles x 181 Days x .88/mile (SMCPs FY21 Rate) is \$15,928.</p> <p>During the previous three years the CPI for Motor Vehicle Parts and Motor Vehicle Maintenance rates have increased by an average of 2.03% per year.</p> <p>In an October 2020 comparison to 15 other LEAs which use the formula payment, St. Mary's maintenance rate placed it 8th. Somerset had a low of \$.70 per mile, followed by Washington County with a \$.7603 per mile rate. Garrett County had the highest rate of \$1.06 per mile followed by Calvert County at \$.9894 per mile.</p> <p>Taking all these items into account, SMCPs contends the maintenance rate paid to school bus contractors is appropriate, reasonable, and fair. SMCPs will ensure this annual review and analysis is documented for future audits.</p> | | |
| Recommendation 4b | Agree | Estimated Completion Date: | June 30, 2021 |
| Please provide details of corrective action or explain disagreement. | <p>SMCPs implemented an Operation Cost payment to school bus contractors as a result of the first audit conducted by the Office of Legislative Audits (OLA) in 2008. The OLA report was issued in April 2009. The initial Operation Cost payment was set at \$450 per month, per bus, for 10 months for a total of \$4,500. This payment was established to cover a contractor's operational expenses for items such as management, mortgages, utilities, insurances, substitute drivers, taxes, and other various items not explicitly designated in the contractor formula. Prior to FY10, these items were incorporated into the Per Vehicle Allotment (PVA) payment.</p> <p>The Operation Cost payment has been adjusted each year primarily based upon change in the consumer price index.</p> <p>SMCPs contends the current operation fee paid to school bus contractors is appropriate, reasonable, and fair. SMCPs will ensure that an annual review and analysis is documented for future audits.</p> | | |
| Recommendation 4c | Agree | Estimated Completion Date: | August 31, 2021 |

St. Mary's County Public Schools

Agency Response Form

| | |
|---|---|
| Please provide details of corrective action or explain disagreement. | SMCPS will work with legal consultation to review the contractual language for possible inclusion of audit capacity in contracts. |
|---|---|

AUDIT TEAM

Bekana Edossa, CPA, CFE
Audit Manager

R. Brendan Coffey, CPA, CISA
Edwin L. Paul, CPA, CISA
Information Systems Audit Managers

Ken H. Johanning, CPA, CFE
Senior Auditor

Peter W. Chong
Matthew D. Walbert, CISA
Information Systems Senior Auditors

Malik A. Farooq
Thomas J. Kraemer
Staff Auditors

Dominick R. Abril
Information Systems Staff Auditor