


Internal Audit Unit
MONTGOMERY COUNTY BOARD OF EDUCATION
Rockville, Maryland

October 19, 2018

MEMORANDUM

To: Ms. Nicola Diamond, Chief Financial Officer

From: Roger W. Pisha, Supervisor, Internal Audit Unit 

Subject: Report on Audit of Reimbursements for External Exam Fee Reductions/Waivers for School Year 2017-2018

This audit was conducted to review compliance with the procedures outlined in your October 19, 2017, memorandum, *Fiscal Year 2018 Exam Fees Subsidies for Students with Financial Need* (refer to attachment). This memorandum was issued to high school principals to provide information pertaining to exam fee reductions and waivers for students with financial need and the process for Montgomery County Public Schools (MCPS) reimbursement of external exam fees paid by students eligible for financial assistance. Also, guidelines were provided for use of the Independent Activity Fund (IAF) to support the implementation of Advanced Placement (AP) exams. MCPS reimbursement was limited to AP exam fees, AP Capstone exam fees and International Baccalaureate (IB) exam and registration fees for students who met federal and State low-income eligibility guidelines. Students receiving Free and Reduced-price Meals System (FARMS) services are eligible for exam fee waivers and were to be asked to pay \$20 for each AP exam, \$25 for each Capstone exam, \$25 for IB exams, and \$10 for IB registration. A *2017-2018 Test Fee Waiver Application Form* signed by a parent/guardian was required for each student listed as waiver eligible to document income eligibility for exam fee assistance.

When recording payments for College Board and IB invoices in SchoolFunds Online (SFO), schools were instructed to charge all reimbursable AP/IB exam fees paid for waiver eligible students to IAF account #2150.0000, Exam Waiver/MCPS Reimbursement. Other appropriate accounts were to be charged for AP/IB fees collected from students and IAF hardship waivers. In June 2018, MCPS issued 25 high schools their respective external exam fee waiver reimbursements for AP exam fees and IB exam and registration fees.

We reviewed the SFO accounting records for all 25 schools and found that 14 schools (46%) recorded their MCPS reimbursements correctly. We noted 10 schools recorded the reimbursement in their regular AP/IB accounts, and one school recorded reimbursement in its general account. We also noted that the amount of funds reimbursed to schools for exam fee waivers increased 5.28%, from \$447,962.93 to \$471,627.10. It has been projected that MCPS will reimburse schools over \$500,000 this coming June 2019. We recommend that MCPS policy for exam fee waiver reimbursement be reviewed to determine if there are ways to reduce the amount MCPS reimburses schools.

We reviewed in more detail a sample of eight schools to determine whether or not all 2017-2018 *AP/IB Exam Fee Assistance Request Forms* were on file for all students reported to MCPS as FARMS eligible for AP and IB exam fee reimbursement. The eight schools selected for this sample only administered AP exams. Although we found all schools in our sample had 100% of reported AP waivers on file, a few of them did not have anything selected on the waiver form to verify eligibility status and some were not signed by a parent or guardian. In our sample, we found that eight schools had 1,068 students needing financial assistance. These students took 2,001 AP exams, and the schools on average indicated that each student had taken 1.93 exams. We also found that on average 26.08% of these students took more than two AP exams each. We recommend that parents/guardians attest that the information on the assistance request form is accurate and complete and that school officials verify the information reported.

The College Board charged \$94 for each AP exam taken during Fiscal Year 2018. Of that amount, the College Board allows schools a \$9 per-exam rebate to offset exam administration costs. We noted that as of August 31, 2018, there was a combined total ending balance of \$218,221.60 for the 25 high schools recorded in the SFO accounts for AP Exam Fees and Exam Waiver/MCPS Reimbursements. Individual school account ending balances ranged from a negative \$10,271.06 to a positive \$37,354.77. This indicates that these balances have been accumulating over several years and that not all schools are fully using the \$9 administrative fee collected from students who take AP exams. We encourage schools to review the guidelines outlined in your October 19, 2017 memo for use of the IAF to support the implementation of AP exams.

This audit report is provided for informational purposes only. No response is required. Please direct any question to me at 301-444-8650.

RWP:MJB:lsh

Attachment

Copy to:

Members of the Board of Education

Dr. Smith

Dr. Navarro

Dr. Statham

Dr. Zuckerman

Mr. Civin

Dr. Johnson

Dr. Collins

Mrs. Bergstresser

Mrs. Camp

Mrs. Chen

Mrs. Gomez

Mr. Murphy

Mrs. Rogovoy


This e-mail message has been approved for distribution by Dr. Maria V. Navarro, chief academic officer; Dr. Kimberly A. Statham, deputy superintendent, school support and improvement; and Dr. Andrew M. Zuckerman, chief operating officer. No hard copy will be provided.

