

**Board of Education of  
Baltimore County  
Office of Internal Audit**

**Report  
Project 4-2020.004  
October 5, 2020**



**Board of Education  
Non-Salary Expenditure Review**

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## Background

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On April 9, 2019, UHY Advisors issued a *Report on Procurement Activities, Specified Contracts, Travel Expenses, and Other Charges* to the Superintendent and Members of the Board of Education of Baltimore County. The report identified one finding and 12 observations related to Baltimore County Public Schools (BCPS) procurement activities for the period January 1, 2012 through December 31, 2017. BCPS management provided responses to the finding and observations prior to the issuance of the report. Management's responses detailed its corrective action planned.

As part of the Office of Internal Audit's (Internal Audit) FY20 plan to monitor management's corrective action taken, Internal Audit reviewed all non-salary expenditures for the Board of Education for the period December 3, 2018 – December 31, 2019 for compliance with current school system guidance.

## Summary of Results

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Internal Audit identified seven results related to our review of the Board of Education non-salary expenditures:

1. Requisition procedures for purchases over \$1,000 were not followed.
2. A signature stamp was used on financial documents.
3. Payments were not approved by the Board Chair.
4. Expenses incurred in FY19 were paid in FY20.
5. Procedures for travel expenses/reimbursements were not followed.
6. Legal fees were paid outside of scope of legal services agreement.
7. The FY19 operating budget was overspent.

## Current Guidance

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Internal Audit provided references to any current school system guidance that may be related to the result.

## Potential Risks

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Internal Audit identified potential risks to the school system should the results continue to exist, however, the list is not meant to be all inclusive.

## Recommendations and Board Responses

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Internal Audit provided specific recommendations to improve compliance and reduce risk for each result. Additionally, general recommendations include financial training for all board members, the creation and implementation of standard operating procedures for board members, and the revision of the Board Handbook to ensure that it reflects current school system guidance. The Board Chair, in collaboration with the Senior Executive Assistant, provided responses to the recommendations. In addition, the Board Chair provided a general overall response related to the audit on page 4.

## Board Chair Response

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I appreciate this work to improve effective board governance, accountability, and transparency. As a Board member, I have consistently called for evaluation and improvements in the areas of Board governance, school system administration, accountability and transparency to our stakeholders and community. Specifically, in 2017, I advocated for an External Procurement Audit. UHY was approved by the Board in 2018 and work completed in 2019. I am a member of the Audit Committee that approved the Office of Internal Audit 2020-2021 work plan to include specific monitoring of corrective action plans stemming from audits and reviews. That work plan facilitated the recent OIA audit review of Board non-salary expenditures. I am supportive of recommendations to improve Board operations. I have included additional efforts underway to ensure continuity of Board operations, especially during significant transition of membership of the Board.

The senior executive assistant is the only employee to directly support all Board members and board operations. While the number of students, employees, and size of budget have increased and community engagement has increased, there has been no increase in personnel supporting the Board. The Board officers have collaborated with the superintendent about the need for additional resources and supports for the Board. Additionally, the Board will request any change in protocol made by Fiscal Services to be communicated in writing to the Board office to ensure compliance.

## Result #1

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### Requisition procedures for purchases over \$1,000 were not followed:

1. Confirming purchase orders<sup>1</sup> were used for purchases over \$1,000<sup>2</sup>.
  - a. The senior executive assistant received invoices that totaled \$9,480 from Carney, Kelehan, Bresler, Bennett & Scheer, LLP (CKBBS) for legal services that were provided from January 19, 2019 through February 28, 2019 prior to the remittance of a Purchase Requisition on March 22, 2019 and approval of the Purchase Order on April 1, 2019. See **Exhibit A**.
  - b. The Board Counsel received invoices that totaled \$4,600 from Luchansky Millman for legal services that were provided from April 25, 2019 through July 23, 2019 prior to the remittance of a Purchase Requisition on July 23, 2019 and approval of the Purchase Order on August 6, 2019. See **Exhibit B**.
  - c. Eight board members attended a conference prior to approval of the Purchase Order and payment of the invoice. The invoice was generated on the date of registration, August 16, 2019, in the amount of \$3,600 for the MABE Annual Conference held October 2 through October 4, 2019. However, the purchase requisition was not remitted to the Office of Purchasing (Purchasing) until October 10, 2019 and the purchase order was not approved until October 11, 2019.
2. The Board Chair did not approve one requisition order for CKBBS. The senior executive assistant signed as the account manager for the purchase requisition remitted to Purchasing on March 22, 2019. A copy of an email documents that the Board Chair was aware of the requisition, however, did not indicate that she gave approval for the senior executive assistant to sign as the account manager.
3. Two change orders were remitted on July 26, 2019 for services rendered in FY19. An administrative override was required to allow payment against the FY19 account to settle the obligation:
  - a. Ray and Associates for \$2,064.83
  - b. CKBBS for \$3,525.00
4. A purchase requisition for \$25,000 for Luchansky Millman was submitted to Purchasing and was not bid in accordance with BCPS purchasing procedures.

