

# Financial Management Practices Audit Report

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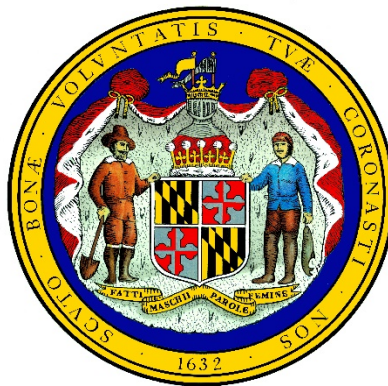
## Prince George's County Public Schools

March 2025

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### Public Notice

**In compliance with the requirements of the State Government Article Section 2-1224(i), of the Annotated Code of Maryland, the Office of Legislative Audits has redacted cybersecurity findings and related auditee responses from this public report.**



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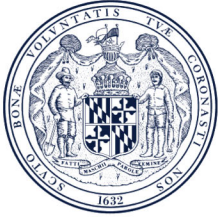
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Victoria L. Gruber  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Brian S. Tanen, CPA, CFE  
Legislative Auditor

March 25, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Jared Solomon, 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 Prince George's County Public Schools (PGCPS) 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 PGCPS' 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 that PGPCS overpaid one employee \$7.4 million without immediate detection because critical human resources and payroll transactions were not subject to required controls, a condition identified in our two prior audit reports but not corrected. PGPCS also did not always perform a newly required screening for positions involving direct contact with minors. Specifically, PGPCS had not performed the screening as of October 19, 2023 for 7 of the 10 employees we tested who had been employed for periods ranging from 190 to 426 days.

Our audit further disclosed that PGPCS' procurement policies were not sufficiently comprehensive and were not consistently used when obtaining goods and services. For example, PGPCS did not always prepare written justifications, obtain Prince George's County Board of Education approval, or publish contract awards for sole source procurements on *eMaryland Marketplace Advantage* as required. PGPCS also improperly used an intergovernmental cooperative purchasing agreement to procure a school bus camera system contract resulting in a lack of assurance that it obtained the best value.

Our audit also disclosed PGPCS did not have sufficient internal controls and accountability in several areas, including equipment inventory, transportation, and

health care services and did not apply for certain funding obtained by other State school systems. For example, PGCPs did not audit or adequately monitor the performance of its third-party administrators that provide health care claims processing services.

Furthermore, our audit disclosed cybersecurity-related findings. However, in accordance with the State Government Article, Section 2-1224(i) of the Annotated Code of Maryland, we have redacted the findings from this audit report. Specifically, State law requires the Office of Legislative Audits to redact cybersecurity findings in a manner consistent with auditing best practices before the report is made available to the public. The term “cybersecurity” is defined in the State Finance and Procurement Article, Section 3.5-301(b), and using our professional judgment we have determined that the redacted findings fall under the referenced definition. The specifics of the cybersecurity findings were previously communicated to those parties responsible for acting on our recommendations.

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 9 of the 13 non-cybersecurity-related findings contained in our preceding audit report. For the non-cybersecurity-related findings we determined that PGCPs satisfactorily addressed 3 of those 9 findings. The remaining 6 findings are repeated in this report.

PGCPs’ response to this audit is included as an appendix to this report. Consistent with State law, we have redacted the elements of PGCPs’ response related to the cybersecurity audit findings. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by PGCPs.

Respectfully submitted,

*Brian S. Tanen*

Brian S. Tanen, CPA, CFE  
Legislative Auditor

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# **Background Information**

## **Statistical Overview**

### **Enrollment**

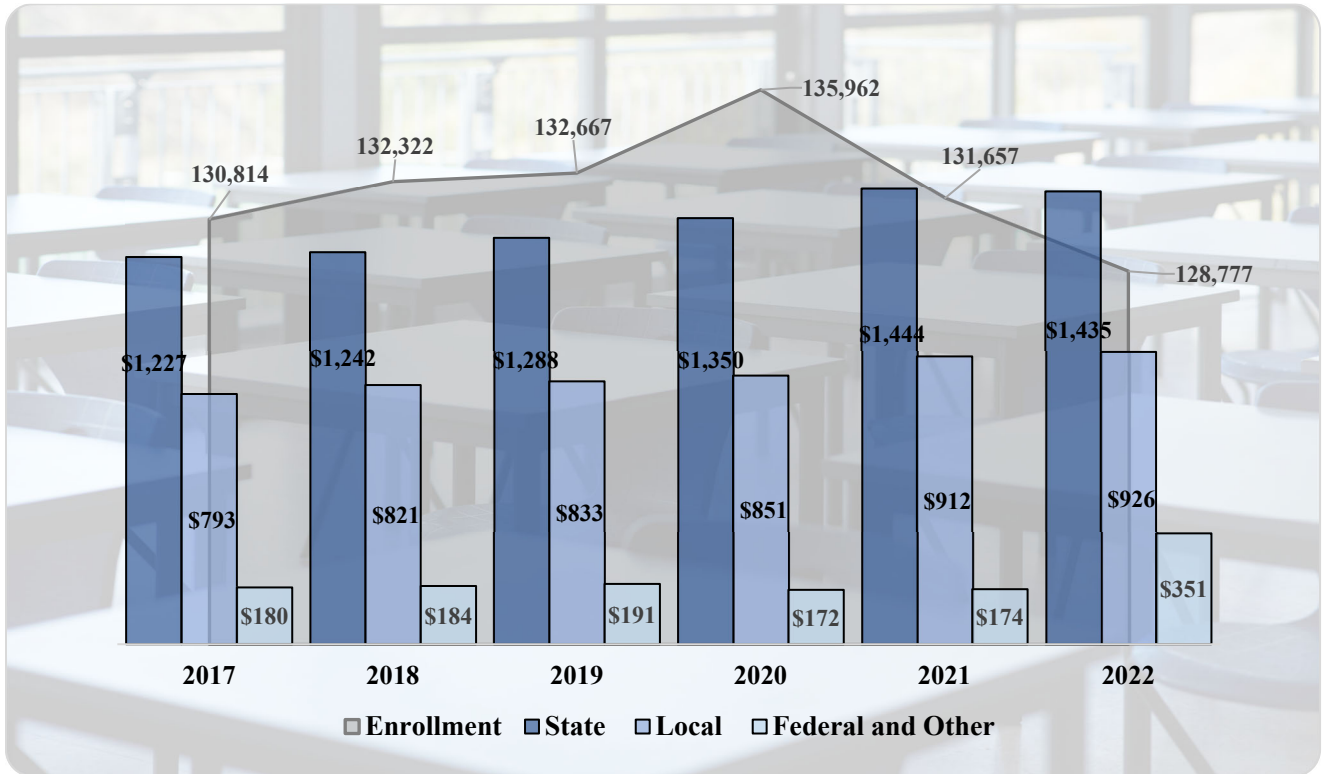
According to student enrollment records compiled by the Maryland State Department of Education (MSDE), Prince George's County Public Schools (PGCPS) ranks 2<sup>nd</sup> in student enrollment among the 24 public school systems in Maryland. Fiscal year 2022 full-time student enrollment was 128,777 students. PGCPS had 198 schools, consisting of 120 elementary, 12 elementary-middle (K-8), 24 middle schools, 24 high schools, and 18 other types of schools (including 5 early childhood, 4 special needs, and 9 public charter schools).

### **Funding**

PGCPS revenues consist primarily of funds received from the State, Prince George's County, and federal government. According to the PGCPS' audited financial statements, revenues from all sources totaled approximately \$2.7 billion in fiscal year 2022; including \$1.4 billion from the State. According to MSDE's records, the State funding included formula funding grants totaling \$1.1 billion, Blueprint for Maryland's Future grants totaling \$156 million, and State-share for employee pension payments totaling \$115 million, and other State funding sources, such as for capital projects, totaling \$43 million. See Figure 1 on the following page for PGCPS' funding by source for the six-year period from fiscal year 2017 through fiscal year 2022 and Figure 2 (on page 3) for revenue sources per enrolled student in fiscal year 2022.



**Figure 1**  
**PGCPS Enrollment and Funding by Source**  
**Fiscal Years 2017 through 2022**  
 (dollar amounts in millions)

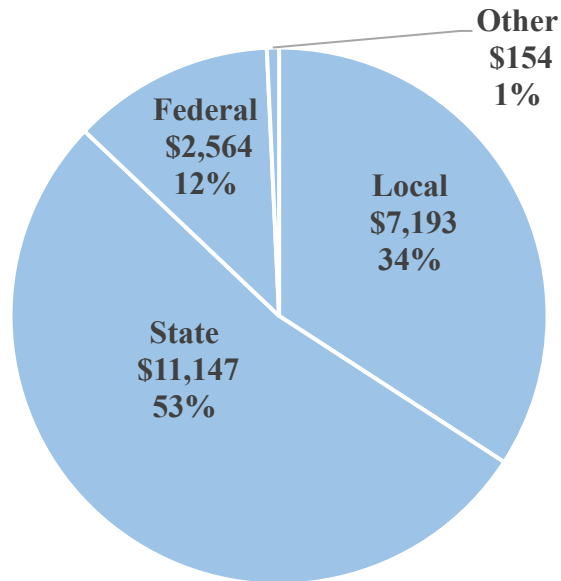


State funding for fiscal year 2022 included:

- \$1,099 million for Foundation Formula Grants
- \$156 million for Blueprint for Maryland's Future Grants
- \$115 million for the State-share of employee pension costs
- \$43 million for Capital Projects

Source: PGCPS' Fiscal Year 2022 Audited Financial Statements and MSDE Data

**Figure 2**  
**PGCPS' Revenue Sources Per Enrolled Student**  
**Fiscal Year 2022**



Source: PGCPS' Fiscal Year 2022 Audited Financial Statements and MSDE Data

#### Blueprint for Maryland's Future (Blueprint)

Blueprint is a State-funded grant program based on recommendations of the Maryland Commission on Innovation and Excellence in Education.<sup>1</sup> Chapter 771, Laws of Maryland, 2019, effective June 1, 2019, established principles of the Blueprint that are intended to transform Maryland's early childhood, primary, and secondary education systems to the levels of the highest-performing systems. Blueprint specifies how funding is calculated to support programs and initiatives from prekindergarten through college and career.