ACTION REQUIRED BY: November 10, 2017
February 15, 2018
June 1, 2018
June 8, 2018

Office of the Chief Financial Officer
MONTGOMERY COUNTY PUBLIC SCHOOLS
Rockville, Maryland

October 19, 2017

MEMORANDUM

To: High School Principals
From:  Nicola Diamond, Chief Financial Officer
Subject: ACTION—Fiscal Year 2018 Exam Fee Subsidies for Students with Financial Need

Summary

The purpose of this memorandum is to provide information related to Fiscal Year (FY) 2018 exam fee subsidies for students with financial need and the process for Montgomery County Public Schools (MCPS) reimbursement for those exam fee subsidies paid with Independent Activity Funds (IAFs). Also, guidelines for use of the IAF to support the implementation of Advanced Placement (AP) exams are provided in Attachment A.

Please review all information carefully as there are changes in funding formulas and eligibility documentation. A new MCPS tracking table and summary report document will be required and sent to schools at a later date.

- MCPS subsidies are limited to AP exam fees and International Baccalaureate (IB) exam and registration fees for students who meet federal and state low-income eligibility guidelines for free or reduced-price meals. Exam fee subsidies do not apply to late fees or other special fees.
- **One AP/IB Exam Fee Assistance Request Form (Attachment B), signed by the parent/guardian, is required for each student to document low-income eligibility and all the student's AP/IB exam and registration fees required for FY 2018.** AP/IB testing coordinators are responsible for ensuring this documentation is secured for each student receiving AP/IB exam fee assistance.
- **Students eligible for exam fee subsidies are responsible for paying a portion of the fee for each AP exam, AP Capstone exam, IB exam, and IB registration fee.** Specific fees are provided in the fee rate and subsidy chart below.

FY 2018 AP/IB Exam Fee Rates and Subsidies for Students with Financial Need

	Testing Agency Fee	College Board Fee Reduction	MCPS Subsidy	Student Pays
AP Exams	\$85	(\$32)	(\$33)	\$20
AP Capstone Exams	\$133	(\$32)	(\$76)	\$25
IB Exams	\$119	N/A	(\$94)	\$25
IB Registration	\$172	N/A	(\$162)	\$10

- Schools may choose to use their IAFs to provide financial support for other students with extraordinary financial hardship, but **MCPS cannot reimburse schools for financial support provided to students who do not meet the low-income eligibility guidelines for free or reduced-price meals.**
- AP and IB testing coordinators must maintain eligibility documentation and a detailed record of all exam/registration fees required for students with financial need. The MCPS External Exam Fee Subsidy Tracking Table will be revised for FY 2018 and sent via e-mail directly to AP/IB testing coordinators and high school business administrators in November 2017. Schools may use a comparable alternative provided all required information is included. This data is subject to audit each year by the Internal Audit Unit.
- School business administrators and AP/IB testing coordinators are responsible for collaborating to ensure IAF accounting accurately reflects that all AP/IB exam and registration fee subsidies paid for low-income eligible students are charged to IAF account #2150.0000.
- Schools that pay staff members for services related to the administration of the FY 2018 AP testing program should report payments to the Employee and Retiree Service Center (ERSC) using MCPS Form 280-46, *Independent Activity Funds Request for Payment to MCPS Employees for Services (Work) Performed*, by **Friday, June 1, 2018**.
- All high schools must submit an FY 2018 AP/IB Exam Fee Subsidy Report and Reimbursement Packet by **Friday, June 8, 2018**. The report packet will include the AP/IB Fee Summary Report for FY 2018, the exam fee subsidy tracking table, and copies of the school's final College Board (CB) invoice and all IB invoices, if applicable. This information will provide the basis for determining MCPS reimbursement. **The FY 2018 AP/IB Exam Fee Subsidy Report and Reimbursement Packet documents will be sent to schools with further information and updates in spring 2018.**

Background

MCPS external exam fee assistance is provided for students with financial need in an effort to reduce barriers to opportunities for AP testing. Also, fee reductions are available from the CB for AP and AP Capstone exams. It is imperative and expected that schools follow the approved CB procedures to identify and document all students who are eligible for exam fee reductions.

