

Internal
Audit
Report

*Chief Operating Officer – Department of Facilities Management
and Strategic Planning*

**Office of Facilities Operations - Use of
Facilities Program Audit**

August 2023



Baltimore County Public Schools



**Facilities
Operations
and Logistics**

DEPARTMENT OF FACILITIES MANAGEMENT & STRATEGIC PLANNING



Baltimore County Public Schools
Office of Internal Audit

Andrea M. Barr, CGAP, CBM
Chief Auditor



Report Highlights

Facilities Operations - Use of Facilities Program *August 2023*

Objective

To ensure that the use of facility activities is executed in compliance with policies and procedures, is financially feasible, and is apportioned fairly and equitably.

Background

The Office of Facilities Operations (OFO) is responsible for managing the safe and appropriate use of all school facilities. The Board encourages the use of school facilities for community purposes and is committed to the concept of joint utilization of school facilities.

Audit Period

January 1, 2022 through December 31, 2022.

Summary of Results

Issue 1: Proof of insurance was either not obtained or retained as required for Use of Facilities (UOF) activities.

Issue 2: Applicable permits and/or licenses were not obtained or retained for various UOF activities.

Issue 3: UOF fees may not cover the actual costs associated with community use of BCPS properties.

Issue 4: The OFO lacks an established fee collection process.

Issue 5: UOF requests were denied because they were stalled in the Event Manager system.

Audit Rating

Needs Improvement

The OFO received a needs improvement rating for the UOF program:

- Documentation and/or communication of procedures is incomplete, unclear, inconsistent, or outdated.
- Non-compliance with the Superintendent's rule.
- One medium-rated issue was identified.

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BACKGROUND

Organizational Status & Purpose

The Office of Facilities Operations (OFO), under the Department of Facilities Management and Strategic Planning, is responsible for managing the community use of BCPS facilities. Space in BCPS school facilities may be used by community groups and governmental agencies. School facilities include BCPS property, land, grounds, parking lots, sites, buildings, and structures. For the period of January 1, 2022 through December 31, 2022, there were 160,491¹ approved UOF activities on BCPS properties. For the 160,491 approved activities, the total amount invoiced was \$9,176,577.

Responsibilities

The OFO is responsible for overseeing the use of BCPS facilities by the community which includes:

- Vetting requests for facilities usages.
- Collecting and verifying insurance, permits, and licenses for UOF activities.
- Assessing, invoicing, collecting, processing, and remitting applicable fees for UOF activities.
- Pursuing unpaid fees.
- Training BCPS personnel on the UOF software system.
- Providing the community and BCPS staff with UOF resources.

In February 2021 the OFO implemented the Brightly Event Manager (Event Manager) cloud-based software for UOF management. Event Manager is the online request portal community members use to access after-school calendars, submit, and manage UOF requests. Event Manager maintains and manages the schedules of all BCPS properties available for community use.

OFO staff responsible for UOF activities include one supervisor and one assistant.

¹ The 160,491 approved activities fell under 2,160 events (e.g. - for one summer camp event, there were 120 approved UOF activities).

Fee Schedule

According to a fee structure established by the OFO, users are currently charged usage fees as indicated below. The rates are hourly fees with a four-hour minimum charge per day for hourly space fees.

Auditorium

Middle	\$39.50
High	\$47.40

Cafeteria

Elementary	\$ 7.90
Middle	\$19.70
High	\$23.70

Gymnasium/Multi-Purpose

Elementary	\$11.80
Middle	\$27.60
High	\$39.50

Library

Elementary	\$ 7.90
Middle	\$15.80
High	\$39.50

Classroom

All	\$ 3.10
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Custodial Fee (No Minimum Charge)

Saturday Rate	\$35.60
Sunday Rate	\$42.50

Regulations

The applicable regulations for the UOF are:

- Baltimore County Department of Permits, Approvals and Inspections requirements
- BCPS Indemnification and Insurance Requirements
- Draft² standard operating procedures (SOP) FOP-0002.01 Event Manager
- Board policy and Superintendent's rule 1300

Superintendent's Rule 1300 establishes the guidelines for the use of BCPS school facilities for community purposes. Groups and organizations must comply with all federal, state, and local laws and regulations and BCPS policies, rules and regulations when using school facilities. The rule also identifies prohibited activities, the assessment of fees, insurance and permit requirements, approvals, denials, and appeals.

² This SOP is scheduled to be approved and finalized by September 2023.

COMMENDATIONS

Communication	The Director was prompt in her responses to audit requests and provided detailed explanations when follow-up was requested.
Use of Facilities Approvals	The required approvals from various levels were obtained for the sampled UOF activities.
Fee Remittal	The fees collected for the sampled OUF activities were remitted to the Office of Accounting.
Appeals Process	The two UOF appeals in the audit period were compliant with the applicable Superintendent's rule.

