


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

February 14, 2018

MEMORANDUM

To: Mr. James C. Song, Director
Department of Facilities Management

From: Roger W. Pisha, Supervisor, Internal Audit 

Subject: Report on Audit of Fiscal Year 2018 Cell Tower Revenue Distribution

In November 1997, the Board of Education adopted Policy ECN, *Telecommunications Transmission Facilities*, to establish criteria for evaluating applications to place private telecommunications transmission facilities at schools. A formula was then developed to share the lease revenue that would be collected by Montgomery County Public Schools (MCPS) in connection with telecommunication towers located at schools. This formula provided for one-third of the revenue to be distributed to the host school, one-third to be distributed to the other schools in the cluster, and the final third to be retained within the Real Estate Management Enterprise Fund. The Internal Audit Unit conducted an audit of the Fiscal Year (FY) 2018 revenue distribution to MCPS schools to determine compliance with the sharing formula and accounting for the funds.

On November 29, 2017, you provided a memorandum to the MCPS Division of Controller (DOC) requesting distribution of the \$514,929.42 annual cell tower revenue to 49 schools according to a list of revenue sharing payments to be credited to the respective school's Independent Activity Fund (IAF) account. You also provided individual memoranda notification to each of the 49 school principals informing them of their share of cell tower revenue they would be receiving. Six of the forty-nine schools received two payments; one for their school and the other for their consortia schools.

The DOC recorded the revenue distribution in the Financial Management System (FMS) effective December 1, 2017, and processed the revenue for deposit via the Automated Clearing House (ACH) electronic network for financial transactions directly into each of the 49 school's respective IAF checking account. School financial agents would confirm with their bank that the ACH revenue had been credited to their checking account, and then record the revenue into their respective checking and cell tower revenue accounts within the School Funds Online (SFO) IAF accounting software. The six schools receiving two payments write checks to their consortia schools for their share of the cell tower revenue using the funds of the second payment (refer to attachment).

We noted the following transactions pertaining to the cell tower revenue distribution process:

- FMS recorded 57 (51 + 6 second payments to consortia schools) ACH payments on 12/1/2017 totaling \$514,929.42.
- Hallie Wells Middle School received two ACH payments; one for FY 2017 and a second for FY 2018.
- Neelsville Middle School received two ACH payments by virtue of its location within two clusters.
- The first ACH revenue receipts were recorded in SFO on 12/6/2017.
- The last ACH revenue receipt was recorded in SFO on 1/22/2018.
- Check payments were received by 47 schools.
- The first check revenue receipts were recorded in SFO on 12/18/2017.
- The last check revenue receipt was recorded in SFO on 1/23/2018.

December 7, 2017, was the latest date that a bank processed the ACH payment to credit a school's checking account with the cell tower revenue. Of the 51 schools that received ACH payments, 30 of them, or almost 60 percent, did not record the revenue in SFO until January. One ACH transaction was recorded in SFO 43 days after the bank recorded the revenue. It appears that the financial agents at those 30 schools waited until after receiving their December bank statement before recording the revenue. This practice does not provide the principal with the most current amount of funds available for decision making.

As of January 23, 2018, the total amount of \$514,929.42 for the FY 2018 cell tower revenue distribution has reconciled with the FMS and SFO accounting records. We appreciate the cooperation and assistance of your staff, especially Mrs. Jill S. Barnes, fiscal assistant. No response to this audit report is required.

RWP:lsh

Attachment

Copy to:

Members of the Board of Education	Mr. Reilly
Dr. Smith	Mr. Tallur
Dr. Navarro	Mr. Ikheloa
Dr. Statham	
Dr. Zuckerman	
Mr. Civin	
Dr. Johnson	
Mrs. Barnes	
Mrs. Camp	
Mrs. Chen	
Ms. Diamond	

FY 2018 CELL TOWER COMMISSION REVENUE SHARING

<u>CLUSTER SCHOOLS</u>	<u>Amount</u>	<u>Payment Method</u>	
<u>Captain James Daly ES</u>	\$ 11,101.93	ACH	
Clarksburg ES	\$ 1,480.26	ACH	
Little Bennet ES	\$ 1,480.26	ACH	
Cedar Grove ES	\$ 740.13	ACH	
Clarksburg HS	\$ 1,480.26	ACH	
Fox Chapel ES	\$ 1,480.26	ACH	
Wilson Wims ES	\$ 740.13	ACH	
Rocky Hill MS	\$ 740.13	ACH	
Neelsville	\$ 740.13	ACH	
Hallie Wells MS	\$ 660.83	ACH	FY 17
Hallie Wells MS	\$ 740.13	ACH	FY 18
William B Gibbs ES	\$ 1,480.26	ACH	
<u>Col Zadok Magruder HS</u>	\$ 11,040.56	ACH	
Mill Creek ES	\$ 1,380.07	ACH	
Candlewood ES	\$ 1,380.07	ACH	
Cashell ES	\$ 1,380.07	ACH	
Flower Hill ES	\$ 1,380.07	ACH	
Redland MS	\$ 1,380.07	ACH	
Judith A Resnik ES	\$ 1,380.07	ACH	
Sequoyah ES	\$ 1,380.07	ACH	
Shady Grove MS	\$ 1,380.07	ACH	
<u>Sherwood HS</u>	\$ 47,697.90	ACH	
Olney ES	\$ 6,814.00	ACH	
Belmont ES	\$ 6,814.00	ACH	
Rosa Parks MS	\$ 6,814.00	ACH	
Greenwood ES	\$ 6,814.00	ACH	
Sherwood ES	\$ 6,814.00	ACH	
William H Farquhar MS	\$ 6,814.00	ACH	
Brooke Grove ES	\$ 6,814.00	ACH	
<u>Tilden MS</u>	\$ 22,604.35	ACH	
Ashburton ES	\$ 2,825.54	ACH	
Luxmanor ES	\$ 2,825.54	ACH	
Kensington-Parkwood ES	\$ 2,825.54	ACH	
North Bethesda MS	\$ 2,825.54	ACH	
Walter Johnson HS	\$ 2,825.54	ACH	
Wyngate ES	\$ 2,825.54	ACH	
Farmland ES	\$ 2,825.54	ACH	
Garrett Park ES	\$ 2,825.54	ACH	
<u>Watkins Mill HS</u>	\$ 22,521.42	ACH	
Whetstone ES	\$ 4,094.80	ACH	
Watkins Mill ES	\$ 4,094.80	ACH	
Montgomery Village MS	\$ 4,094.80	ACH	