### CURRENT SCHOOL SYSTEM GUIDANCE

1. In summary, Office of Purchasing Procedure No. 3210.013 indicates:
  - a. To initiate the purchasing process, a requisition order is processed; upon approval of the requisition order, a purchase order is created. Upon obtaining the approved purchase order, the purchase of a good or service can be initiated, which is evidenced by receipt of a vendor invoice. Each item (requisition order, purchase order, invoice) must be obtained in that order according to the procedure's manual. Each item also has specific elements which must be documented in order to link every document to the others.

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<sup>1</sup> A confirming purchase order transaction occurs when a purchase is initiated without first obtaining a purchase order.

<sup>2</sup> BCPS use of confirming purchase orders was noted in the UHY report as Observation 1.

- b. A requisition form is completed, and **the account manager signs**. The approved requisition and quote(s) are then faxed to the Office of Purchasing for processing and further approval.
2. The FY2018-2019 Year-end Closing Schedule, Page 3, states: “May 3, 2019 – All change orders for existing FY2019 purchase orders are due to the Office of Purchasing.”
3. Office of Purchasing Procedure No. 3210.006: Policy – Routine purchases or the purchase of specific goods or services having a dollar value of \$25,000 or more, which are not available under existing state, county or local contracts, must be bid in accordance with state laws<sup>3</sup>.

## POTENTIAL RISK(S)

1. When current school system guidance is not followed:
  - a. Budgetary controls over school system funds are weakened.
  - b. Financial statements may be misstated.
  - c. Funds may not be available to cover the liability.
  - d. Vendor assumes risk by providing goods/services without proper approvals.
  - e. Reputation risk may occur.
  - f. Lack of administrative approval and other internal BCPS approvals could result in unapproved or fraudulent purchases.
  - g. State laws and BCPS business rules for procurement are violated.

## RECOMMENDATION(S) AND BOARD’S RESPONSE

1. The Board should follow state procurement laws and current school system guidance:
  - a. When expenditures of \$1,000 or more are anticipated, a purchase requisition is submitted to and approved by Purchasing prior to initiating the purchase of a good or service.

### **Board’s Response**

The senior executive assistant will continue to submit a purchase order to the Office of Purchasing prior to initiating the purchase of a good or service. In the future, no services will be rendered until the vendor receives a purchase order to confirm agreed upon services.

- b. All requisition orders and supporting original documentation should be reviewed and approved by the Board Chair prior to remittance to Purchasing. The account manager’s original signature should be obtained for all requisition orders.

### **Board’s Response**

The Board Chair will continue to review and approve original documentation and, as account manager, provide an original signature on all requisition orders from the Board office budget.

- c. Expenses and associated purchase order amounts should be monitored to ensure that obligations do not exceed authorized amounts and that approved change orders are processed prior to incurring additional expense.

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<sup>3</sup> Some services, as defined by the State Finance and Procurement Article Annotated Code 11-101T2, are exempt from the formal bid process, however, legal services are specifically defined as non-exempt. Additionally, the FY 15 Office of Legislative Audits report included a finding about the need to bid for services.

**Board's Response**

The senior executive assistant will continue to monitor purchase order amounts so as not to exceed authorized amounts, and the Board chair will approve change orders, as needed.

- d. When expenditures of \$25,000 or more are anticipated, the bid process should be followed.

**Board's Response**

When anticipated, the Board will request the bid process be initiated on expenses over \$25,000. However, information provided on the Purchasing's Web site at [https://businessservices.bcps.org/departments/fiscal\\_services/purchasing/information](https://businessservices.bcps.org/departments/fiscal_services/purchasing/information) indicates "purchases between \$15,000 and \$25,000," so there is a disconnect in information provided.<sup>4</sup>

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<sup>4</sup> The Office of Purchasing Procedure No. 3210.006 is the accurate reference. Per the Purchasing Manager, the website needs to be updated to reflect the accurate reference.

## Result #2

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### **A signature stamp was used on financial documents:**

The senior executive assistant used the Board Chairs' signature stamp to approve one purchase requisition and 13 invoice/reimbursement payments. However, the Board Chair gave approval via email for her signature stamp to be used.

### CURRENT SCHOOL SYSTEM GUIDANCE/BEST PRACTICE

The BCPS *Accounting Manual for School Activity Funds* (SAF) prohibits the use of signature stamps on SAF financial documents. However, there is no additional guidance for the use of a signature stamp on other BCPS documents. While the **authorized** use of a signature stamp may be legal in some instances, best practice dictates that a signature stamp should not be used on financial documents.

