

Internal Audit Unit  
MONTGOMERY COUNTY BOARD OF EDUCATION  
Rockville, Maryland

June 22, 2020

MEMORANDUM

To: Mr. Daniel K. Marella, Associate Superintendent of Finance

From: Mary J. Bergstresser, Acting Supervisor, Internal Audit Unit *MJB*

Subject: Report on Audit of Fiscal Year 2020 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) 2020 revenue distribution to MCPS schools to determine compliance with the sharing formula and accounting for the funds.

On December 18, 2019, Mr. Seth P. Adams, director, Department of Facilities Management, provided the attached memorandum to the MCPS Division of Controller (DOC) requesting distribution of the \$460,465.75 annual cell tower revenue to 50 schools according to a list of revenue sharing payments. Mr. Adams also provided an individual memorandum notification to each of the 50 school principals informing them of their share of cell tower revenue that they would be receiving. Six of the 50 schools received two payments-one for their school and the other for them to distribute to their consortia schools.

The DOC recorded the revenue distribution in the Financial Management System (FMS) effective January 17, 2020, and processed the revenue for deposit via the Automated Clearing House (ACH) electronic network for financial transactions directly into each of the 50 school's respective IAF checking accounts. School financial agents, in turn, would confirm with their respective bank that the ACH revenue had been credited to their checking account, and then record the revenue into their school's checking account, number 9920.0000, and cell tower commission account, number 0100.0000, within the School Funds Online (SFO) IAF accounting software. The six schools receiving two payments wrote checks to their consortia schools for distribution of 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 01/17/2020 totaling \$460,465.75.
- 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 01/21/2020 as 01/17/2020 was a Friday and Monday was a holiday.
- The last ACH revenue receipt was recorded in SFO on 02/20/2020 by a visiting bookkeeper.
- Check payments were received by 48 schools.
- The first checks were written for distribution to consortia schools on 01/22/2020.
- The first check revenue receipts were recorded in SFO on 01/24/2020.
- The last checks were written for distribution to consortia schools on 01/24/2020.
- The last check revenue receipt was recorded in SFO on 03/09/2020.

January 22, 2020, 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 ACH payments, 35 of them, or 69 percent, were recorded in SFO after January 22nd, and 27 of those 35 were not recorded until February. It appears that the financial agents at the 35 schools who recorded their ACH receipt after January 22nd waited until receiving their January bank statement before recording the revenue in SFO. Many of the elementary schools waited until their visiting bookkeeper arrived and allowed them to enter the ACH in SFO. This practice does not provide the principal with the most current information for decision making, especially considering that cell tower commission revenue is not student generated, allowing these funds to be used for activities such as staff development.

As of March 10, 2020, the total amount of \$460,465.75 for the FY 2020 cell tower revenue distribution has reconciled with the FMS and SFO accounting records. No response to this audit report is required.

MJB:sh

Attachment

Copy to:

Members of the Board of Education  
 Dr. Smith  
 Dr. McKnight  
 Dr. Navarro  
 Dr. Wilson  
 Dr. Zuckerman  
 Mrs. Ahn  
 Dr. Johnson

Mr. Adams  
 Mr. Lawrence  
 Mrs. Camp  
 Mrs. Chen  
 Mr. Reilly  
 Mr. Tallur  
 Ms. Webb