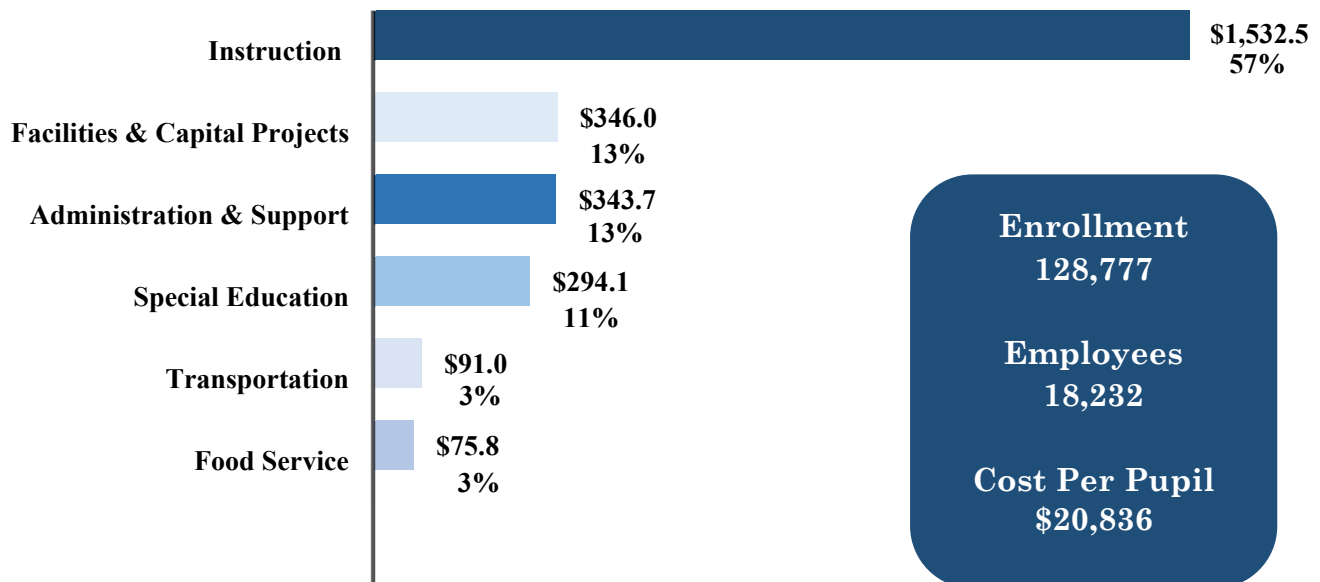
Blueprint allocates funding to schools based on a weighted-student formula. The funding formula provides resources to local education agencies based on the number of students enrolled at each school (known as Foundation Aid) and the characteristics of those students (such as, Special Education, Concentration of Poverty, and Compensatory Education Aid). Blueprint also provides additional funding for specific programs that schools offer (such as Prekindergarten Aid).

<sup>1</sup> The Maryland Commission on Innovation and Excellence in Education was established by Chapters 701 and 702, Laws of Maryland 2016, effective June 1, 2016 to review the adequacy of funding for education.

## Expenditures

According to PGCPs' audited financial statements, fiscal year 2022 expenditures were approximately \$2.7 billion. The largest expenditure category was salaries and wages, including benefits, which accounted for approximately 75 percent of total expenditures during fiscal year 2022. According to MSDE records, during the 2021-2022 school year, PGCPs had 18,232 full-time equivalent positions, which consisted of 11,928 instructional and 6,304 non-instructional positions. Instruction accounted for 57 percent of PGCPs' expenditures on a categorical basis (see Figure 3).

**Figure 3**  
**PGCPS Expenditures by Category and Selected Statistical Data**  
**Fiscal Year 2022**  
(amounts in millions)



Source: PGCPs' Fiscal Year 2022 Audited Financial Statements and MSDE Data

## Oversight

PGCPS is governed by a local school board, consisting of 10 members (currently 8 elected members, 1 member appointed by the Prince George's County government, and 1 non-voting student member).<sup>2</sup> MSDE exercises considerable oversight of PGCPS through the establishment and monitoring of various financial and academic policies and regulations, in accordance with certain provisions of the Annotated Code of Maryland. MSDE also works with PGCPS to comply with the requirements and mandates of federal law. The Prince George's County government also exercises authority over PGCPS primarily through the review and approval of PGCPS' annual operating and capital budgets.

### Accountability and Implementation Board (AIB)

The AIB was established by State law as an independent unit of State government in February 2021 and is responsible for holding State and local governments, including local education agencies, accountable for implementing the Blueprint State-funded grant program and for evaluating the outcomes. Specifically, the AIB reviews the use of school-level expenditures and monitors school system compliance with Blueprint requirements. The AIB consists of a 7-member Board appointed by the Governor, with advice and consent of the Senate. The Board Chair is designated by the Governor, the Senate President, and the Speaker of the House.

### Office of the Inspector General for Education (OIGE)

The OIGE was established by State law as an independent unit of State government effective June 2019. The OIGE is responsible for examining and investigating complaints or information regarding the management and affairs of local boards of education, local school systems, public schools, nonpublic schools that receive State funds, MSDE, and the Interagency Commission on School Construction. Specifically, the law provides that the OIGE may receive and investigate information and complaints concerning potential fraud, waste, and abuse of public funds and property; civil rights violations involving students or employees; whether policies and procedures governing the prevention and reporting of child abuse and neglect comply with applicable federal and State laws; and compliance with other applicable federal and State laws.

The OIGE initiates examinations and investigations based on its assessment of complaints and information it receives from various sources, including State and

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<sup>2</sup> According to Chapter 217, Laws of Maryland, 2022, effective July 1, 2022, the PGCPS Board membership was reduced from 14 members to 10 members after the terms of the current appointed members expire. Once the terms expire, there will be nine elected voting members and one non-voting student member.

outside agencies and through its fraud, waste, and abuse hotline. The OIGE also conducts an annual review of local school systems to ensure policies and procedures governing the prevention and reporting of child abuse and neglect comply with applicable federal and State laws. During the period covered by our review the OIGE issued three public reports related to PGCPS reviews and investigations. We considered the reports during our current audit.

## **External Audits**

As required by State law, PGCPS 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 PGCPS as of June 30, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, and the respective 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 PGCPS' control over financial reporting and its tests of PGCPS' compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. These reports are an integral part of the annual independent audited financial statements. The accounting firm also conducts the Single Audit of PGCPS' 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 program requirements.

We reviewed the aforementioned financial statement audits and Single Audit reports for fiscal years 2017 through 2023 and examined the related work papers for the fiscal year 2022 financial statement audit and the work papers for the fiscal year 2021 Single Audit, which were the latest available during our audit fieldwork. Our review did not note any deficiencies that warranted inclusion in this report. In addition, 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:

- State and local government revenues received via electronic funds transfer
- Accounts receivables
- Federal grant activity

## **Cybersecurity Incident**

In August 2023, PGCPs experienced a cybersecurity incident resulting in a data breach and ransomware<sup>3</sup> attack that affected a large part of the PGCPs computer network and disrupted Information Technology (IT) operations for many servers and end users. PGCPs notified the Maryland State Department of Information Technology (DoIT) and informed or engaged various other parties for recovery efforts. A forensics analysis concluded that sensitive information had been compromised and affected individuals were notified and offered credit monitoring. PGCPs did not pay the ransom but, as of January 28, 2025, the cost of the recovery efforts totaled approximately \$1 million for legal, IT forensics, and credit monitoring services. PGCPs advised its cybersecurity insurance provider of the incident, but the incident-related expenses fell below the insurance policy deductible. The incident did not significantly impact our audit and we were able to obtain information needed to satisfy our audit objectives and related conclusions.

## **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 9 of the 13 non-cybersecurity-related findings contained in our preceding audit report dated March 11, 2019. As disclosed in Figure 4 on the following pages, for the non-cybersecurity-related findings, we determined that PGCPs satisfactorily addressed 3 of those 9 findings. The remaining 6 findings are repeated in this report.

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<sup>3</sup> As defined by the Federal Department of Homeland Security's Cybersecurity and Infrastructure Security Agency, ransomware is an ever-evolving form of malware designed to encrypt files on a device, rendering any files and the systems that rely on them unusable. Malicious actors then demand ransom in exchange for decryption.

**Figure 4**  
**Status of Preceding Findings**

<b>Preceding Finding</b>	<b>Finding Description</b>	<b>Implementation Status</b>
Finding 1	Existing procedures and controls were not adequate to ensure that proper amounts were received and all collections were deposited for the Before and After School Care Extended Learning Program.	Not repeated (Not followed up on)
Finding 2	PGCPS did not maintain required documentation justifying the use of sole source procurements or the benefits of using intergovernmental cooperative purchasing agreements (ICPAs) as required by State Law and did not ensure that ICPA-related invoice pricing agreed to the ICPA.	<b>Repeated</b> (Current Finding 1 and 2)
Finding 3	PGCPS did not always obtain Board approval for contracts and did not always document its reasons for awarding competitively bid contracts to vendors that were not deemed the most qualified or the lowest cost bidders.	<b>Repeated</b> (Current Finding 2)
Finding 4	PGCPS did not establish adequate internal controls over its automated human resource and payroll system, as user capabilities were not properly limited, and supervisors were tasked with routinely approving an excessive number of time records.	Status Redacted <sup>4</sup>
Finding 5	Critical human resources and payroll transactions were not always subject to a documented independent supervisory review.	<b>Repeated</b> (Current Finding 5)
Finding 6	Internal controls and record keeping related to Transportation Department bus driver and bus attendant payrolls were not adequate to ensure the propriety of salary payments.	<b>Repeated</b> (Current Finding 6)
Finding 7	PGCPS lacked a policy requiring the justification or rationale for executive employee salary increases and such increases were not reported to the Board.	Not repeated
Finding 8	Physical inventories of equipment were not conducted as required and access to the automated inventory records was not adequately restricted.	<b>Repeated</b> (Current Finding 8)
Finding 9	PGCPS equipment inventory records were not comprehensive or complete.	Not repeated (Not followed up on)
Finding 10	The ERP and student management system databases were not configured to log certain critical security activity, nor were the ERP's account and password controls adequate. In addition, an insecure service was enabled for the student management system database.	Status Redacted <sup>4</sup>
Finding 11	Thirty-five publicly accessible servers were improperly located within the internal network, intrusion detection prevention system coverage for untrusted traffic did not exist, and PGCPS network resources were not secured against improper access from contractors using remote access and high school students using school computer labs and media centers.	Status Redacted <sup>4</sup>

<sup>4</sup> Specific information on the current status of this cybersecurity-related finding has been redacted for the publicly available report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.