### POTENTIAL RISK(S)

1. When best practices are not followed:
  - a. A signature stamp that is not held in control of the signatory can be used without the knowledge or authorization of the signatory.
  - b. Lack of administrative approval and other internal BCPS approvals could result in unapproved or fraudulent purchases.
  - c. Funds may not be available to cover the liability.

### RECOMMENDATION(S) AND BOARD'S RESPONSE

1. A signature stamp should not be used for financial documents.

#### **Board's Response**

When at all possible, a signature stamp will not be used for financial documents.

However, because Board members may not be readily available, it may be necessary to allow this use, with approval from the Board chair. The Board will develop a standard operating procedure that outlines when a signature stamp may be used.

2. A standard operating procedure (SOP) must be developed if the use of a signature stamp continues. At a minimum, the SOP should identify:
  - a. the type of documents for which the stamp can be used,
  - b. how approval for use of the stamp will be provided and retained,
  - c. staff that are authorized to use the stamp, and
  - d. safeguards to keep the stamp secure.

#### **Board's Response**

See response to Recommendation 1 above.



## Result #3

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### Payments were not approved by the Board Chair:

1. The senior executive assistant approved the payment and signed as the account manager<sup>5</sup> for three reimbursements to board members.
2. The senior executive assistant used the Board Chair's signature stamp to approve five transactions. However, there was no documentation on file to support that the Board Chair reviewed and authorized the payments. One transaction was a reimbursement to a board member and four transactions were for payment of legal services.

### CURRENT SCHOOL SYSTEM GUIDANCE

1. Per the *Office of Accounting and Financial Reporting Procedures* manual:
  - a. Page 2-26, "The Check/Reimbursement form must be properly prepared and approved by the appropriate account manager."
  - b. Pages 4-5, "All invoices for contracted services require a signature of approval from the account manager to signify that the service has been satisfactorily completed."
2. Per the *Office of Purchasing Procedures* manual, Procedure No. 3210.020, Functions of the Account Manager, "1.0 The Account Manager shall perform the following functions as part of the procurement process.... 1.3 Review and authorize all budgetary expenditures."

### POTENTIAL RISK(S)

1. When current school system guidance is not followed:
  - a. Lack of administrative approval and other internal BCPS approvals could result in unapproved or fraudulent purchases
  - b. Budgetary controls over school system funds are weakened.
  - c. Funds may not be available to cover the liability.

### RECOMMENDATION(S) AND BOARD'S RESPONSE

1. Reimbursements and payments should be prepared with sufficient time to obtain approval by the Board Chair.

#### **Board's Response**

The Board Chair's approval for reimbursements and payments will be obtained in person using an original signature prior to the submission of such documents. Prior protocols that allowed the senior executive assistant to sign documents as the account manager were changed in 2019.

2. Consider the implementation of an electronic document signature system to facilitate efficient processing of financial documents.

#### **Board's Response**

The Board will take this under consideration.

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<sup>5</sup> This occurred twice during the period between December 3, 2018 and December 11, 2018, prior to Ms. Kathleen Causey's election as Board Chair, and once after the election of Ms. Causey as Board chair.

## Result #4

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### Expenses incurred in FY19 were paid in FY20:

1. Past due invoices for legal services, dated May 31, 2019 and June 30, 2019, that totaled \$4,420, were remitted on August 26, 2019 and paid from the FY20 budget.
2. A Board Member submitted a reimbursement voucher in October 2019 that included \$231.66 in mileage expenses that were incurred in FY19, from April 2019 – June 2019. The FY19 budget was no longer available, therefore the FY19 expenses were paid from the FY20 budget.

### CURRENT SCHOOL SYSTEM GUIDANCE

Per the BCPS *Office of Accounting and Financial Reporting Procedures*, page 1-2, Policy: Measurement Focus and Basis of Accounting (MFBA), “Government-wide, proprietary fund and fiduciary fund financial statements are reported on using the economic resources measurement focus and the full accrual basis of accounting. In these financial statements revenues are recognized when earned and **expenses are recognized when a liability is incurred.**”

### POTENTIAL RISK(S)

1. When current school system guidance is not followed:
  - a. Budgetary controls over school system funds are weakened.
  - b. Financial statements may be misstated.
  - c. Funds may not be available to cover the liability.

### RECOMMENDATION(S) AND BOARD’S RESPONSE

1. The Board should follow current school system guidance:
  - a. Invoices must be reviewed, approved, and submitted in a timely manner to ensure payment in the proper fiscal year.

#### **Board’s Response**

The Board Chair will review and approve invoices and authorize payment by original signature. The senior executive assistant will continue to monitor vendors to ensure submission of invoices in a timely manner. The Board will develop a standard operating procedure which uses a signature log for all items originally signed by the Board chair.

- b. Reimbursement for travel expenses must be remitted on a monthly basis.