Eligibility Criteria for FY 2018 External Exam Fee Subsidies

To ensure resources are aligned to provide support for our students with greatest need, **MCPS subsidies for external exam fees are limited to AP exams and IB exams/registration fees and only will be paid for those students whose families meet the federal and state guideline for low-income, free or reduced-price meals**—"A student whose family income does not exceed 185% of the poverty income level."

Schools should refer to the U.S. Department of Agriculture (USDA) chart below for federal poverty guidelines for the 2017–2018 school year.

USDA Income Eligibility Guidelines for Free and Reduced-price Meals, 2017–2018

INCOME ELIGIBILITY GUIDELINES											
Effective from July 1, 2017 to June 30, 2018											
HOUSEHOLD SIZE	FEDERAL POVERTY GUIDELINES ANNUAL	REDUCED PRICE MEALS - 185 %					FREE MEALS - 130 %				
		ANNUAL	MONTHLY	TWICE PER MONTH	EVERY TWO WEEKS	WEEKLY	ANNUAL	MONTHLY	TWICE PER MONTH	EVERY TWO WEEKS	WEEKLY
48 CONTIGUOUS STATES, DISTRICT OF COLUMBIA, GUAM, AND TERRITORIES											
1	12,050	22,311	1,860	930	859	430	15,678	1,307	654	603	302
2	16,240	30,044	2,504	1,252	1,156	578	21,112	1,790	880	812	406
3	20,420	37,777	3,149	1,575	1,453	727	26,546	2,213	1,107	1,021	511
4	24,600	45,510	3,793	1,897	1,751	876	31,980	2,665	1,333	1,230	615
5	28,780	53,243	4,437	2,219	2,048	1,024	37,414	3,118	1,559	1,439	720
6	32,960	60,976	5,082	2,541	2,346	1,173	42,848	3,571	1,786	1,648	824
7	37,140	68,709	5,726	2,863	2,643	1,322	48,282	4,024	2,012	1,857	929
8	41,320	76,442	6,371	3,186	2,941	1,471	53,716	4,477	2,239	2,066	1,033
For each add'l family member, add	4,160	7,733	645	323	296	146	5,434	453	227	209	105

Action Required

- **AP/IB Exam Fee Assistance Request Form**

IB Exam Fee Assistance Request Forms Due to School: November 10, 2017

AP Exam Fee Assistance Request Forms Due to School: February 15, 2018

The FY 2018 AP/IB Exam Fee Assistance Request Form (Attachment B), signed by the parent/guardian, is required for each student to document low-income eligibility and the student’s AP/IB exam and registration fees required for FY 2018. AP/IB testing coordinators are responsible for ensuring this documentation is secured as soon as possible for each student receiving AP/IB exam fee assistance.

- **Payments for Staff Services**

Due to ERSC: June 1, 2018

When the work required for coordination/implementation of the AP testing program is not assigned to staff members as part of their job responsibilities to be done during the duty day, schools may use IAFs to compensate staff members for the work. Payments are permitted *only* for work done outside the employee’s duty day and must be made according to MCPS pay rate guidelines and payroll processes. Schools may compensate an AP coordinator (not an administrator) for up to 125 hours of work done outside of the duty day to plan/coordinate the AP testing program. Also, schools may pay staff for data analysis or clerical support if needed. **However, the total number of hours compensated for AP planning and coordination must not exceed 150 hours per school.** Please note additional details provided in Attachment A, *Use of Independent Activity Funds to Support the Implementation of Advanced Placement Exams, FY 2018*.

Schools should report IAF payments for staff services related to the FY 2018 AP testing program to ERSC using MCPS Form 280-46, *Independent Activity Funds Request for Payment to MCPS Employees for Services (Work) Performed*, no later than **Friday, June 1, 2018**.

- **FY 2018 AP/IB Exam Fee Subsidy Report and Reimbursement Packet**

Due to OCFO: June 8, 2018

Each high school must submit to the Office of the Chief Financial Officer (OCFO) an FY 2018 AP/IB Exam Fee Subsidy Report and Reimbursement Packet **by Friday, June 8, 2018**, that includes the AP/IB Fee Summary Report for FY 2018, the exam fee subsidy tracking table, and copies of the school's final CB invoice and all IB invoices, if applicable. The Subsidy Report document and directions will be provided to schools in spring 2018.