**Figure 4**  
**Status of Preceding Findings**

<b>Preceding Finding</b>	<b>Finding Description</b>	<b>Implementation Status</b>
Finding 12	PGCPS had not established procedures to ensure malware protection software was installed, current, and operational on all active computers, and that computers running vulnerable installed software had security updates applied.	Status Redacted <sup>5</sup>
Finding 13	PGCPS did not ensure that employee access to its automated financial systems was appropriate.	Status Redacted <sup>5</sup>
Finding 14	PGCPS did not follow best practices for selecting pre-approved vendors for task orders and the selection process was not consistent between the construction and mechanical Job Order Costing (JOC) contracts.	Not repeated
Finding 15	PGCPS did not adequately review price quotes submitted by JOC vendors selected for task orders. Consequently, approved task orders contained questionable or unsupported costs.	Not repeated
Finding 16	PGCPS did not verify that guaranteed savings were achieved related to work performed under two energy performance contracts.	Not repeated (Not followed up on)
Finding 17	The performance of preventive maintenance was not consistently documented and tracked for monitoring purposes.	Not repeated (Not followed up on)
Finding 18	PGCPS did not establish adequate accountability over access to the automated fuel dispensing system.	Status Redacted <sup>5</sup>
Finding 19	PGCPS did not implement certain practices to promote more efficient use of its bus fleet.	<b>Repeated</b> (Current Finding 13)

<sup>5</sup> Specific information on the current status of this cybersecurity-related finding has been redacted for the publicly available report in accordance with State Government Article, Section 2-1224(i) of the Annotated Code of Maryland.



## **Findings and Recommendations**

### **Revenue and Billing Cycle**

#### **Background**

Prince George's County Public Schools (PGCPS) revenues consist primarily of funds received from the State, Prince George's County, and the federal government. According to PGCPS' audited financial statements, revenues from all sources totaled approximately \$2.7 billion in fiscal year 2022, including approximately \$1.4 billion from the State.

#### **External Audits**

There were similarities between the work of the independent certified public accounting firm (CPA) that audited PGCPS' financial statements and the objectives of our audit for certain revenue activities. As a result, we relied on this work to provide audit coverage for State and local government revenues received via electronic funds transfer and accounts receivable, for which the auditor's procedural review (related to the fiscal year 2022 audit) 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 2022, school activity collections totaled \$7.7 million and the June 30, 2022 fund balance was \$16.6 million. Based on our assessment of the relative significance of this activity, we did not review the procedures and controls over school activity funds.

#### **Conclusion**

Based on our current assessment of significance and risk relative to our audit objectives, we relied on the work of the CPA 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.

## **Federal Funds**

### **Background**

PGCPS 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 PGCPS' Single Audit, fiscal year 2022 (latest available at the time of our audit) federal expenditures totaled \$331.7 million, not including federally funded fee-for-service programs such as Medicaid reimbursement for special education services.

According to the audited financial statements, federal fund revenues (excluding Medicaid) increased, from \$152 million in fiscal year 2019 to \$330.2 million in fiscal year 2022 (117 percent), due to COVID-19 pandemic grant funding. Specifically, according to PGCPS' records, as of June 30, 2022, PGCPS was awarded federal COVID-19 pandemic grant funds totaling \$524.1 million to be distributed over federal fiscal years 2020 through 2024 under the Coronavirus Aid, Relief, and Economic Security Act, the Coronavirus Response and Relief Supplemental Appropriations Act, and the American Rescue Plan.<sup>6</sup>

As of June 30, 2023, reported PGCPS expenditures from March 2020 to June 2023 related to these COVID-19 grants totaled \$338.1 million, and were primarily comprised of staffing, laptops, instructional software and materials, personal protection equipment, and sanitary supplies. We were advised that PGCPS requested extensions for distributing any funds not used by the end of the grant period (which was generally by the end of federal fiscal year 2024). Approval of the extension shifts the spending deadline from January 2025 to March 2026.

### **Single Audit Reports**

There were similarities in the work performed by the independent certified public accounting firm that conducted the Single Audit of PGCPS' federal grants and the objectives of our audit in this area. In addition to expressing an opinion on PGCPS 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 2017 through 2022. Our review of the Single Audits did not identify any issues that warranted inclusion in this report.

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<sup>6</sup> In addition to the federal grants, PGCPS was also awarded one State COVID-19 grant totaling \$517,500, which was spent during fiscal year 2021. State grants are subject to review and testing during our audit.

### **Medicaid Funds for Eligible Services**

PGCPS 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 PGCPS. Medicaid activity is not covered by the Single Audit of federal grants.

The Maryland State Department of Education's Interagency Medicaid Monitoring Team issued two reports in April and May 2022 of the results of its review of a total of 100 student case files for 73 criteria. The report did not specifically address the propriety of Medicaid billing, but overall concluded that PGCPS was generally compliant with most criteria. For example, PGCPS was 100 percent compliant with 52 criteria and between 94 and 99 percent compliant with 18 criteria.

According to PGCPS records, fiscal year 2022 state and federal reimbursements for Medicaid-subsidized services totaled approximately \$3 million, which was 48 percent lower than the previous fiscal year. 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.

### **Conclusion**

We relied on the work of the independent CPA that conducted the Single Audits for the work in the federal fund 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 PGCPS' records, disbursements (excluding payroll) totaled \$675 million during fiscal year 2022. PGCPS uses a financial management 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 in the system by the purchasing department based on approved requisitions. The purchasing department also generally handles the solicitation, bid evaluation, and establishment of contracts.

Invoices are submitted by vendors directly to the accounts payable department for entry into the financial management system. The system matches invoices to appropriate purchasing documents and the verification of receipt entered by the

receiving school or department. The system then prints vendor checks or processes an electronic payment and posts the payment to the financial records.

PGCPS' written procurement policies generally 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 are to be approved by the Prince George's County Board of Education (the Board) based on the following thresholds: (1) professional services that exceed \$250,000, (2) instructional or staff development services that exceed \$500,000, and (3) instructional materials and supplies that exceed \$1 million. All other types of contracts that PGCPS procures equal to or exceeding \$50,000 are to be approved by the Board.

#### **Finding 1**

**Certain requirements of State law and recognized best practices were not incorporated into PGCPS' procurement policies and were not consistently used when participating in intergovernmental cooperative purchasing agreements (ICPA).**

#### **Analysis**

Certain requirements of State law and recognized best practices were not incorporated into PGCPS' procurement policies and were not consistently used by PGCPS when participating in an ICPA. State law, which legal counsel to the Maryland General Assembly advised us is applicable to local education agencies, allows the use of ICPAs only after the using entity has met the statutory requirement of determining (or assessing) in writing that the use of such arrangements will provide cost benefits, promote administrative efficiencies, or promote intergovernmental cooperation.<sup>7</sup>

According to its records, PGCPS used the ICPA procurement method for 626 procurements with awards totaling \$565 million during the period from July 1, 2019 through May 31, 2023. Our review of PGCPS' procurement policies and

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<sup>7</sup> Section 13-110 of the State Finance and Procurement Article of the Annotated Code of Maryland, in part, defines an ICPA as 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.

purchasing manual disclosed that the above statutory requirement as well as the following critical best practices were not included.

- Analyze all costs of conducting competitive solicitations;
- Research, compare and evaluate available ICPAs;
- Execute an addendum of participation with lead agency and remove or incorporate necessary local terms and conditions; and
- Obtain a copy of ICPA and related price lists for invoice verification

In addition, we tested PGCPs' participation in nine ICPAs (selected primarily based on significance), awarded during fiscal years 2019 through 2023. Six of these ICPAs had an award amount totaling approximately \$32.5 million and three ICPAs did not have a contract value since they were contracts to purchase equipment at discounted prices with indefinite quantities. According to PGCPs records, payments on these nine contracts totaled approximately \$20.3 million during fiscal year 2023.

Our review disclosed that PGCPs did not include certain of the aforementioned best practices in the ICPAs tested. For example, PGCPs did not analyze the costs of conducting competitive solicitations or research, compare, and evaluate other available ICPAs for any of the ICPAs tested. We further noted that PGCPs had not prepared the statutorily required written assessments for any of the contracts tested to justify the use of the ICPA. Incorporating ICPA best practices into PGCPs procurement policies could help ensure they are consistently used.

A similar condition regarding written assessments not being prepared to document the benefit of using ICPAs was included in our preceding audit report. In its response to our preceding report, PGCPs stated it would require that written assessments of the benefits of using an ICPA be included in each ICPA procurement file. However, PGCPs did not take the corrective actions as indicated.

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. The practices also require that ICPA users ensure that the contract was awarded through a competitive procurement process, require addendums to be executed documenting their participation, and incorporate local required terms and conditions.

### **Recommendation 1**

**We recommend that PGCPs incorporate the aforementioned statutory requirements and other identified and acknowledged best practices into its procurement policies and ensure that the performance of the requirements and best practices are documented when evaluating and participating in ICPAs (repeat).**

### **Finding 2**

**PGCPS did not always prepare written justifications, obtain Board approval, or publish contract awards for sole source procurements on *eMaryland Marketplace Advantage (eMMA)* as required.**

### **Analysis**

PGCPS did not always prepare written justifications, obtain Board approval, or publish contract awards for sole source procurements on *eMMA*<sup>8</sup> as required. According to PGCPS records, it used the sole source procurement method for 754 procurements with awards totaling \$116 million during the period from July 1, 2019 through May 31, 2023.

We tested four sole source procurements contracts (based on materiality) in fiscal year 2023 that were paid \$9.5 million for education services (each exceeded the threshold for Board approval). Our test disclosed that written justifications were not prepared as required for two of these contracts with payments totaling \$3.2 million in fiscal year 2023. In addition, none of the contracts had been submitted to the Board for approval or had awards published on *eMMA* as required.

PGCPS' *Procurement Policy* requires that contracts equal to or exceeding \$50,000<sup>9</sup> awarded on a basis other than lowest evaluated bid or highest technical lowest price (such as sole source) should be sent to the Board for review and approval and have written justifications for sole source contracts. State law requires the solicitation and award of contracts procured by public schools after July 1, 2022 to be published on *eMMA*. Publishing awards on *eMMA* provides transparency over procurements including information about the winning bidder and the amount of the related award.

Similar conditions regarding the lack of written justifications and Board approvals of sole source awards were noted in our preceding audit report. In response to

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<sup>8</sup> *eMMA* is an Internet-based, interactive procurement system managed by the State of Maryland's Department of General Services.

<sup>9</sup> This amount was for the general procurements, however this amount does not apply for certain special categories, for example special education services noted in finding 3.

that report, PGCPs stated it would replace its letter of justification with a sole source justification request form and revise its policies to align with its procurement practices (including obtaining Board approval). Although PGCPs implemented these changes, as noted above, the sole source justification request form was not always prepared, and contracts were not always approved by the Board.