#### **Board’s Response**

The senior executive assistant will continue to provide mileage reimbursement deadlines on a bi-weekly basis through the use of the Housekeeping Form provided to all Board members in BoardDocs (attached to Closed Session agenda item). The senior executive assistant will continue to remind Board members to submit other travel and conference reimbursements by providing deadlines for submission. Any submissions that are not submitted timely by year-end deadlines of the fiscal year, set forth by the Department of Fiscal Services, will not be reimbursed.

## Result #5

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### Procedures for travel expenses/reimbursements were not followed:

1. Four board members remitted a total of nine Routine Business Travel Reimbursement Voucher forms without signing the form to certify that the expenses were “incurred ... in performance of my professional responsibilities and that they conform with Board Policy and Superintendent Rule 3126, Expense Reimbursements.” The senior executive assistant signed or used the Board Chair’s signature stamp<sup>6</sup> in place of the board member’s original signature:
  - a. Seven forms were signed/stamped with email approval by the board member, and
  - b. Two forms were signed without documented approval.
2. Requests for travel reimbursements were not timely:
  - a. As noted in Result #4, a board member submitted a reimbursement voucher in July 2019 for mileage expenses incurred from January 2019 - March 2019. Reimbursement for these expenses should have been requested 3 months earlier, in April 2019.
  - b. A board member submitted a check/reimbursement request for a hotel parking fee three months after the expense was incurred. The parking fee should have been included on the Non-Routine Overnight Travel Reimbursement form when reimbursement for mileage and per diem for the same event were requested.
3. Board members do not complete and submit the required Overnight Travel Form for approval when traveling overnight for Board business.

### CURRENT SCHOOL SYSTEM GUIDANCE

1. Board Policy 8250 – Board Member Responsibilities, Section IV.C., “Travel and expense reimbursement will be made in accordance with Board policies, Superintendent’s rules and established school system accounting procedures.
2. *2015-2016 Board Handbook*, page 16, “Quarterly Mileage - Board Members are reimbursed for mileage incurred for attending Board of Education meetings, events, and activities. Tolls and parking expenses are reimbursable with receipts. The *Routine Business Travel Reimbursement Voucher* is to be submitted to the Board Assistant **at the end of each quarter.**”<sup>7</sup>
3. *Routine Business Travel Reimbursement Voucher* form, “Note 1. Travel reimbursement voucher(s) should be submitted **monthly** to the Accounting Office.”<sup>5</sup>
4. Office of the Controller – Intranet webpage – “Overnight Travel Authorization – Must complete prior to making any travel arrangements.... A copy of the approved form should be submitted with any other travel related documents submitted to either the Purchasing or Accounting Offices (e.g. purchase orders for air travel, travel reimbursement).”
5. A memo from Dr. Darryl L. Williams, *Approval of Limited Overnight Business Travel*; indicates that the Board Chair, or the Chair of the Audit Committee, approves requests for board members and the Superintendent approves requests for the Board Chair.

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<sup>6</sup> The signature stamp was used for Ms. Causey’s reimbursement request only.

<sup>7</sup> Internal Audit noted that there is a discrepancy in the frequency of submission between the Board Handbook, which states quarterly, and the reimbursement voucher form, which states monthly.

## POTENTIAL RISK(S)

1. When current school system guidance is not followed:
  - a. Budgetary controls over school system funds are weakened.
  - b. Funds may not be available to cover the liability and the board member may not receive reimbursement
  - c. Reputation risk may occur.
  - d. Lack of administrative approval and other internal BCPS approvals could result in unapproved or fraudulent purchases.
  - e. Budget year may be closed.

## RECOMMENDATION(S) AND BOARD'S RESPONSE

1. The Board should follow current school system guidance:
  - a. Board members should be trained regarding the proper procedures for travel reimbursement requests. Forms that have not been completed properly should be returned to the Board member.

### **Board's Response**

A refresher training will be provided to the Board members, either through small groups or with the full board, to include information they received during orientation, applicable Board Policies and Superintendent's Rules, and applicable forms for reimbursement requests and required documentation (receipts for applicable items).

- b. Board members should complete an Overnight Travel Approval form and submit it to the Board Chair<sup>8</sup> for approval prior to making travel arrangements.

### **Board's Response**

All Board members will be responsible for completing an Overnight Travel Approval form and obtaining authorization from the appropriate person prior to any arrangements made for overnight conferences or events.

- c. The Board should ensure that the Board Handbook reflects current BCPS guidelines related to the reimbursement of travel expenses for Board members.

### **Board's Response**

The Board Handbook is currently under revision and awaiting Board approval. It will contain information related to routine and non-routine business travel, including overnight travel approval. Links to Board Policies, superintendent rules and appropriate reimbursement forms have been included in the draft.

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<sup>8</sup> The Board Chair should submit an Overnight Travel Approval form to the Superintendent for approval.