RESULTS

Issue 1: Proof of insurance was either not obtained or retained as required for UOF activities.

Issue Rating	Low
Criteria	<p>The BCPS Indemnification and Insurance Requirements for the Use of Facilities by Organizations indicates that “Unless these insurance requirements are waived by the Office of Risk Management, the sponsoring organization and/or the individuals involved in this application for use of Board of Education of Baltimore County property, facilities, and/or grounds shall provide proof of adequate insurance coverage.”</p> <p>The BCPS Records Retention Schedule for community use of facilities requires that paper and digital records must be retained for three years.</p>
Issue	For two of 50 UOF activities, either proof of insurance was not obtained or retained in compliance with BCPS records retention schedules.
Cause	The insurance documents could not be located within the current filing system.
Effect	When community users do not provide insurance for use of facility activities, BCPS could incur costs related to loss or damage to BCPS property, facilities, and grounds.
Recommendation	OFO should monitor UOF requests to ensure that the required proof of insurance documentation is obtained and retained.

Management’s Corrective Action

All documentation will be retained in a centralized electronic filing system for improved tracking and accessibility.

Responsible Person(s)	Director, OFO Manager, OFO Operations Assistant, OFO Senior Operations Supervisor, OFO Supervisor, OFO
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Anticipated Completion Date Completed (November 2022)

Issue 2: Applicable permits and/or licenses were not obtained or retained for various UOF activities.

Issue Rating

Medium

Criteria

Superintendent's rule 1300 requires that applicants for bingo events obtain a bingo license from the appropriate Baltimore County department. The Baltimore County Department of Permits, Approvals and Inspections indicated that "a Bingo License is required for each qualified organization who wishes to conduct a bingo with qualifying documents" including Baltimore County Recreation and Parks (Rec and Parks). Superintendent's rule 1300 requires that the Department of Facilities Management and Strategic Planning will review the application for completeness, including submission by the applicant of the appropriate certificates of insurance, permits and licenses.

The BCPS Records Retention Schedule for community use of facilities requires that paper and digital records must be retained for three years.

Issue

For 11 of 25 UOF activities reviewed, permits and/or licenses either were not obtained or retained in compliance with BCPS records retention schedules.

- Bingo - For three bingo UOF activities reviewed, there was no documentation on file that to indicate that the user obtained the required bingo license from Baltimore County Government. The three users were Rec and Parks applicants.
- Fireworks - For two fireworks UOF activities, required fire marshal permits were not on file. The two users were Rec and Parks applicants. Internal audit independently confirmed that the permits were filed with the state fire marshal since fireworks are a high-risk activity.
- Carnival - For one carnival UOF activity, OFO staff either did not obtain proof of the carnival/circus permit, or did not retain permit documentation in compliance with BCPS records retention schedules.
- Food - For five of the UOF activities that indicated a third-party vendor would provide food at the events, OFO staff did not provide current food licenses. For one of the five food activities, the license provided expired prior to the event.

Cause

OFO staff indicated that their understanding was that obtaining permits and licenses from a Baltimore County Rec and Parks user was not required since Rec and Parks are a part of Baltimore County. For the carnival event, the carnival/circus permit could not be located within the current

filing system. Additionally, the OFO began saving documents in a central electronic location in November 2022.

Effect When BCPS facilities are used without proper licenses and/or permits, there is a risk that UOF activities are not safe and do not comply with applicable standards.

Recommendation Required documentation must be obtained and retained for all UOF activities. Additionally, Baltimore County government should be consulted to determine permit and licenses requirements for Rec and Parks UOF activities. Standard operating procedures should be revised accordingly.

Management's Corrective Action

Within the standard operating procedure (SOP), steps will include the confirmation of the required permit and licenses for all Recreation and Parks events. Documentation will be retained in a centralized electronic filing system for improved tracking and accessibility.

Responsible Person(s) Director, OFO
Manager, OFO
Operations Assistant, OFO
Senior Operations Supervisor, OFO
Supervisor, OFO