## **Recommendation 2**

**We recommend that PGCPs**

- a. ensure that sole source contract justifications are prepared as required (repeat),**
- b. obtain Board approval for contracts as required (repeat), and**
- c. publish sole source contract awards on *eMMA* as required.**

## **Finding 3**

**PGCPs did not execute formal written contracts and did not obtain approval from the Board for special education services.**

## **Analysis**

PGCPs did not execute formal written contracts or obtain approval from the Board for certain special education services. PGCPs provides special education services in accordance with the individualized education program (IEP) developed for each student. According to PGCPs' records, it paid two Maryland State Department of Education (MSDE) certified non-public schools a total of \$61.6 million for special education services during fiscal years 2020 through 2023.

Our review disclosed that PGCPs did not have a contract with the two MSDE certified non-public schools. Additionally, PGCPs did not obtain Board approval for the services from these entities as required by its *Procurement Policy* for contracts (including special education services) over \$500,000. Although not specifically required by its *Policy*, written contracts set forth all financial terms and conditions, define the duties and responsibilities of the parties, and protect each party in the event of default, and provide other critical terms for items such as resolution of disputes, termination for convenience, and retention of records.

PGCPs management advised us that it did not follow the *Policy* because MSDE certified the special education services and approved the rates of services provided by non-public schools. However, there was no exemption for these services in PGCPs' *Policy* and regardless, PGCPs did not have the safeguards and controls provided by a contract and Board approval.

### **Recommendation 3**

**We recommend that PGCPs**

- a. modify its *Procurement Policy* to require formal written contracts for special education services, and**
- b. comply with its *Policy* by obtaining Board approval for special education services.**

## **Human Resources and Payroll**

### **Background**

Payroll expense represents the largest single cost component in the PGCPs budget. According to PGCPs' records, fiscal year 2022 salary, wage, and benefit costs totaled approximately \$2 billion, representing 75 percent of its total expenditures. According to MSDE reports, during the 2021-2022 school year, PGCPs had 18,232 full-time equivalent positions, which consisted of 11,928 instructional and 6,304 non-instructional positions.

PGCPs uses automated systems to maintain human resources information, record employee time, track employee leave usage, and process and record payroll transactions. The system generates payroll checks and direct deposit advices. Payroll processing involves both automated processes (such as compiling leave and running edit reports) and manual processes (such as data entry of new employee information).

### **Finding 4**

**PGCPs did not analyze, or otherwise limit, the number of time records supervisors were reviewing and approving. We identified certain supervisors who routinely approved a large number of time records each pay period.**

### **Analysis**

PGCPs did not analyze, or otherwise limit, the number of time records supervisors were reviewing and approving. Our analysis of the 483 supervisors with timecard approval responsibility as of July 17, 2022 disclosed that 11 were approving between 200 to 271 timecards, 30 were approving between 100 to 200 timecards, and 96 were approving between 50 to 99 timecards each pay period. The average number of timecards approved by a supervisor was 38.

PGCPs' *Administrative Procedure for Timekeeping and Leave Reporting* states anyone who is approving timecards should be certifying the timecard agrees to source documentation and the supporting documentation should be signed by the approver. Consequently, given the large number of timecards to approve, we



question the effectiveness of certain of these supervisory reviews to ensure the timecards were accurate and supported.

A similar condition regarding excessive supervisory timecard approval responsibility was commented upon in our two preceding audit reports. PGCPs stated in its response to our preceding report that it would consider changing the approver assignments in its automated payroll system to address inequities in the workload of the supervisors. However, as noted above the workload inequities still existed at the time of our review.

#### **Recommendation 4**

**We recommend that PGCPs analyze its current supervisory responsibilities for approving timecards and agreeing them to supporting documentation, and to the extent practical, reduce the number of timecards these individuals are responsible for approving (repeat).**

#### **Finding 5**

**Critical human resources and payroll transactions were not subject to a documented independent supervisory review, resulting in one employee being overpaid \$7.4 million without detection.**

#### **Analysis**

Critical human resources and payroll transactions were not subject to a documented independent supervisory review, resulting in one employee being overpaid \$7.4 million without immediate detection. During fiscal year 2022, PGCPs processed manual payroll adjustments totaling approximately \$27 million and salary adjustments totaling \$62 million.

Our review disclosed that PGCPs did not require supervisory review and approval of manual payroll adjustments (such as payments of accumulated leave or one-time adjustments for additional pay). Our test of 14 one-time payment adjustments (selected based on materiality) to 10 employees for accumulated leave and other pay adjustments totaling approximately \$10.2 million, disclosed that two payments totaling \$7.5 million were not approved and lacked adequate supporting documentation resulting in overpayments. For example, a manual pay adjustment on June 3, 2022 resulted in a substitute teacher who should have been paid \$306 being paid \$7.4 million. The overpayment resulted from a payroll employee erroneously entering the employee's identification number as the number of workdays resulting in the teacher being paid for approximately 73,000 workdays rather than the 3 workdays documented on the employee's time records.

We were advised that PGCPs did not become aware of the overpayment until July 25, 2022 when a Budget Office review identified an increase in substitute teacher expenditures. This prompted an investigation and the overpayment being recovered on July 28, 2022 (approximately 2 months after the payment). PGCPs advised us that it subsequently modified its automated system to restrict the count of workdays that could be entered and created an output report of payroll payments that exceeded a pre-determined range for supervisory review.

Similar conditions regarding the human resource and payroll supervisory reviews were commented upon in our two preceding audit reports. PGCPs stated in response to our preceding audit report that PGCPs would enact a method to document supervisory approvals for changes to personnel information and salary adjustments, and an independent validation would be implemented to ensure the accuracy of leave payouts and one-time employee payments. However, as noted above the review and approvals were still not always documented.

#### **Recommendation 5**

**We recommend that PGCPs**

- a. perform and document independent supervisory reviews and approvals of critical human resource and payroll transactions, including manual payroll adjustments, salary adjustments and related output reports, to ensure that the transactions are supported by appropriate documentation (repeat); and**
- b. review previously processed pay adjustments for propriety and take corrective action for any overpayments.**

#### **Finding 6**

**Internal controls and record keeping for bus driver payrolls were not adequate to ensure the propriety of payroll payments.**

#### **Analysis**

Internal controls and record keeping for bus driver payrolls were not adequate to ensure the propriety of payroll payments. Bus drivers were paid based on predetermined route hours as calculated by an automated routing system, with manual adjustments for leave taken and overtime worked. According to PGCPs Transportation Department's records, payroll expenditures totaled approximately \$66 million, including \$12 million for overtime, during fiscal year 2022. The Transportation Department employs 1,485 personnel, including 1,181 bus drivers.

- PGCPs did not have a standardized process (for example, timesheets or time clocks) to document the actual time worked by drivers and attendants. Instead, supervisors stationed at the various bus lots maintained varying documentation to track leave, substitute assignments, and other duties affecting time, which were to be posted to the Department's timekeeping system for eventual interface to the automated payroll system.
- Overtime hours were not always adequately supported and properly approved. Our arbitrary test of 1,234 overtime hours for 10 Transportation Department employees with related payments totaling \$59,000 during pay periods ending from April 2021 to February 2023, disclosed that overtime was not supported with an approved time sheet or lacked documentation that the overtime hours were actually worked. For example, 758 hours of overtime with payments totaling approximately \$53,370 for 9 employees lacked documented supervisory approval to support that the overtime hours were actually worked.

Similar conditions regarding payroll documentation were commented upon in our three preceding audit reports dating back to January 2006. In its response to our preceding audit report, PGCPs noted that corrective actions would include standardization of payroll reporting and monitoring forms, and creating and utilizing a process whereby all extra work is appropriately documented, verified and approved. However, our current audit disclosed that these corrective actions had not been implemented.

#### **Recommendation 6**

**We recommend PGCPs ensure**

- a. that a standard time reporting process for documenting transportation employees' time worked (such as timesheets or time clock) is implemented and that related supporting documents or records are retained (repeat), and**
- b. all overtime is properly supported and approved in accordance with PGCPs procedures (repeat).**

**Finding 7**

**PGCPS did not always perform a newly required screening for positions involving direct contact with minors.**

**Analysis**

PGCPS did not always perform a newly required screening for positions involving direct contact with minors (such as, care, supervision, guidance, or control of, or routine interaction). State law effective July 1, 2019 (and updated July 1, 2021) requires local education agencies to provide screening of certain applicants. Specifically, the schools must obtain information from an applicant for positions that involve direct contact with a minor including a written statement whether they were the subject of a child sexual abuse or sexual misconduct investigation by any employer that resulted in a finding.<sup>10</sup> The law also required local education agencies to contact the applicant's current or prior employers and obtain the same information.

According to PGCPS' records, during fiscal year 2022, PGCPS hired 744 individuals<sup>11</sup> that were assigned to schools or student programs that would have contact with minors. We arbitrarily tested 10 employees hired after the aforementioned law went into effect. Our test disclosed that PGCPS had not performed the screening for 7 of these employees who had been employed for periods ranging from 190 to 426 days as of October 19, 2023<sup>12</sup>. Without a proper screening, PGCPS lacks assurance regarding the conduct of the individuals it hired.

**Recommendation 7**

**We recommend that PGCPS comply with State law and perform and document the required screening for positions involving direct contact with minors, including those noted above.**

**Equipment Control and Accountability****Background**

According to PGCPS' audited financial statements, the undepreciated value of its capital equipment inventory (furniture, fixtures, vehicles, and equipment) totaled \$260 million as of June 30, 2022. PGCPS maintains centralized automated

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<sup>10</sup> This is in addition to existing requirements to obtain a criminal background check.

<sup>11</sup> PGCPS was not required to perform screening procedures for individuals who did not have former employment involving contact with children.

<sup>12</sup> Based on our inquiry, between October 20, 2023 and November 1, 2023 PGCPS completed the screening for 2 of the aforementioned employees.

records for all equipment with a cost of \$5,000 or more for financial statement purposes. In addition, PGCPs' Office of Technology Services maintains an inventory database of laptop computers and other mobile equipment (such as tablets and video cameras), regardless of cost, assigned to schools, students, and employees. PGCPs has established comprehensive written equipment policies.

#### **Finding 8**

**PGCPs did not complete physical inventories of equipment every three years and resolve missing items from technology equipment inventories in a timely manner as required.**

#### **Analysis**

PGCPs did not complete physical inventories of equipment every three years and resolve missing items from technology equipment inventories in a timely manner as required. As of October 31, 2023, the last complete physical inventory of equipment was completed in fiscal year 2019. We were advised by PGCPs management that the physical inventory scheduled for fiscal year 2022 was not performed due to staff having other priorities during the COVID-19 pandemic. In addition, although PGCPs conducted a partial inventory of information technology equipment at 43 schools in July 2023, it had not investigated and resolved 9,376 missing items valued at approximately \$6.3 million identified during the inventory.