## Result #6

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### Legal fees were paid outside of scope of legal services agreement:

Carney, Kelehan, Bresler, Bennett & Scheer, LLP (CKBBS) was hired to "provide to the Board legal advice relating solely to the search for a permanent Superintendent of Schools". However, fees, that totaled \$120, were paid for legal services that appear to be outside the scope of the Legal Services Agreement: April 29, 2019 - Review and reply to memo regarding complaint filed against local Board members.

Internal Audit did not identify a Change Order for this agreement that would support the payment of these services under the approved purchase order. See **Exhibit C** for the legal services contract and supporting invoice.<sup>9</sup>

### CURRENT SCHOOL SYSTEM GUIDANCE

Per the BCPS Office of Purchasing Procedures Manual, Procedure No. 3240.001, *Change Order Notice*, "Procedure: 1.0 Amend a Purchase Order Document – Should the account manager determine with the Office of Purchasing and/or the vendor that a purchase order requires a change in the product/service description, price,... a Change Order will be completed and signed by the Account Manager and processed by the Office of Purchasing."

### POTENTIAL RISK(S)

1. When current school system guidance is not followed:
  - a. Budgetary controls over school system funds are weakened.
  - b. Funds may not be available to cover the liability.
  - c. Vendor assumes risk by providing goods/services without proper approvals.
  - d. Reputation risk may occur.
  - e. Lack of administrative approval and other internal BCPS approvals could result in unapproved or fraudulent purchases.
  - f. State laws and BCPS business rules for procurement are violated.

### RECOMMENDATION(S) AND BOARD'S RESPONSE

1. The Board should follow state procurement laws and current school system guidance:
  - a. The Board must approve any change in services to a legal services agreement.

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<sup>9</sup> CKKBS advised Internal Audit, to the extent it was able to address confidential personnel matters, as to why the services pertaining to complaints filed against Board members (which were determined to be unfounded) were within the scope of the Legal Service Agreement, but was unable to provide additional details that the services were sufficiently related to the search for a permanent superintendent.

**Board's Response**

In the future, if a legal service is requested that is outside the scope of the vendor's contract, the vendor will request that a change order be approved by the full Board. This clause will be included in all future contracts for legal services.

- b. If the Board approves the change in service, a Change Order must be completed, approved by the Board Chair, and processed by Purchasing.

**Board's Response**

At the approval of the full Board, the Board chair will authorize the submission of a change order for any changes in service outside of the original or amended contract's scope of work.

- c. Expenses should be monitored to ensure that services provided align with the legal services agreement.

**Board's Response**

The senior executive assistant will continue to work with the Board chair to review and monitor invoices to ensure they are aligned with the legal services agreement.

## Result #7

The Board overspent its FY19 non-salary operating budget<sup>10</sup>:

<b>Board of Education – Department 001 – General Fund</b>					
<b>FY19 Budget to Actual – Non-Salary Expense</b>					
<i>Object</i>	<i>Object Name</i>	<i>Budget</i>	<i>Expended</i>	<i>Balance</i>	<i>% Spent</i>
2834	Misc. Contracted Services	18,000.00	92,345.56	(74,345.56)	513.03%
2851	Software License	7,800.00	7,300.00	500.00	93.59%
3733	Office Supplies	750.00	1,397.39	(647.39)	186.32%
3931	Other Supplies & Materials	0.00	165.56	(165.56)	165.56%
4005	Conference Fees	12,000.00	7,960.00	4,040.00	66.33%
4025	Mileage Reimbursement	4,500.00	4,696.76	(196.76)	104.37%
4029	Overnight Travel	13,185.00	5,611.48	7,573.52	42.56%
4672	Food Board Members	0.00	4,328.98	(4,328.98)	4,328.98%
4687	Misc. Board Members	5,000.00	867.97	4,132.03	17.36%
4840	Professional Dues	67,000.00	66,613.00	387.00	99.42%
<b>Totals</b>		<b>128,235.00</b>	<b>191,286.70</b>	<b>(63,051.70)</b>	<b>149.17%</b>

### CURRENT SCHOOL SYSTEM GUIDANCE

Per the BCPS FY2019 Adopted Budget book, page 47; “The school system is required to maintain a balanced budget and is not permitted to spend in excess of the amount appropriated by fund, category, and project. It is the responsibility of the school principal or central office manager to spend within his/her allocated funding and to notify the appropriate supervisor of any potential deviance from the budget plan.”

### POTENTIAL RISK(S)

1. When current school system guidance is not followed:
  - a. Budgetary controls over school system funds are weakened.
  - b. Funds may not be available to cover the liability.
  - c. Reputation risk may occur.
  - d. State and local laws may be violated.

<sup>10</sup> Internal Audit determined that the FY20 budget was also overspent by \$9,344.76 (7%). This amount excludes an encumbrance of \$48,906.20 that has not closed as of October 5, 2020.

## RECOMMENDATION(S) AND BOARD'S RESPONSE

1. The Board should follow state and local laws and current school system guidance:
  - a. The Board must spend within its allocated funding and notify the Superintendent of any potential deviance from its budget plan.