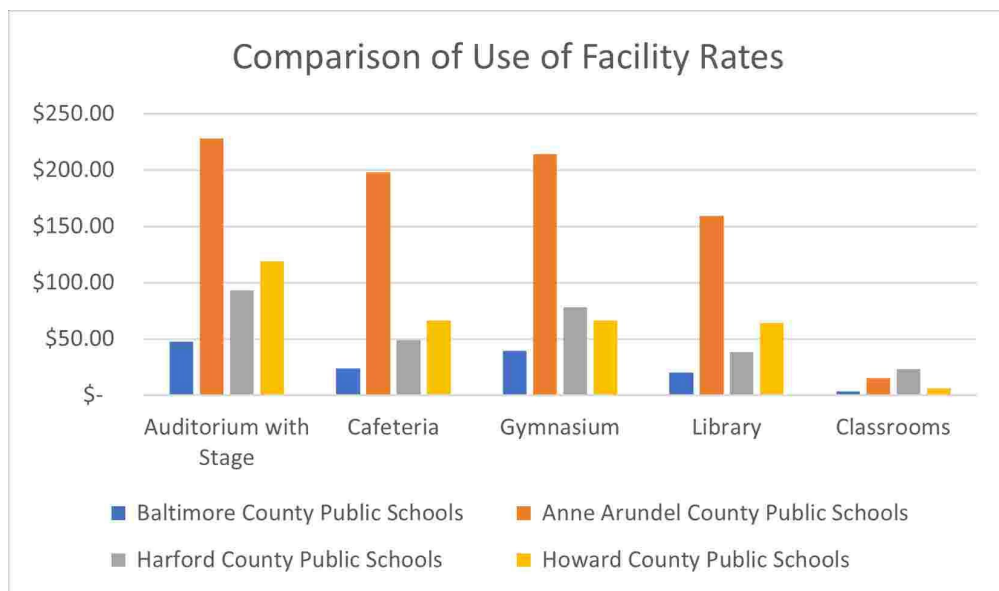
Anticipated Completion Date October 1, 2023

Issue 3: UOF fees may not cover the actual costs associated with community use of BCPS properties.

Issue Rating Low

Criteria Superintendent's rule 1300 states that "a reasonable fee may be assessed by BCPS to the applicant for the use of school facilities for the purpose of reimbursing BCPS' expenses sustained for said use" and that "fees shall be based upon the costs associated with custodial services, food services, utilities, maintenance and similar charges."

Issue The fee schedule for BCPS use of facilities is significantly less than surrounding jurisdictions and may not cover actual costs associated with community usage. Internal Audit reviewed UOF user invoices and noted that in general, users were charged the nominal hourly rate for facility use and/or custodial fees. There is no indication that the current fee schedule includes costs for wear and tear on facilities and equipment, power, water, and other costs.



Cause The UOF fees schedule increased by 25% starting with FY2022-2023. OFO management indicated that prior to the increase, fees remained the same for at least 10 years. Management indicated that they wanted to be competitive with surrounding counties, but were reluctant to impose significantly increased fees to community users.

Effect The UOF program may not be financially feasible and can become a financial burden to BCPS when fees charged do not cover actual associated costs.

Recommendation The OFO should increase the fee schedule to cover actual associated costs as to not cause undue financial liability to BCPS. An increased fee schedule should consider all costs associated with community use of BCPS facilities.

Management's Corrective Action

In consultation with the Office of Purchasing, UOF fees will be reviewed and adjusted annually to ensure the fee schedule covers associated operating costs.

Responsible Person(s) Director, OFO
Manager, OFO
Operations Assistant, OFO
Senior Operations Supervisor, OFO
Supervisor, OFO

Anticipated Completion Date On going

Issue 4: The OFO lacks an established fee collection process.

Issue Rating	Medium
Criteria	Best practices require that UOF activity fees be collected immediately. OFO staff indicated that the goal is to send payment request letters out 10 days after the date of UOF activity date.
Issue	<p>The OFO does not have consistent procedures in place to collect unpaid UOF fees. As a result, BCPS was owed \$49,436.77 in unpaid UOF fees as of December 31, 2022. These payment due dates ranged from one to 15 months overdue. Per inquiry of the Director, some users who were delinquent continued to use BCPS facilities even though they have unpaid balances.</p> <p>Internal Audit reviewed 25 UOF activities for which fees were charged. Five of the activities had outstanding balances and the time between the UOF activity day and the payment requests letters ranged from 59-147 days.</p>
Cause	The position responsible for sending payment request letters was vacant for six months and filled in August 2022.
Effect	BCPS is liable for the costs associated with the use of facilities when fees are not paid timely by users.
Recommendation	Fees charged should be collected on time to ensure that BCPS is paid for the UOF. OFO management should create a standard operation procedure that establishes when payment request letters are sent to users with unpaid balances. Additionally, OFO management should implement a debt collection system for when community users do not respond to payment request letters.

Management’s Corrective Action

UOF SOP will include the steps and established timelines for outstanding invoices to be processed.

Responsible Person(s)	Director, OFO Manager, OFO Operations Assistant, OFO Senior Operations Supervisor, OFO Supervisor, OFO
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Anticipated Completion Date October 1, 2023

Issue 5: UOF requests were denied because they were stalled in the Event Manager system.