PGCPs' *Assets Operating Manual* requires that capital assets valued at \$1,500 or more are to be inventoried every three years. The *Manual* also requires that the inventory assessment include a reconciliation between the inventory physical count and the property records in a timely manner.

Similar conditions regarding the lack of physical inventories was commented upon in our two preceding audit reports dating back to February 2014. In its response to our preceding audit report, PGCPs noted that it would complete inventories every three years and that it would complete a physical inventory of all equipment in June 2019. Although this inventory was completed in 2019, the next physical inventory was not conducted until July 2023 as noted above.

#### **Recommendation 8**

**We recommend that PGCPs**

- a. conduct physical inventories of equipment every three years in accordance with its *Assets Operating Manual* (repeat); and**
- b. investigate and resolve missing equipment items identified during physical inventories, including those items noted above.**

## **Information Technology**

We determined that the Information Technology section, including Findings 9 through 11 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following findings, including the analysis, related recommendations, along with PGCPs’ responses, have been redacted from this report copy.

**Finding 9**  
**Redacted cybersecurity-related finding.**

**Finding 10**  
**Redacted cybersecurity-related finding.**

**Finding 11**  
**Redacted cybersecurity-related finding.**

## **Facilities Construction, Renovation and Maintenance**

### **Background**

PGCPS employs a staff of 1,759 employees to maintain its 198 schools (including charter, special education, and alternative) and a number of other facilities (such as administrative and support offices). According to PGCPS’ fiscal year 2024 Capital Improvement Plan, necessary construction, major renovations, and systemic improvements to PGCPS’ facilities over the next six years are estimated to cost \$1.2 billion.

### **PGCPS Capital Projects Were Competitively Solicited and Approved by the Board**

Our review of four construction-related procurements awarded during fiscal years 2021 through 2023 totaling \$371 million, disclosed that all four contracts were competitively solicited and approved by the Board.

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

PGCPS has processes in place to promote ongoing facility maintenance and minimize energy costs. For example, PGCPS provides scheduled and preventive maintenance of its buildings and equipment and monitors its equipment to prevent emergency repairs. In addition, to minimize energy costs, PGCPS utilizes an energy management system that monitors and accounts for energy usage. PGCPS has written policies that provide for the development of a sustainability plan that will encourage both students and employees to be aware of and limit their energy use and conduct internal on-site reviews of building energy efficiency. Finally, PGCPS has initiatives in place involving limited use of solar (3 schools) and geothermal (10 schools) alternative energy sources.

### **Conclusion**

Our audit did not disclose any significant deficiencies in the design or operation of PGCPS' internal control over financial-related areas of operations for facilities construction, renovation, and maintenance. 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 MSDE, PGCPS has approximately 83,650 students eligible to receive student transportation services. These students were transported using 1,028 system-owned buses. PGCPS reported that 15.6 million route miles were traveled to transport students for the 2021-2022 school year. According to PGCPS' financial records, fiscal year 2022 transportation costs totaled \$91.0 million.

### **Consultant Recommendations for Student Transportation**

Due to its concerns about bus driver shortages, in September 2023, PGCPS hired a transportation consultant to analyze the efficiency of its use of school buses. In January 2024, the consultant issued a report with 12 findings and recommendations to change student transportation, which included aligning school-by-school bell [start and stop] times, establishing revised bus routes, diversifying the mix of transportation vehicle types and use of vendors, improving performance and accountability through the use of technology, and improving customer service. The target for implementation was in two phases for the 2025 and 2026 school years. The report was presented to the Board in February 2024 and a motion was adopted to develop a plan to implement the recommendations.

### **School Bus Safety Camera Program**

As allowed by State and County law, PGCPs contracted for the use of school bus safety cameras to monitor drivers who illegally pass a stopped school bus. In March 2020, PGCPs' Chief Executive Officer signed a five-year contract (with a five-year renewal option) with a vendor to install and operate cameras on PGCPs' system-owned school buses that would be owned and maintained by the vendor. The contract also provided for cameras to monitor the conduct of drivers and students inside the bus along with global positioning satellite units to track the buses. PGCPs was also provided with routing equipment and software to develop and revise bus routes. The contract was awarded to a vendor that had a similar agreement with a school system in another state that was competitively procured by that school system.

PGCPs entered into a Memorandum of Understanding (MOU) with the Prince George's County Revenue Authority (PGCRA) to process citations and receive a portion of PGCPs' share of program revenue. PGCRA functions as a law enforcement agency for the purpose of implementing this program, as well as the County's other traffic camera citation programs.

The vendor installed the cameras on PGCPs buses in March 2021 and the program began on April 8, 2021. As of the date of the contract, vehicles caught on camera illegally passing a bus are assessed a \$250 fine. The cameras take videos and still images of vehicles (and license plate) passing a bus that is operating its alternating flashing red lights. The registered owner(s) of the vehicles are identified by vendor employees using access provided to Maryland Motor Vehicle Administration (MVA) and other databases. PGCRA verifies if the image of the event constitutes a violation and a subcontractor prints and mails the citation to the registered owner. Citations can be paid to the vendor by credit card, electronically through the internet, or by mailing a check. The vendor is required to develop automated processes to retrieve and post all daily payment data.

The contract provides that monthly citation revenue would be disbursed 60 percent to the vendor and 40 percent to the PGCPs once revenue exceeded a monthly technology fee of \$400 per bus from gross monthly citation revenue. According to the MOU, PGCRA for its citation processing, is to receive a 12.5 percent share of the net revenue, out of PGCPs 40 percent share of the remaining net proceeds.



**Finding 12**

**PGCPS improperly used an intergovernmental cooperative purchasing agreement (ICPA) to procure a school bus camera system contract resulting in a lack of assurance that it obtained the best value.**

**Analysis**

PGCPS improperly used an ICPA to procure a school bus camera system contract resulting in a lack of assurance that it obtained the best value. Although there was no formal documented analysis, PGCPS advised it obtained and reviewed applicable information obtained from the out-of-state school system contract, and determined the vendor met its needs and awarded a contract to this vendor using an ICPA.

Our review disclosed several issues with the procurement. For example, PGCPS did not prepare a written assessment of the benefits for using the ICPA as required by State law and did not document its research of other available ICPAs. In addition, the PGCPS contract with the vendor did not use any of the key terms and conditions of the existing ICPA and PGCPS could not support how it determined certain payment terms, which were different from the ICPA.

Specifically, PGCPS' contract provided that the monthly citation revenue would be disbursed 60 percent to the vendor and 40 percent to the County after deduction of monthly technology fees of \$400 per bus from gross citation revenue. However, the ICPA had a 50 percent split in citation revenue and did not have a technology fee. PGCPS did not have support for how the technology fee was determined by the vendor or why it was necessary in addition to the revenue sharing.

As a result, PGCPS essentially procured its own unique contract with the vendor without a competitive procurement process and assurance that it obtained the best value. Our audits of other Maryland local education agencies (LEAs) have disclosed that other vendors exist for these services and at least one LEA has awarded a similar contract using a competitive bidding process.

In addition, other LEAs have conducted procurements that have included negotiations of the financial terms (such as revenue sharing and other fees). Specifically, while the revenue sharing percentage was consistent with other LEAs, the \$400 monthly technology fee was higher than the fees paid by other LEAs we know used this vendor's camera system, which ranged from \$85 to \$350. As of February 1, 2024, the County has only received \$5.2 million (or 17 percent) of the \$30 million in citation revenue for the first 27 months of the program's operation from April 8, 2021 through December 31, 2023.

## **Recommendation 12**

**We recommend that, in the future, PGCPs**

- a. competitively procure transportation contracts or comply with State law when using ICPAs, and**
- b. ensure the basis and reasoning for revenue sharing and technology fees are documented in future school bus safety camera contracts.**

### **Finding 13**

**PGCPS did not use its automated bus routing software to periodically perform a system-wide analysis of routes and related bus capacities to maximize efficiency. In addition, PGCPS had not established comprehensive bus routing procedures.**

### **Analysis**

PGCPS did not use its automated bus routing software to perform a system-wide analysis of bus routes and related bus capacities to maximize the efficiency of its bus routes and address bus routes with low ridership. In addition, PGCPS had not established comprehensive bus routing procedures that specified target bus capacities, ridership goals, and student ride-time limits providing PGCPS with parameters to design more efficient bus routes.

Although PGCPS uses an automated bus routing software tool to accommodate students' school assignments and to address road construction and other issues, it did not fully use this tool. Specifically, PGCPS did not use this tool to perform a periodic system-wide analysis to identify alternative routes, route consolidations, or bus stop consolidations that might reduce costs.

Conducting a system-wide analysis could result in reducing the number of buses and bus drivers needed to transport students. Our review of the routing system data for 3,805 regular bus routes on 612 buses for the 2022-2023 school year, disclosed that 1,137 routes (30 percent) were designed to transport students at less than 75 percent of customary capacity goals,<sup>13</sup> including 343 routes (9 percent) that were designed to transport students at less than 50 percent of the bus capacity based on bus size.

A similar condition has been commented upon in our preceding two audit reports dating back to February 2014. In its response to our preceding audit report PGCPS stated that it would establish standard operating procedures and fully

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<sup>13</sup> It is customary for school systems to use bus capacities that are lower than the manufacturer stated capacities. For example, the customary capacities we used for our calculation were 47 students for a 64-passenger manufacturer stated capacity bus.

implement a scheduling/routing system to improve efficiency by June 2019. However, no written routing procedures were implemented and while a new routing system is being used it is still not used to perform a system-wide analysis of bus routes.

### **Recommendation 13**

**We recommend that PGCPs take steps to use its buses more efficiently.**

**Specifically, we recommend that PGCPs**

- a. use automated bus routing software to periodically perform a system-wide analysis of bus routes to maximize the ridership on its bus routes (repeat); and**
- b. establish comprehensive bus routing procedures that specify target bus capacities, ridership goals, and student ride-time limits (repeat).**

We determined that Finding 14 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Consequently, the specifics of the following finding, including the analysis, related recommendation(s), along with PGCPs’ responses, have been redacted from this report copy.

**Finding 14**  
**Redacted cybersecurity-related finding.**

## **Food Services**

### **Background**

According to PGCPs’ audited financial statements, food services operating expenditures totaled \$75.8 million in fiscal year 2022 and were primarily funded with federal funds totaling \$99.2 million. The federal funds are received from the United States Department of Agriculture based on an established rate per meals served. PGCPs is allowed to retain federal funds it receives in excess of its annual food service operating costs to be used to offset future food service operating costs. According to PGCPs’ audited financial statements, the balance in PGCPs’ food services fund totaled \$42.1 million as of June 30, 2022.

According to MSDE records, in fiscal year 2022, PGCPs had 791 food services positions for its 198 schools, consisting of 776 cafeteria positions and 15 administrative positions.