### **Board's Response**

Prior to this Board being sworn into office in December 2018, the former Board did not initiate a superintendent search firm so as to allow the new board the autonomy to procure that service. As such, the service, along with the additional cost of procuring legal services for the superintendent search, resulted in the over-expenditure of funds. These two services were not budgeted for FY19; therefore, in the absence of these expenses, the Board office budget would have been within its allocation. The Board will continue to strive to spend within allocated funding and will notify the Superintendent of any potential unanticipated expenditure.

- b. The Board should monitor its expenses to ensure that budget allocations are not exceeded.

### **Board's Response**

The senior executive assistant will continue to monitor the office budget to ensure that the office remains within the allocated budget each year. Expenditure reports to the full Board will be made available upon request.



## Exhibit A

Documentation provided to support the Purchase Requisition for the provision of legal services by Carney, Kelehan, Bresler, Bennett & Scheer, LLP (CKBBS) indicates that services were provided prior to purchase order approval. The total amount owed to CKBBS prior to approval of the purchase requisition was \$9,480:

<b>Date(s)</b>	<b>Document</b>	<b>Description</b>	<b>Hours billed by CKBBS</b>
January 19, 2019	Invoice #95267 JSB	Invoice #95267 JSB indicates that CKBBS began providing professional services related to the Baltimore County superintendent search on this date. "Prepare for and participate in conference with chair and vice chair of Local Board regarding various issues."	1.7 hrs x \$300/hr = \$510
January 22, 2019	Letter from Judith S. Bresler CKBBS	Proposal for engagement of CKBBS to provide legal services for the Superintendent search, addressed to Ms. Causey and Members of the Board.	n/a
January 22, 2019	Redacted Closed Minutes	Board approval of CKBBS.	n/a
January 25, 2019	Invoice #95267 JSB	"Phone call from Local Board chair regarding current status, procurement process, and legal services involved in Superintendent search."	0.5 hrs x \$300/hr = \$150
February 5, 2019 – February 26, 2019	Invoice #95877 JSB	CKBBS provided legal services relating to the Superintendent search during this period, which includes a closed meeting with the full Board on February 26, 2019.	19.6 hrs x \$300/hr = \$5,880 2.0 hrs x \$150/hr = \$300
February 21, 2019	Legal Services Agreement	Ms. Bresler signed and dated the agreement on behalf of CKBBS "to provide the Board legal advice relating solely to the search for a permanent Superintendent of Schools."	n/a

<b>Date(s)</b>	<b>Document</b>	<b>Description</b>	<b>Hours billed by CKBBS</b>
Unknown	Legal Services Agreement	Ms. Causey signed the agreement on behalf of the Board of Education of Baltimore County to have CKBBS “provide the Board legal advice relating solely to the search for a permanent Superintendent of Schools.” However, Ms. Causey did not date the agreement when she signed it.	n/a
February 24, 2019	Email from Kathleen S. Causey, Board Chair to Tracy C. Gover, Senior Executive Assistant	Ms. Causey called a special meeting of the Board for Tuesday, February 26, 2019 at 7:00 pm. The agenda was “an administrative session to seek legal advice for Superintendent Search.”	n/a
February 27, 2019 & February 28, 2019	Invoice #95877 JSB	CKBBS provided legal services relating to the Superintendent search and PIA’s during this period.	9.5 hrs x \$300/hr = \$2,850
March 1, 2019 – March 12, 2019	Invoice #95792 JSB	CKBBS provided legal services relating to the Superintendent search and the preliminary/draft audit report process during this period.	2.2 hrs x \$300/hr = \$660
March 14, 2019	Emails between Kathleen S. Causey, Board Chair and Tracy C. Gover, Senior Executive Assistant	Ms. Gover requested permission to make the PR (Purchase Requisition) for \$20,000 and indicated that a total of \$11,670 <sup>11</sup> is owed to CKBBS. Ms. Causey responded and gave Ms. Gover approval to set the amount for \$20,000.	n/a
March 22, 2019	Requisition Order	Ms. Gover prepared, signed and remitted the requisition order to Purchasing.	n/a
April 1, 2019	Purchase Order PR19150296-1	Purchasing approved the purchase requisition and issued the purchase order.	n/a

<sup>11</sup> Initial invoices provided by CKBBS reflected an hourly rate in excess of the agreed upon \$300/hr. Invoices were corrected and resubmitted to BCPS. The actual amount owed at the time the email was sent was \$9,480.