Issue Rating	Low
Criteria	Superintendent's rule 1300 states that, "no later than five (5) business days from receipt of the application, the principal or his/her designee will review and submit a recommendation to the Department of Facilities Management and Strategic Planning."
Issue	From January 1, 2022 through December 31, 2022, Internal Audit identified approximately 300 UOF requests that were denied because the requests were delayed in Event Manager.
Cause	The Event Manager system was put into place in February 2021 to electronically approve UOF requests. Management indicated that school administrators were learning the new system and did not recognize when requests required approvals. Therefore, many requests became delayed in the system and were subsequently denied because the requested dates passed.
Effect	Community members are denied the fair and equitable use of BCPS facilities when requests are not reviewed in a timely manner.
Recommendation	OFO should provide regular Event Manager training for school administrators to encourage the timeliness of approvals/denials.

Management's Corrective Action

Event Manager training will be offered quarterly to all school administrators. Scheduled training will be communicated through the News Hub and Principal's weekly newsletter.

Responsible Person(s)	Director, OFO Manager, OFO Operations Assistant, OFO Senior Operations Supervisor, OFO Supervisor, OFO
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Anticipated Completion Date October 1, 2023

AUDIT RATING

- Needs Improvement The OFO received a needs improvement audit rating for the UOF process:
- Documentation and communication - Documentation and/or communication of procedures is incomplete, unclear, inconsistent, or outdated.
 - Non-compliance with the Superintendent's rule.
 - One medium-rated issue was identified.

See **APPENDIX B** for the audit rating definitions.

OBJECTIVE, SCOPE & METHODOLOGY

Objective To ensure that the UOF activities is executed in compliance with policies and procedures, is financially feasible, and is apportioned fairly and equitably.

Scope The audit period is January 1, 2022 through December 31, 2022.

Methodology To achieve the audit objectives, we performed the following:

- Discussed UOF activity processes with the Director and staff to ensure an understanding of the UOF activity.
- Reviewed applicable regulations and draft standard operating procedure (SOP):
 - Baltimore County Department of Permits, Approvals and Inspections requirements
 - BCPS Indemnification and Insurance Requirements
 - Board policy and Superintendent's rule 1300
 - Draft³ SOP FOP-0002.01 Event Manager
- Evaluated risks and controls over UOF activities.
- Randomly and judgmentally selected samples of UOF approved activities and denied UOF requests and:
 - Determined if UOF activities were properly approved.
 - Ensured that insurance, licenses, permits, and/or lease requirements were met.
 - Verified that fees paid for UOF activities were remitted to the Office of Accounting.
 - Ensured that denied UOF requests did not violate Superintendent's rule 1300.
 - Determined if UOF denial appeals were compliant with Superintendent's rule 1300.

³ This SOP is scheduled to be approved and finalized by September 2023.

- Analyzed the UOF fee schedule and compared to surrounding jurisdictions.

APPENDIX A – Issue Rating Definitions

Issues will be rated high, medium, or low based on these factors:

1. Level of financial impact.
2. Extent of violation of external laws, regulations, and restrictions.
3. Lack of documented policy, procedure, or noncompliance with a policy in an important matter.
4. Lack of internal controls or ineffective controls and procedures.
5. Fraud, theft, inappropriate conflicts of interest or serious waste of school system resources.
6. Significant opportunity exists for real gains in processing efficiency.
7. Poor cost controls or potential for significant savings and/or revenue generation.
8. Condition places the school systems reputation at risk.
9. Ineffective reporting and/or communication structure results in financial risks and/or inefficient operations.
10. Post audit implementation review reveals little or no effort to implement an action plan in response to a previous audit finding.

APPENDIX B – Audit Rating Definitions

Audit Rating	Definition
<p>Unsatisfactory</p>	<p>Design - Design of controls is ineffective in addressing key risks Documentation and communication - Non-existent documentation and/or communication of controls/policies/procedures Operation/implementation - Controls are not in operation or have not yet been implemented Compliance - Significant breaches of legislative requirements and/or departmental policies and guidelines Risk management - Risks are not being managed Issues/deficiencies - Most issues were rated as high and urgent corrective actions are necessary</p>
<p>Needs Improvement</p>	<p>Design - Design of controls only partially addresses key risks Documentation and communication - Documentation and/or communication of controls/policies/procedures is incomplete, unclear, inconsistent, or outdated Operation/implementation - Controls are not operating consistently and/or effectively or have not been implemented in full Compliance - Breaches of legislative requirements and/or departmental policies and guidelines have occurred Risk management - Risks are not effectively managed which could result in failure to ensure school objectives are met Issues/deficiencies - Some high-rated and/or medium-rated issues were identified</p>
<p>Satisfactory</p>	<p>Design - Design of controls is largely adequate and effective in addressing key risks Documentation and communication - Controls/policies/procedures have been formally documented and are up to date but are not proactively communicated to relevant stakeholders Operation/implementation - Controls are largely operating in a satisfactory manner and are providing some level of assurance Compliance - No known breaches of legislative requirements and/or departmental policies and guidelines have occurred Risk management - Risks are largely effectively managed Issues/deficiencies - No high-rated or medium-rated issues identified</p>