Questions

- Questions related to the FY 2018 AP or IB exams/registration, testing coordination, and reporting should be referred to Mrs. Elizabeth (Libby) M. Rogovoy, coordinator, Division of Accelerated and Enriched Instruction, Office of Curriculum and Instructional Programs, at 301-279-3163 or via e-mail.
- Questions related to IAF accounting and the reconciliation of AP/IB fee subsidies paid for students with financial need should be referred to Mrs. Mary J. (MJ) Bergstresser, internal audit analyst, Internal Audit Unit, at 301-444-8656 or via e-mail.
- Questions related to MCPS exam fee subsidies and the MCPS reimbursement process should be referred to Mrs. Deborah (Debbie) A. Camp, administrator for business and finance support, Office of the Chief Financial Officer, via e-mail.

ND:dc

Attachments

Copy to:

Executive Staff
Mrs. Bergstresser
Mrs. Camp
Mrs. Casper
Mrs. Gomez

High School Administrative Secretaries
High School Business Administrators

High School Financial Specialists
Mr. Murphy
Mr. Pisha
Mrs. Rogovoy
Testing Coordinators (AP and IB)
Mr. Koutsos

Approved: _____

Maria V. Navarro, Chief Academic Officer

Kimberly A. Statham, Deputy Superintendent, School Support and Improvement

Andrew M. Zuckerman, Chief Operating Officer

Use of Independent Activity Funds to Support the Implementation of Advanced Placement Exams, FY 2018

The College Board provides financial incentives to high schools for coordinating and administering Advanced Placement (AP) testing. In addition, schools retain an administrative fee for each exam paid at the full price. These funds should be held in an Independent Activity Fund (IAF) account designated for AP testing and should be used according to IAF guidelines. These funds may be used to support the school's implementation of external exams as outlined below.

The following guidelines are intended to provide clarification for schools on approved and appropriate use of funds to support testing and to ensure consistency across the county. Funds may be used for the following purposes:

- 1) Financial support for students not qualified for MCPS financial assistance but who are documented to have extraordinary individual hardships
- 2) Testing facility rental and other facility expenses
- 3) AP testing furniture/equipment, purchase or rental (e.g., tables, chairs, portable desks for auditorium testing, headsets)
- 4) Materials and supplies used to enhance, expand, and/or to promote AP program opportunities for students
- 5) Student incentives for participation in AP testing programs
- 6) Fees for online test registration services
- 7) Registration expenses for required AP teacher training
- 8) **AP Testing Coordination/Implementation Services—Individuals may be paid to work in more than one capacity, but the combined total of hours for planning and implementing the AP exams (not including proctoring) should not exceed 150 hours per school. Exceptions must be approved by the chief financial officer or designee.**
 - **Payments to Staff—Payments to staff for work related to the AP testing program must be for time that is worked outside of the employee's duty day and must be made according to MCPS pay rate guidelines and payroll processes.** Supporting services staff should not be employed to do work in a similar capacity beyond 8 hours a day or 40 hours a week per the *Fair Labor Standards Act*. Schools should retain documentation of dates and hours worked for audit purposes. **Payments to staff for services related to the May 2018 AP testing program must be reported to the Employee and Retiree Service Center (ERSC) using MCPS Form 280-46, *Independent Activity Funds Request for Payment to MCPS Employees for Services (Work) Performed*, no later than Friday, June 1, 2018.**
 - **Payments to Non-MCPS Staff—Schools may hire proctors for testing if the individual is not already being paid for working at that time and if the individual is eligible to proctor according to criteria established by the testing agency. Payments for services performed by non-MCPS staff must comply with IAF guidelines related to independent contractors and MCPS Regulation DIA-RB, *Payments for Services and Reimbursements for Expenses from School Independent Activity Funds*. **MCPS Form 280-49A, *Authorization for Consultant/Independent Contractor (Vendor) Services Paid with Independent Activity Funds (IAF)***, and **MCPS Form 235-40, *Response Form for Required Criminal Background Checks***, are required for each non-MCPS proctor employed. Payments to independent contractors shall be made only after IRS Form W-9 has been obtained and the independent contractor has been set up in School Funds Online as a districtwide vendor by the Division of Controller.**