<b>Date(s)</b>	<b>Document</b>	<b>Description</b>	<b>Hours billed by CKBBS</b>
April 4, 2019	Invoice #95957 JSB	CKBBS provided legal services regarding anonymous letter and follow-up on this date.	0.3 hrs x \$300/hr = \$90
May 13, 2019	Check 589069	First payment was made to CKBBS for \$10,440 – includes services provided through April 30, 2020.	n/a

## Exhibit B

Documentation provided to support the Purchase Requisition for the provision of legal services by Luchansky Millman indicates that services were provided prior to purchase order approval. The total amount owed to Luchansky Millman prior to approval of the purchase requisition was \$4,600:

<b>Date(s)</b>	<b>Document</b>	<b>Description</b>	<b>Hours billed by CKBBS</b>
April 25, 2019 – May 2, 2019	5/31/2019 Statement/ Invoice	Document indicates that Luchansky Millman began providing legal services on April 25, 2019 through May 2, 2019.	4.4 hrs x \$300/hr = \$1,320
May 7, 2019	Redacted Closed Minutes	Board approval of Luchansky Millman.	n/a
May 31, 2019	5/31/2019 Statement/ Invoice	Document indicates that Luchansky Millman provided legal services on this date.	2.8 hrs x \$300/hr = \$840
June 3, 2019 – June 26, 2019	6/30/2019 Statement/ Invoice	Document indicates that Luchansky Millman provided legal services during this time.	7.2 hrs x \$300/hr = \$2,160 and 0.8 hrs x \$125/hr = \$100
July 2, 2019 – July 23, 2019	7/31/2019 Statement/ Invoice	Document indicates that Luchansky Millman provided legal services during this time.	0.6 hrs x \$300/hr = \$180
July 23, 2019	Email from Kathleen S. Causey, Board Chair to Tracy C. Gover, Senior Executive Assistant	Email stated, “Per the Board’s direction on this matter and with the review by Mr. Nussbaum, I approve the attached Purchase order. Please use my signature stamp to proceed.”	n/a
July 23, 2019	Requisition Order	The Requisition Order was faxed to the Office of Purchasing. The account manager signature was completed using the Board Chair’s signature stamp per email request.	n/a
August 6, 2019	Purchase Order PR20152002-1	Purchasing approved the purchase requisition and issued the purchase order.	n/a
August 29, 2019	Check 598558	First payment was made to Luchansky Millman for \$4,600 – Invoices dated 5/31/19 – 7/31/19.	n/a

## Exhibit C

Carney, Kelehan, Bresler, Bennett & Scheer, LLP Legal Service Agreement and related invoice.

### LEGAL SERVICES AGREEMENT

This Legal Services Agreement (hereinafter "Agreement") is made and entered into by and between the BOARD OF EDUCATION OF BALTIMORE COUNTY, (hereinafter "Board"), and Judith S. Bresler, (hereinafter "Outside Counsel"), of the law firm Carney, Kelehan, Bresler, Bennett & Scherr LLP, 10715 Charter Drive, Suite 200, Columbia, Maryland 21044.

#### WITNESSETH:

WHEREAS, Outside Counsel is duly licensed, authorized, and admitted to practice law in the State of Maryland; and

WHEREAS, Outside Counsel has been selected to provide to the Board legal advice relating solely to the search for a permanent Superintendent of Schools; and

WHEREAS, the Board desires to retain the services of Outside Counsel;

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, the parties do hereby mutually covenant and agree with each other as follows:

1. **Term/Termination.** The Board does hereby retain Outside Counsel beginning on the 19 day of July, 2019, and ending on June 30, 2019, which may be extended thereafter by mutual consent of the parties. Either party may terminate this Agreement, without cause, by written notice to the other party.
  - a. In the event that the Board decides to terminate services with the Outside Counsel, it is agreed that Outside Counsel shall provide to any successor Contractor for Legal Services appropriate access to files and information in order to transfer pending matters. The Board will provide to the Outside Counsel a flat fee for the preparation and transfer of all files which will equal two (2) hours of billable time.
2. **Description of Legal Services.**
  - a. During the term of this Agreement, it is agreed that Outside Counsel shall provide legal representation, guidance, and advice regarding procuring the services of a consultant to conduct a superintendent search, interviewing candidates, and negotiating a contract with the individual selected by the Board to become the school system's next superintendent of schools.
  - b. Outside Counsel agrees to devote a sufficient amount of time to adequately, promptly, and properly represent the Board in connection with all its legal matters during the term of this Agreement, as required.
  - c. Outside Counsel will be available to assist in those matters as directed by the Board.
3. **Incorporation of Guidelines for Outside Counsel.** The definitions, procedures, timelines, terms and conditions set forth in the BCPS Law Office's GUIDELINES FOR OUTSIDE COUNSEL (Attachment A) are incorporated and an integral part of this

Agreement. Outside Counsel acknowledges that she has reviewed Attachment A and agrees to all definitions, procedures, timelines, terms and conditions as set forth within Attachment A, with the exception of those items, terms, and conditions outlined herein, and counsel's January 22, 2019, proposal.