Similar to other Maryland local education agencies, PGCPS continued to serve meals from certain schools during the COVID-19 pandemic health crisis by providing free meals for parents and students to pick up. The number of meals increased by 26.1 percent from 17.6 million in fiscal year 2020 to 22.2 million in fiscal year 2022. PGCPS advised us that the number of meals increased because students were allowed back to school in-person after the COVID-19 pandemic and that no employees were laid off due to the COVID-19 pandemic.

### **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 related to Food Services financial area of operations.

## **School Board Oversight**

### **Background**

As of December 2024, the Prince George's County Board of Education (the Board) is composed of 10 members (eight elected members, one member appointed by the Prince George's County government, and one non-voting student member). Chapter 217, Laws of Maryland, 2022, effective July 1, 2022, reduced the Board from 14 members to 10 members so there will be nine elected voting members and one non-voting student member. Prior to July 1, 2022, the Board had nine elected members, four appointed members, and one non-voting student representative. This change was one of a number of recommendations made by a task force formed in November 2021 by County executive order to address certain issues with the Board.

The Board contracted with a certified public accounting firm to conduct independent audits of the PGCPS financial statements and federal programs. In addition, the Board established several committees, such as the Parent and Community Advisory Council and an Ethics Panel, to assist in its oversight of PGCPS operation and governance,

### **PGCPS Adopted an Ethics Policy**

The Board has adopted a detailed ethics policy that is applicable to both Board members and PGCPS 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 (such as supervisors, school principals, and agency buyers) by April 30<sup>th</sup> of each year.

In accordance with the policy, PGCPS established an Ethics Panel consisting of five members appointed by the Chair of 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.

## Conclusion

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

## Management of Other Risks

### Healthcare Background

PGCPS is self-insured for certain medical plans and also has health maintenance organization (HMO) medical plans in which it pays insurance premiums to cover incurred claims. PGCPS contracts with four third-party administrator firms (TPAs) for health care claims processing services<sup>14</sup> for employee medical, prescription, dental and vision.

PGCPS also contracts with a consultant to help manage the health plans. The consultant performs data analysis of health services utilization and costs, provides recommendations on potential rate changes, and evaluates the merits of health plan proposals.

The health benefit plans, except for one HMO plan,<sup>15</sup> are financed through an internal service fund (ISF) and provides plan coverage under contracts with several insurance companies and health maintenance organizations. According to

**Figure 5**  
**PGCPS 2023 Healthcare Financing**  
(amounts in millions)

Revenues	
Employer Contributions	\$268.5
Employee Contributions	48.8
Retire Contribution	15.4
Rebates	46.2
Other Revenue	3.7
<b>Total Revenue</b>	<b><u>\$382.6</u></b>
Expenditures	
Claims Payments	\$337.1
Administrative Fees	8.7
Life Insurance Premiums	9.6
Other Expenditures	1.8
<b>Total Expenditures</b>	<b><u>\$357.2</u></b>

Source: PGCPS Records

<sup>14</sup> PGCPS has one TPA each for the claims for the preferred provider, point of service medical and vision plans and separate TPAs for the claims of the health management organizations medical, prescriptions, and dental.

<sup>15</sup> Premiums for this HMO TPA totaled \$17.6 million in fiscal year 2023.

PGCPS records, the ISF healthcare revenues and expenditures for fiscal year 2023 totaled \$382.6 million and \$357.2 million respectively (see Figure 5 on page 35). According to PGCPS audited financial statements, as of June 30, 2023, the internal service fund balance was \$116.3 million. As of September 30, 2023, PGCPS provided health insurance benefits to approximately 38,300 enrolled employees, dependents and retirees.

#### **Finding 15**

**PGCPS did not obtain and review claim data to support amounts invoiced by its third-party administrators (TPA) or audit healthcare claims activity paid by the TPA to ensure they were proper.**

#### **Analysis**

PGCPS did not obtain and review claim data to support amounts invoiced by its TPA or audit healthcare claims activity paid by the TPA to ensure they were proper.

- PGCPS did not obtain and review claim data to support the amounts billed by the TPA for healthcare claims. Specifically, PGCPS approved the amounts invoiced based on a high-level summary schedule of total claims paid for each health plan. It did not request or obtain a list of claims paid by enrolled employees and dependents to ensure it was only billed for eligible plan participants.
- PGCPS did not obtain audits of healthcare claims paid by the TPAs to ensure that the billed services were actually provided to participants, were covered by the health plans, that amounts paid were proper, and that self-reported performance measures were supported and accurate. PGCPS' TPA contracts allowed for periodic independent third-party audits of the accuracy and validity of claim reimbursements paid by PGCPS. For example, no audits were obtained for claims paid by the TPA for self-insured medical, vision, and dental claims and the last pharmacy claims audit was for fiscal year 2020. The audits are significant as they can identify amounts due to PGCPS. For example, the aforementioned pharmacy audit disclosed PGCPS was owed \$2.1 million for unpaid discount guarantees and prescription rebates.

#### **Recommendation 15**

**We recommend that PGCPS**

- a. obtain and review supporting documentation to ensure the propriety of TPA billings, and**
- b. obtain and review healthcare audits in accordance with its contract and take appropriate corrective action for any deficiencies identified.**

**Finding 16**

**PGCPS did not apply for available School Resource Officer (SRO) grant funding through the Maryland Center for School Safety (MCSS) to offset the cost of school resource officers for fiscal years 2021 through 2024.**

**Analysis**

PGCPS did not apply for available School Resource Officer (SRO) grant funding through the Maryland Center for School Safety (MCSS) to offset the cost of school resource officers for fiscal years 2021 through 2024. According to MCSS records, PGCPS last applied for SRO grant funds in fiscal year 2020 when \$1.5 million was awarded and only \$450,000 was reimbursed based on PGCPS reported allowable costs.

Our review of MCSS records, disclosed that 19 of the 24 LEAs (or public safety offices within the LEA's county) were awarded SRO grants in fiscal year 2022. PGCPS management advised that it did not apply for SRO grants funds after fiscal year 2020 due to the restrictive nature of the grants and the concern that there was a lack of law enforcement officers available to execute the scope of work required under the grant. However, PGCPS could not provide evidence to support these assertions. According to PGCPS records, its Office of Safety and Security had 255 employees with related salaries and benefits totaling \$20 million in fiscal year 2024.

MCSS administers the School Resource Officer (SRO) grant program established in State law that is designated for LEAs to offset costs for hiring School Resource Officers.<sup>16</sup> LEA grant allowances are determined every fiscal year and depend on the number of schools in the school district. LEAs must apply to use their grant allowance, and funds must supplement, not supplant, LEA funding for SROs.

**Recommendation 16**

**We recommend that PGCPS apply for available funding from MCSS grants in the future to offset the costs for hiring school resource officers.**

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<sup>16</sup> Chapter 30, 2018 Laws of Maryland.

## **Audit Scope, Objectives, and Methodology**

We have conducted a performance audit of the Prince George's County Public Schools (PGCPS). We conducted this audit under the authority of the State Government Article, Section 2-1220(e) of the Annotated Code of Maryland, which generally requires that every 6 years we audit each of the 24 local school systems to evaluate the effectiveness and efficiency of financial management practices. This performance audit was performed 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 PGCPS procedures and controls were effective in accounting for and safeguarding its assets.
2. Evaluate whether the PGCPS policies provided for the efficient use of financial resources.

In planning and conducting our audit of PGCPS, 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 11 major financial-related areas included revenue and billing, federal funds, procurement and disbursements, human resources and payroll, equipment control, information technology security and control, facilities, transportation, food service, school board oversight, and the management of other risks (such as health care).

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 PGCPS dated March 11, 2019, 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 PGCPS 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 PGCPS. We also interviewed personnel at PGCPS 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 PGCPS 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, 2021 to June 30, 2023.

Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us 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 PGCPS' financial statements.

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 PGCPS 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.

PGCPS' 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 PGCPS, were considered by us during the course of this audit.

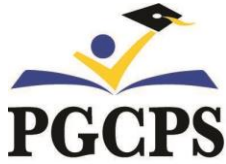
Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. In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

State Government Article Section 2-1224(i) requires that we redact in a manner consistent with auditing best practices any cybersecurity findings before a report is made available to the public. This results in the issuance of two different versions of an audit report that contains cybersecurity findings – a redacted version for the public and an unredacted version for government officials responsible for acting on our audit recommendations.

The State Finance and Procurement Article, Section 3.5-301(b), states that cybersecurity is defined as “processes or capabilities wherein systems, communications, and information are protected and defended against damage, unauthorized use or modification, and exploitation.” Based on that definition, and in our professional judgment, we concluded that certain findings in this report fall under that definition. Consequently, for the publicly available audit report all specifics as to the nature of cybersecurity findings and required corrective actions have been redacted. We have determined that such aforementioned practices, and government auditing standards, support the redaction of this information from the public audit report. The specifics of these cybersecurity findings have been communicated to PGCPS and those parties responsible for acting on our recommendations in an unredacted audit report.

We conducted our fieldwork from April 2023 to January 2024. PGCPS’ response to our findings and recommendations is included as an appendix to this report. Depending on the version of the audit report, responses to any cybersecurity findings may be redacted in accordance with State law. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise PGCPS regarding the results of our review of its response.

## APPENDIX



### OFFICE OF THE SUPERINTENDENT

Millard House II, Superintendent | [superintendent@pgcps.org](mailto:superintendent@pgcps.org)  
14201 School Lane | Upper Marlboro, MD 20772 | 301-952-6008 | [www.pgcps.org/superintendent](http://www.pgcps.org/superintendent)

March 21, 2025

Brian S. Tanen, CPA, CFE  
Legislative Auditor  
Department of Legislative Services  
Office of Legislative Audits  
Maryland General Assembly  
351 West Camden Street, Suite 400  
Baltimore, Maryland 21201

Dear Mr. Tanen:

Pursuant to State Government Article §2-1224 of the Annotated Code of Maryland and the Joint Audit Committee Policy on Agency Responses to Reports Issued by the Office of Legislative Audits (OLA), please find the enclosed Management Responses to the draft Financial Management Practices Audit Report.

Prince George's County Public Schools (PGCPS) view these audits as an opportunity for evaluation of our performance and for systemic improvement. We found the work of the OLA auditors to be constructive, collaborative and invaluable in identifying, prioritizing, and correcting our operational deficits. We believe that our collective work with you and your findings will help PGCPS to improve services to schools, students and families of our county.

If you have any questions about our submission, please do not hesitate to contact me.

