



Howard County Council

George Howard Building
3430 Court House Drive
Ellicott City, Maryland 21043-4392

COUNCILMEMBERS

Jon Weinstein, Chairperson
District 1
Calvin Ball, Vice Chairperson
District 2
Jennifer Terrasa
District 3
Mary Kay Sigaty
District 4
Greg Fox
District 5

FOR IMMEDIATE RELEASE

CONTACT: Eric Solomon – Public Information Officer
esolomon@howardcountymd.gov
(410) 313-1143

County Auditor Releases Financial Audit of Howard County Public School System

Ellicott City, MD (March 13, 2017) – After months of diligently working with the Howard County Public School System (HCPSS), the County Auditor's Office released their financial audit, which was requested by the County Council last year. The audit specifically examined transactions for propriety, support, and proper classification.

"The audit results are important as we prepare for the FY 2018 budget process and to foster efforts to improve transparency of the significant HCPSS portion of our County budget," said Council Chairman Jon Weinstein.

On July 8, 2016, the Council unanimously passed CR88-2016, a resolution that, among other things, authorized County Auditor Craig Glendenning to conduct a financial audit of the HCPSS. This legislation was drafted and passed after the Council approved a \$1.1 billion County General Fund Operating Budget, which included approximately \$562 million for HCPSS. Pursuant to State law, Section 5-109(d) of the Education Article of the Maryland Annotated Code, the County Council "may conduct an audit" of the local school board "using auditors employed by the County."

"I would like to thank the County Auditor and his staff for reviewing categories that drew concern from our educators, parents, and the community," said Councilmember Calvin Ball, who sponsored CR88-2016. "Rest assured, this audit has shed light on items that can only improve the school system and most importantly hold them accountable for their actions."

The financial audit studied the following categories:

- Special Education Services;
- Health and Dental Fund; and
- Legal Services.

Glendenning reviewed \$1.1 million in Special Education Services transactions and determined that the amounts recorded on the detail records agreed to the audited financial statements with only immaterial differences. However, it was noted that HCPSS used the Instructional Textbooks and Supplies category to pay for a \$300,000 special education consulting contract. Furthermore, the audit concluded that services provided under the consulting contract did not comply with the related contract. The County Auditor recommended that HCPSS adhere to the Maryland State Department of Education's Financial Reporting Manual for proper classification of payments and services, as well as having the vendor comply with the provisions of the contract.

-more-

Howard County Public School System's Superintendent Renee A. Foose responded in a letter by saying, "management's procedures call for adherence to the Financial Reporting Manuals for Maryland Public Schools and management will continue to monitor compliance. Regarding the second recommendation, management will continue to work with all vendors to successfully complete contracts that are underway."

When reviewing the Health and Dental Fund, the auditors found an error in calculating the payment due to the Maryland State Department of Health and Human Services and underpaid the required amount due by \$103,488. They also commented on the \$16.5 million deficit in the Health and Dental Fund. The Auditor noted how a neighboring school system addressed a similar situation by obtaining a one-time infusion to its Fund that did not impact the maintenance of effort.

The last category to be reviewed was Legal Services, where 21 expenditure transactions were tested. All transactions agreed to support documentation and properly recorded in the financial records in all material aspects.

"We welcomed your audit in the spirit of cooperation with the county government and in the interest of transparency and good government oversight," Dr. Foose added. "Auditors provide value in that they always have suggestions for continuous improvement."

The [complete financial audit and HCPSS responses](#) are available on the County Auditor's Website.

###