FLWA ATT A

*[Signature]*  
 SERVICED

4. **Compensation, Billing and Time-Keeping.**
  - a. In consideration of the foregoing, the Board hereby agrees to compensate Outside Counsel at the hourly rate of \$300 per hour, billable in six (6) minute increments in accordance with Attachment A.
  - b. Direct costs, such as copying and any computer assisted research will be separately identified and billed at cost.
  - c. Itemized invoices from Outside Counsel shall be submitted on a monthly basis, no later than fifteen (15) days following the last business day of the month during which services were rendered.
  - d. Undisputed invoices shall be due and payable within thirty (30) calendar days of the date of invoice, but, in no event, later than forty-five (45) calendar days from the date they are received by the Board's representative during the term of this Agreement.
  - e. Outside Counsel shall deliver services as efficiently as possible, including, for example, providing advice and guidance by telephone, rather than incurring travel charges to meet with the Board in person, when appropriate.
  - f. Outside Counsel shall keep contemporaneous, detailed, actual and accurate time records with respect to all legal service rendered in accordance with Attachment A.
  - g. All invoices should be directed to Ms. Tracy Gover, Senior Executive Assistant to the Board, Board of Education of Baltimore County, 6901 N. Charles Street, Towson, Maryland 21204.
5. ~~Indemnification. Outside Counsel agrees to indemnify and hold harmless the Board against any claims, actions, and/or suits arising out of any services performed under or pursuant to this Agreement and resulting from the negligence of Outside Counsel, or any of its agents, representatives, or employees.~~
6. **Non-Delegation.** Outside Counsel shall not delegate his duties under this Agreement to any law firm without prior written consent of the Board Chair.
7. **Conflict of Interest.** Outside Counsel agrees to abide by the standards set forth in the Model Rules for Professional Conduct. It is further understood that Outside Counsel has voluntarily indicated to the MABE Legal Services Association ~~his~~ intent not to represent any party in any action adverse to a county board of education.
8. **Insurance.** Outside Counsel shall procure and maintain throughout the duration of this Agreement insurance against claims which may arise from or in connection with the



performance of the work hereunder by Outside Counsel, his agents, representatives, or employees. Outside Counsel shall provide current evidence of the required insurance in a form acceptable to the Board and shall provide replacement evidence for any required insurance which expires prior to the expiration or termination of this Agreement.

a. Minimum Scope and Limits of Insurance

i. Professional Liability Insurance. Outside Counsel shall maintain professional liability insurance appropriate to Outside Counsel's profession with a limit of not less than one million dollars (\$1,000,000).

~~ii. Commercial General Liability Insurance. Outside Counsel shall maintain commercial general liability insurance coverage with a limit of not less than one million dollars (\$1,000,000) per occurrence.~~

9. Notices. All notices required or permitted under this Agreement shall be in writing and shall be deemed delivered when delivered in person or deposited in the United States mail, postage prepaid, addressed as follows:

**Outside Counsel:**

Judith S. Bresler  
Carney, Kelehan, Bresler, Bennett & Scherr LLP  
10715 Charter Drive, Suite 200  
Columbia, MD 21044

**Board:**

Margaret-Ann F. Howie  
Baltimore County Public Schools  
Office of Law  
6901 N. Charles St., Building C  
Towson, MD 21204

10. Amendment. This Agreement may be modified or amended if the amendment is made in writing and is signed by both parties.

11. Severability. If any provision of this Agreement shall be held to be invalid or unenforceable for any reason, the remaining provisions shall continue to be valid and enforceable. If a court finds that any provision of this Agreement is invalid or unenforceable, but that by limiting such provision it would become valid and enforceable, then such provision shall be deemed to be written, construed, and enforced as so limited.

12. Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Maryland, without reference to its conflicts of law principles.

13. Binding Arbitration. Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association in accordance with its Commercial Arbitration Rules. The arbitration hearing shall take place in Baltimore County, Maryland before a single arbitrator. Each party shall bear its own costs, fees and expenses of arbitration. No demand for arbitration may be made after the date when the institution of legal or

equitable proceedings based on such claim or dispute would be barred by the applicable statute of limitation. The arbitrator is not authorized to award punitive or other damages not measured by the prevailing party's actual damages. Judgment on the award rendered by the arbitrator may be entered in the Circuit Court for Baltimore County, Maryland.


- 14. **Entire Agreement.** This Agreement contains the entire agreement of the parties and there are no other promises or conditions in any other agreement whether oral or written. This Agreement supersedes any prior written or oral agreements between the parties.

IN WITNESS WHEREOF, the parties have executed this Agreement on the day and year last executed below.

**BOARD OF EDUCATION OF  
BALTIMORE COUNTY**

**CARNEY, KELEHAN, BRESLER,  
BENNETT & SCHERR LLP**

  
 Kathleen S. Causey, Chair      Date

 2/21/19  
 Judith S. Bresler      Date

*(Attachment A Follows)*