Sincerely,

Millard House, II  
Superintendent of Schools

Enclosure

# Prince George's County Public School System

## Agency Response Form

### Procurement and Disbursement Cycle

#### Finding 1

Certain requirements of State law and recognized best practices were not incorporated into PGCPs' procurement policies and were not consistently used when participating in intergovernmental cooperative purchasing agreements (ICPA).

We recommend that PGCPs incorporate the aforementioned statutory requirements and other identified and acknowledged best practices into its procurement policies and ensure that the performance of the requirements and best practices are documented when evaluating and participating in ICPAs (repeat).

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.	The Purchasing Department agrees that during the sample period, PGCPs was not consistent in awarding Intergovernmental Cooperative Purchasing Agreements. The Board Policy and Administrative Procedures do not provide the level of detail that is documented in the Purchasing and Supply Manual.		
Recommendation	Agree	Estimated Completion Date:	various
Please provide details of corrective action or explain disagreement.	<p>Purchasing will update the PGCPs Purchasing and Supply Services Procedures Manual to include Cooperative Agreement Best Practices, and update both the Board Policy and Administrative Policy to include a link to the Purchasing and Supply Services Manual. Additionally, PGCPs Purchasing revised current Contract Administrative practices and documents to improve consistency and compliance with Cooperative Agreement contract awards.</p> <p>A. Policy. PGCPs Purchasing is drafting a revision to the Purchasing and Supply Services Procedure Manual, Section 11 Other Jurisdictions Contracts &amp; Cooperative Agreements to include nationally recognized procurement Best Practices from NGIP (The Institute for Public Procurement) Global Best Practice Strategic Use of Cooperative Procurement dated August 2023. The estimated completion date is September 2025.</p> <p>B. Contract Administration: PGCPs implemented use of the Source Selection Memo (SSM) effective January 2025. The Source Selection Memo provides pertinent information pertaining to the procurement. Source Selection Memos will not be a requirement for Sole Source or Emergency Procurements.</p>		

## Prince George's County Public School System

### Agency Response Form

	<p>C. Contract Administration: PGCPS is reviewing other LEA Cooperative Agreement Checklists to implement a PGCPS ICPA Checklist. The estimated completion date is September 2025.</p> <p>D. Policy: Revise Board Policy 3323 and Administrative Policy 3323 to include a line to the Purchasing and Supply Service Manual. The estimated completion date is September 2025.</p>
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# Prince George's County Public School System

## Agency Response Form

### Finding 2

PGCPS did not always prepare required written justifications, obtain Board approval, or publish contract awards for sole source procurements on *eMaryland Marketplace Advantage (eMMA)* as required.

We recommend that PGCPS

- a. ensure that sole source contract justifications are prepared as required (repeat);
- b. obtain Board approval for contracts as required by (repeat); and
- c. publish sole source contract awards on *eMMA* as required.

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.	The Purchasing Department agrees that during the sample period, PGCPS was not consistent in providing the Board of Education with a list of contracts for acknowledgment or approval.		
Recommendation a	Agree	Estimated Completion Date:	09/2025
Please provide details of corrective action or explain disagreement.	A. Written Justification. PGCPS previously implemented use of a Sole Source Justification Form to document the determination to award Sole Source contract awards. Additionally, PGCPS Purchasing implemented use of the attached Source Selection Memo (SSM) effective January 2025.		
Recommendation b	Agree	Estimated Completion Date:	09/2025
Please provide details of corrective action or explain disagreement.	B. PGCPS Board Approval: PGCPS Purchasing reports contract awards to the Board bi-annually. The Bi-Annual Report lists all contract awards to include the manner of procurement, vendor, and award amount. The bi-annual report also lists the contracts by type i.e., RFP, IFB, Task Order, Rider, ICPA, Sole Source and Emergency procurements.		
Recommendation c	Agree	Estimated Completion Date:	09/2025
Please provide details of corrective action or explain disagreement.	C. eMMA. Sec. 21.05.05.04. Record of Sole Source Procurement requires that PGCPS Purchasing publish notice of sole source contract awards of \$50,000 and above in eMMA not more than 30 days after the execution and approval of the contract. PGCPS Board Policy 3323 allows for curriculum instructional materials, professional services, and training contracts to be entered into without the requirement to conduct procurement on a competitive basis. PGCPS contracts awarded pursuant to Board Policy 3323 represent one of the largest contract award categories for PGCPS. While PGCPS posts solicited contract awards in eMMA and on the PGCPS website, PGCPS Purchasing has not consistently posted sole source contract awards to eMMA and the		

# Prince George's County Public School System

## Agency Response Form

	<p>PGCPS website, based on the volume of PGCPS sole source contract awards.</p> <p>Corrective Actions:</p> <p>(1) PGCPS Purchasing is reviewing current practices to revise and implement detailed Procurement Checklists that will include the upload of awarded contracts to eMMA and the PGCPS website by May 2025 for new contracts.</p>
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# Prince George's County Public School System

## Agency Response Form

### Finding 3

PGCPS did not execute formal written contracts and did not obtain approval from the Board for special education services.

We recommend that PGCPS

- a. modify its *Procurement Policy* to require formal written contracts for special education services; and
- b. comply with its *Policy* by obtaining Board approval for special education services.

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.			
Recommendation 3a	Agree	Estimated Completion Date:	July 2025
Please provide details of corrective action or explain disagreement.	PGCPS Purchasing Policy will be modified to require formal written contracts documenting the costs, nature, and number of services provided to the student be executed with each non-public school where we place a student, however, there will be no competitive bidding required.		
Recommendation 3b	Agree	Estimated Completion Date:	July 2025
Please provide details of corrective action or explain disagreement.	PGCPS Purchasing Policy will be amended to include language that states that an annual submission to the Board would be provided which includes a comprehensive list of all approved nonpublic placements including the basis costs of each approved nonpublic placement and at the conclusion of the fiscal year, a report detailing all of the nonpublic expenditures for that fiscal year, will be submitted to the Board.		



# Prince George's County Public School System

## Agency Response Form

### Human Resources and Payroll

#### **Finding 4**

**PGCPS did not analyze, or otherwise limit, the number of time records supervisors were reviewing and approving. We identified certain supervisors who routinely approved a large number of time records each pay period.**

**We recommend that PGCPS analyze its current supervisory responsibilities for approving timecards and agreeing them to supporting documentation, and to the extent practical, reduce the number of timecards these individuals are responsible for approving (repeat).**

Agency Response		
Background / Analysis	Factually Accurate	
Please explain any concerns with factual accuracy.	PGCPS acknowledges the recommendation to analyze and potentially reduce the number of timecards supervisors are responsible for approving. However, due to current system limitations, we are unable to implement this change. Our existing systems are designed to handle the current workload based on the supervisor on record, and any modifications would require significant system upgrades and resource allocation.	
	Additionally, implementing this recommendation would necessitate a change in the supervisor on record, which is not feasible due to other areas of concern linked to the named supervisor, such as the employee's evaluation. The current supervisory structure is essential for maintaining the integrity and consistency of employee evaluations and other related responsibilities.	
	Currently, there is a process for a time approvers to delegate timecards to an alternate person position such as assistant principal, supervisors and/or managers. This can occur when an assigned time approver is unable to approve timecards because of long term illnesses, vacations, out of building assignments, vacancies, or other reasons that prevent the assigned time approver from completing this responsibility. Any alternative time approver must complete time approver training before being assigned time approval responsibilities and must meet required continuing professional education activities.	
Recommendation	Agree	Estimated Completion Date: June 30, 2027

## Prince George's County Public School System

### Agency Response Form

<b>Please provide details of corrective action or explain disagreement.</b>	Due to current system limitations, PGCPS is not able to reassign timecards to personnel without impacting other areas of concern, such as an employee's evaluation. Currently, the system only allows one supervisor on record. The supervisor on record drives the entire employee record which includes leave requests, evaluations, timecards, expense requests, etc. We will explore potential system enhancements in 2026. This recommendation will be addressed in the assessment process of the new system capabilities. We will advocate for the new system to have timecard delegation to handle multiple levels of approvals.
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# Prince George's County Public School System

## Agency Response Form

### Finding 5

**Critical human resources and payroll transactions were not subject to a documented independent supervisory review, resulting in one employee being overpaid \$7.4 million without detection.**

**We recommend that PGCPs**

- a. perform and document independent supervisory reviews and approvals of critical human resource and payroll transactions, including manual payroll adjustments, salary adjustments and related output reports, to ensure that the transactions are supported by appropriate documentation (repeat); and**
- b. review previously processed pay adjustments for propriety and take corrective action for any overpayments.**

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.	<ol style="list-style-type: none"> <li>a. PGCPs has implemented several preventive measures to improve payroll accuracy and efficiency. These include enhanced training for staff and systems enhancements to prevent inaccurate data entry errors, and increased reviews and reporting of payroll transactions. These measures aim to ensure accurate and reliable payroll processes, reducing the risk of overpayments and ensuring correct employee compensation.</li> <li>b. Two (2) additional team members were added to review pay adjustments. Secondary reviews are already in place for pay adjustments that are above the biweekly rate of pay. Corrective action has been taken and will continue to be taken for overpayments that were caused by staff.</li> </ol>		
Recommendation a	Agree	Estimated Completion Date:	July 12, 2023
Please provide details of corrective action or explain disagreement.	Preventive measures were established to prevent inaccurate amounts or data from being entered into the payroll fields. Additional staff, to include supervisory level staff, were assigned in the independent review process for salary adjustments calculations. Additional reports were developed to capture discrepancies for biweekly and substitute payrolls and additional payroll runs.		
Recommendation b	Agree	Estimated Completion Date:	June 30, 2026

## Prince George's County Public School System

### Agency Response Form

<b>Please provide details of corrective action or explain disagreement.</b>	IT implemented a data catch point for payroll fields to ensure data entry is accurate upon entry, including reviewing previously processed pay adjustment for propriety. Currently we are working on an automated process to calculate salary adjustments, payout amounts, and retroactive payments. Any staff member will be held accountable for overpayments that were caused by their inaccurate entries. Corrective action will be provided following the defined PGCPs disciplinary action process.
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# Prince George's County Public School System

## Agency Response Form

### Finding 6

Internal controls and record keeping for the bus driver payrolls were not adequate to ensure the propriety of payroll payments.

We recommend PGCPSS ensure

- a. that a standard time reporting process for documenting transportation employees' time worked (such as timesheets or time clock) is implemented and that related supporting documents or records are retained (repeat); and
- b. all overtime is properly supported and approved in accordance with PGCPSS procedures (repeat).