Type of Work	Rate of Pay	Authorization Process	Reporting Process
AP Testing Coordinator (planning/coordination) MCEA and SEIU only	\$25/hr Maximum 125 hrs	The amount to be paid to MCPS staff should be calculated based on the number of hours required for the work outside of the employee's duty day and the appropriate hourly rate of pay based on the type of work.	Payments for staff services related to AP testing program should be reported to ERSC no later than Friday, June 1, 2018.
Data Analysis SEIU	\$21.28/hr	Payments for staff services required for AP testing programs should be reviewed and approved in writing by the principal prior to any work being done. MCPS Form 280-54,	Schools report payments due to MCPS staff using MCPS Form 280-46, <i>Independent Activity Funds Request for Payment to MCPS Employees for Services (Work) Performed.</i>
Clerical Support SEIU	\$17.28/hr	<i>Independent Activity Funds Request for a Purchase</i> , or a budget plan may be used to document the principal's approval and authorization to work. The combined total of hours for planning and implementing the AP exams (not including proctoring) should not exceed 150 hours per school.	When used to pay staff for services related to AP testing, MCPS Form 280-46 must list the type of work performed, the applicable hourly pay rate, and the number of hours worked. Schools should retain supporting documentation for all MCPS Form 280-46 payments, including the dates and hours worked.
Substitute Teacher (to cover for classroom teacher proctors or to serve as proctors)	Per MCEA negotiated contract	Substitute coverage is authorized through the online Substitute Employee Management System. Note: School reimburses MCPS for substitute pay + FICA contribution (\$19.29 + \$1.48/hr) using MCPS Form 203-2, <i>School Reimbursement for MCPS Substitute Teacher Coverage.</i>	Short-term substitute time is reported as STS using MCPS Form 430-17, <i>PACS Timesheet Short-Term Substitute Teachers and Staff Development Substitute Teachers</i> ; timekeeper posts time in PACS at the school level.
Proctors (non-MCPS employees; must meet College Board eligibility criteria)	Certificated Substitute Teacher Hourly Rate (FY 2018) \$19.29/hr	MCPS Form 280-49A and MCPS Form 235-40 is required for each non-MCPS proctor employed. IRS Form W-9 required for the MCPS Division of Controller. Schools pay each individual with a school check.	Schools are responsible for paying non-MCPS staff through the IAF and are required to provide W-9s to the MCPS Division of Controller to establish individuals as districtwide vendors.

Montgomery County Public Schools
AP/IB Exam Fee Assistance Request Form
2017–2018

Montgomery County Public Schools (MCPS) provides exam fee assistance for students with financial need in an effort to reduce barriers to opportunities for Advanced Placement (AP) testing. Also, fee reductions are available from the College Board (CB) for AP and AP Capstone exams. MCPS subsidies for external exam fees are limited to AP exams and International Baccalaureate (IB) exams/registration fees for those students whose families meet the federal and state guideline for low-income, free or reduced-price meals.

If you meet one or more of the guidelines listed below, complete and return this form as soon as possible.

IB Exam Fee Assistance Request Forms are DUE–NOVEMBER 10, 2017

AP Exam Fee Assistance Request Forms are DUE–FEBRUARY 15, 2018

The Information Provided On This Form Will Remain Confidential.

PART 1 – STUDENT INFORMATION

Student's Name _____ MCPS ID# _____

I am requesting MCPS exam fee assistance for the following fees:

Type of Fee	Total Number Required
AP Exams	
IB Exams	
IB Registration	

Please provide a list of the specific exam(s) you plan to take on the back of this page (Part 2).

Eligibility Checklist: Please check all items below that apply to your student's eligibility for financial assistance. At least one item must be checked to qualify for financial assistance.

- My child is eligible for the free or reduced-price lunch program.
- My family receives assistance under Part A of Title IV of the Social Security Act.
- My child is eligible to receive medical assistance under the Medicaid Program under Title XIX of the Social Security Act.
- My family's taxable income would allow my child to be eligible for the reduced-meals program.

Annual Income Eligibility Guidelines

(Effective July 1, 2017, through June 30, 2018)

Household Size	Free Meals			Reduced-Price Meals		
	Year	Month	Week	Year	Month	Week
1	\$15,678	\$1,307	\$302	\$22,311	\$1,860	\$430
2	21,112	1,760	406	30,044	2,504	578
3	26,546	2,213	511	37,777	3,149	727
4	31,980	2,665	615	45,510	3,793	876
5	37,414	3,118	720	53,243	4,437	1,024
6	42,848	3,571	824	60,976	5,082	1,173
7	48,282	4,024	929	68,709	5,726	1,322
8	53,716	4,477	1,033	76,442	6,371	1,471
For each additional family member add...	\$5,434	\$453	\$ 105	\$7,733	\$645	\$149

➔ Parent Signature (Required) _____ Date _____