FY 2018 CELL TOWER COMMISSION REVENUE SHARING

	<u>Amount</u>	<u>Payment Method</u>
Stedwick ES	\$ 4,094.80	ACH
Neelsville MS	\$ 2,047.40	ACH
South Lake ES	\$ 4,094.80	ACH
 <u>CONSORTIUM SCHOOLS</u>		
<u>James Hubert Blake HS</u>	\$ 21,675.31	ACH
	\$ 21,675.31	ACH
	\$ (21,675.31)	To consortium schools
Page ES	\$ 2,709.41	Check
Galway ES	\$ 2,709.41	Check
Cloverly ES	\$ 2,709.41	Check
Greencastle ES	\$ 2,709.41	Check
Fairland ES	\$ 2,709.41	Check
Burtonsville ES	\$ 2,709.41	Check
Banneker MS	\$ 2,709.41	Check
Briggs Chaney MS	\$ 2,709.41	Check
 <u>Albert Einstein HS</u>	 \$ 24,649.98	 ACH
	\$ 24,649.98	ACH
	\$ (24,649.98)	To consortium schools
Newport Mill MS	\$ 3,521.43	Check
Sligo MS	\$ 3,521.43	Check
Rock View ES	\$ 3,521.43	Check
Woodlin ES	\$ 3,521.43	Check
Highland ES	\$ 3,521.43	Check
Oakland Terrace ES	\$ 3,521.43	Check
Singer ES	\$ 3,521.43	Check
 <u>John F Kennedy HS</u>	 \$ 21,815.19	 ACH
	\$ 21,815.19	ACH
	\$ (21,815.16)	To consortium schools
Georgian Forest ES	\$ 3,635.86	Check
Glenallan ES	\$ 3,635.86	Check
Strathmore ES	\$ 3,635.86	Check
Argyle MS	\$ 3,635.86	Check
Lee MS	\$ 3,635.86	Check
Bel Pre ES	\$ 3,635.86	Check
 <u>Northwood HS</u>	 \$ 31,741.35	 ACH
	\$ 31,741.35	ACH
	\$ (31,741.36)	To consortium schools
Arcola ES	\$ 4,534.48	Check
Kemp Mill ES	\$ 4,534.48	Check

FY 2018 CELL TOWER COMMISSION REVENUE SHARING

	<u>Amount</u>	<u>Payment Method</u>
Highland View ES	\$ 4,534.48	Check
Sligo Creek ES	\$ 4,534.48	Check
Silver Spring MS	\$ 4,534.48	Check
Forest Knolls ES	\$ 4,534.48	Check
Glen Haven ES	\$ 4,534.48	Check
<u>Springbrook HS</u>	\$ 19,671.81	ACH
	\$ 19,671.81	ACH
	\$ (19,671.81)	To consortium schools
Broad Acres ES	\$ 1,229.46	Check
Burnt Mills ES	\$ 1,229.49	Check
Cannon Road ES	\$ 1,229.49	Check
Cresthaven ES	\$ 1,229.49	Check
Drew ES	\$ 1,229.49	Check
Jackson Road ES	\$ 1,229.49	Check
Roscoe Nix ES	\$ 1,229.49	Check
Westover ES	\$ 1,229.49	Check
Key MS	\$ 4,917.96	Check
White Oak MS	\$ 4,917.96	Check
<u>Wheaton HS</u>	\$ 22,614.46	ACH
	\$ 22,614.46	ACH
	\$ (22,614.46)	To consortium schools
Brookhaven ES	\$ 2,700.00	Check
Harmony Hills ES	\$ 2,700.00	Check
Shriver ES	\$ 2,700.00	Check
Viers Mill ES	\$ 2,700.00	Check
Weller Road ES	\$ 2,700.00	Check
Wheaton Woods ES	\$ 2,700.00	Check
Parkland MS	\$ 2,700.00	Check
Loiderman MS	\$ 2,700.00	Check
Edison HS	\$ 1,014.46	Check
Total Revenue Distribution	<u><u>\$ 514,929.42</u></u>	

Notes:

96 schools received cell tower revenue.

49 schools received ACH of which 6 high schools received 2 payments each.

The 6 high schools receiving two ACH payments distributed IAF checks to 47 feeder schools from proceeds of one of their ACH payments.

Neelsville MS received 2 ACH payments (Daly & Watkins Mill clusters).

Wells MS received 2 ACH payments (FY 17 & FY 18).