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.			
Recommendation a	Agree	Estimated Completion Date:	August 2024
Please provide details of corrective action or explain disagreement.	Transportation Services has revised the daily operational payroll process to enhance accuracy and accountability. This includes clearly defining the roles and responsibilities of staff involved in payroll entry, review, and approval. To support these improvements, Transportation Services has initiated a review of electronic logging systems with current vendors to enhance payroll tracking and reporting. Additionally, a monthly audit sample review of overtime reports is being implemented. This review utilizes GPS data and internal documentation to verify the accuracy of overtime payments and ensure compliance with payroll procedures.		
Recommendation b	Agree	Estimated Completion Date:	August 2024
Please provide details of corrective action or explain disagreement.	Transportation Services implemented practices from Board Policy 2600 Records and Documents Management Program. Transportation Services has developed and implemented a training plan to ensure efficacy is reached.		

# Prince George's County Public School System

## Agency Response Form

### Finding 7

**PGCPS did not always perform a newly required screening for positions involving direct contact with minors.**

**We recommend that PGCPS comply with State law and perform and document the required screening for positions involving direct contact with minors, including those noted above.**

Agency Response			
<b>Background / Analysis</b>	<b>Factually Accurate</b>		
<b>Please explain any concerns with factual accuracy.</b>	<p>Agreed in part (7/10 instances).</p> <p>In 2022-23, the Background Unit relied on a manual process to extract and send the required forms to previous employers. This process required forms individually emailed to prior employers. This process was monitored by a background unit employee who did not send forms to prior employers, and/or failed to follow up with those employers that did not return a completed form.</p> <p>In October 2023:</p> <p>In 6 out of 10 instances, there was no documentation of prior employer requests.</p> <p>In 1 out of 10 instances, a decision was made that requests did not need to be sent to international employers.</p> <p>In 3 out of 10 instances, the employees did not have prior employment that involved direct contact with minors. There is no violation here.</p> <p>PGCPS went back and attempted to secure prior employer forms in 6 out of 7 instances. No attempt was made for the international employer.</p>		
<b>Recommendation</b>	Agree	<b>Estimated Completion Date:</b>	February 20, 2025
<b>Please provide details of corrective action or explain disagreement.</b>	<p>PGCPS will begin sending complaints to MSDE in instances where prior employers do not return the required form. PGCPS has historically not sent complaints to the state regarding the lack of return of the forms, which would address the lack of return, and provide PGCPS with additional documentation of the attempts to secure the form.</p> <p>Attempts will be made to secure responses from the international employer in 1 out of 7 instances noted above. There is no apparent language in the law that makes a distinction between domestic or foreign employers. Forms will be sent for all.</p>		

## Prince George's County Public School System

### Agency Response Form

	<p>Additionally, as of August 2024, the process has been moved fully into e-signature services, which allows for better tracking and ease of recipient employer signature and return. Our selected e-signature service also sends out automatic reminders until completed. The automatic reminder timeline was updated effective February 20, 2025, to align with the 60-day window that MSDE allows.</p> <p>The Background Unit is exploring a manageable process for filing MSDE complaints for unreturned forms. Ongoing</p>
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# Prince George's County Public School System

## Agency Response Form

### Equipment Control and Accountability

#### Finding 8

PGCPS did not complete physical inventories of equipment every three years and resolve missing items from technology equipment inventories in a timely manner as required.

We recommend that PGCPS

- a. conduct physical inventories of equipment every three years in accordance with its *Assets Operating Manual*, (repeat) and
- b. investigate and resolve missing equipment items identified during physical inventories, including those items noted above.

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.			
Recommendation a	Agree	Estimated Completion Date:	January 2029
Please provide details of corrective action or explain disagreement.	IT agrees with the OLA audit recommendation that a physical inventory of equipment be conducted every three years in accordance with the PGCPS Assets Operating Manual. Therefore, beginning Summer 2024, IT's Hardware Inventory team began conducting physical inventories of students' electronic devices at each school. In Spring 2025, IT will conduct a physical inventory of other classroom technologies to include interactive flat panels. IT is finalizing a plan to be completed in Fall of 2025 to conduct physical inventories of all technologies every three years, in all schools and central offices to align with the Assets Operating Manual. The plan will be implemented beginning January 2026 with an estimated completion of January 2029.		
Recommendation b	Agree	Estimated Completion Date:	January 2029
Please provide details of corrective action or explain disagreement.	IT agrees with the OLA audit recommendation to investigate and resolve missing equipment items identified during physical inventories, including those items noted above. Therefore, beginning in Spring 2024, with guidance from Internal Audit, IT developed an Attestation and Inventory Loss Form to list missing equipment identified during physical inventories of schools. Once the Attestation and Inventory Loss form is reviewed and signed by the building administrator, missing equipment items from schools are removed from the building's inventory in asset management. IT will document and replicate a similar process to		



**Prince George’s County Public School System**

**Agency Response Form**

	investigate and resolve missing equipment from central offices beginning in January 2026, with an estimated completion of January 2029.
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# **Prince George's County Public School System**

## **Agency Response Form**

### **Information Technology**

The Office of Legislative Audits (OLA) has determined that the Information Technology section, including Findings 9 through 11 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore are subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Although the specifics of the findings, including the analysis, related recommendation(s), along with PGCPs’ responses, have been redacted from this report copy, PGCPs’ responses indicated agreement with the findings and related recommendations.

#### **Finding 9**

**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

#### **Finding 10**

**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

#### **Finding 11**

**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

# Prince George's County Public School System

## Agency Response Form

### Transportation Services

#### **Finding 12**

**PGCPS improperly used an intergovernmental cooperative purchasing agreement (ICPA) to procure a school bus camera system contract resulting in a lack of assurance that it obtained the best value.**

**We recommend that, in the future, PGCPS**

- a. competitively procure transportation contracts or comply with State law when using ICPAs, and**
- b. ensure the basis and reasoning for revenue sharing and technology fees are documented in future school bus safety camera contracts.**

<b>Agency Response</b>			
<b>Background / Analysis</b>	<b>Factually Accurate</b>		
<b>Please explain any concerns with factual accuracy.</b>	Prince George's County Public Schools (PGCPS) has entered a Memorandum of Understanding (MOU) with a vendor to equip the Department of Transportation with external enforcement cameras, ground traffic control, software tracking capabilities, violation processing, and GPS monitoring. This MOU was chosen by the Chief Executive Officer because it met the operational needs of the transportation department and provided the best system based on those needs. Since the agreement, the vendor has supplied internal cameras, routing system, and GPS services to support transportation operations.		
<b>Recommendation 12a</b>	Agree	<b>Estimated Completion Date:</b>	September 2025
<b>Please provide details of corrective action or explain disagreement.</b>	Going forward, PGCPS will work to ensure that all transportation contracts comply with State law when utilizing Interlocal Cooperation Agreements (ICPAs) utilizing the recommendations mentioned in Finding #1.		
<b>Recommendation 12b</b>	Agree	<b>Estimated Completion Date:</b>	September 2025
<b>Please provide details of corrective action or explain disagreement.</b>	Going forward, PGCPS will document the basis and reasoning for revenue sharing and technology fees in future school bus safety camera contracts.		

# Prince George's County Public School System

## Agency Response Form

### Finding 13

PGCPS did not use its automated bus routing software to periodically perform a system-wide analysis of routes and related bus capacities to maximize efficiency. In addition, PGCPS had not established comprehensive bus routing procedures.

We recommend that PGCPS take steps to use its buses more efficiently. Specifically, we recommend that PGCPS

- a. use automated bus routing software to periodically perform a system-wide analysis of bus routes to maximize the ridership on its bus routes (repeat); and
- b. establish comprehensive bus routing procedures that specify target bus capacities, ridership goals, and student ride-time limits (repeat).

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.			
Recommendation a	Agree	Estimated Completion Date:	August 2024
Please provide details of corrective action or explain disagreement.	PGCPS secured a new routing system that enabled the department to create routes with defined start/end times that provided the necessary information for maximum efficiency and budget terms. As new leadership is in place, the department has prioritized creating routing procedures.		
Recommendation b	Agree	Estimated Completion Date:	August 2024
Please provide details of corrective action or explain disagreement.	The new routing system allows PGCPS to establish seat capacity limits, set maximum ridership goals, and define ride time limits. Reports are generated to ensure accuracy. Due to ongoing bus driver shortages, trips are continuously reviewed for optimal efficiency.		

## **Prince George's County Public School System**

### **Agency Response Form**

OLA has determined that Finding 14 related to “cybersecurity,” as defined by the State Finance and Procurement Article, Section 3.5-301(b) of the Annotated Code of Maryland, and therefore is subject to redaction from the publicly available audit report in accordance with the State Government Article 2-1224(i). Although the specifics of the finding, including the analysis, related recommendation(s), along with PGCPs’ responses, have been redacted from this report copy, PGCPs’ responses indicated agreement with the finding and related recommendations.

#### **Finding 14**

**Redacted cybersecurity-related finding.**

**Agency Response has been redacted by OLA.**

# Prince George's County Public School System

## Agency Response Form

### Management of Other Risks

#### **Finding 15**

**PGCPS did not obtain and review claim data to support amounts invoiced by its third-party administrators (TPA) or audit healthcare claims activity paid by the TPA to ensure they were proper.**

**We recommend that PGCPS**

- a. obtain and review supporting documentation to ensure the propriety of TPA billings; and**
- b. obtain and review healthcare audits in accordance with its contract and take appropriate corrective action for any deficiencies identified.**

Agency Response			
<b>Background / Analysis</b>	<b>Factually Accurate</b>		
<b>Please explain any concerns with factual accuracy.</b>			
<b>Recommendation a</b>	Agree	<b>Estimated Completion Date:</b>	May 1, 2025
<b>Please provide details of corrective action or explain disagreement.</b>	PGCPS will identify an external Accounting Firm specializing in self-insured health plans to conduct a best practice claims and eligibility audit each calendar year.		
<b>Recommendation b</b>	Agree	<b>Estimated Completion Date:</b>	May 1, 2025
<b>Please provide details of corrective action or explain disagreement.</b>	PGCPS will identify an external Accounting Firm specializing in self-insured health plans to conduct a best practice claims and eligibility audit each calendar year.		

# Prince George's County Public School System

## Agency Response Form

### Finding 16

PGCPS did not apply for available School Resource Officer (SRO) grant funding through the Maryland Center for School Safety (MCSS) to offset the cost of school resource officers for fiscal years 2021 through 2024.

We recommend that PGCPS apply for available funding from MCSS grants in the future to offset the costs for hiring school resource officers.

Agency Response			
Background / Analysis	Factually Accurate		
Please explain any concerns with factual accuracy.			
Recommendation	Agree	Estimated Completion Date:	July 2025
Please provide details of corrective action or explain disagreement.	The Office of School Safety and Security will coordinate with the police department and apply for MCSS grants in the future to offset costs.		

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