

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

FY 2020 CELL TOWER COMMISSION REVENUE SHARING

	<u>Amount</u>	<u>Payment Method</u>	<u>Notes</u>
<u>CLUSTER SCHOOLS</u>			
<u>Captain James Daly ES</u>	\$ 11,668.53	ACH	
Clarksburg ES	\$ 1,372.76	ACH	
Little Bennet ES	\$ 1,372.76	ACH	
Cedar Grove ES	\$ 686.38	ACH	
Clarksburg HS	\$ 1,372.76	ACH	
Fox Chapel ES	\$ 1,372.76	ACH	
Wilson Wims ES	\$ 686.38	ACH	
Rocky Hill MS	\$ 1,372.76	ACH	
Neelsville MS	\$ 686.38	ACH	
Hallie Wells MS	\$ 686.38	ACH	
Snowden Farm ES	\$ 686.38	ACH	
William B Gibbs ES	\$ 1,372.76	ACH	
<u>Col Zadok Magruder HS</u>	\$ 11,599.48	ACH	
Mill Creek ES	\$ 1,449.94	ACH	
Candlewood ES	\$ 1,449.94	ACH	
Cashell ES	\$ 1,449.94	ACH	
Flower Hill ES	\$ 1,449.94	ACH	
Redland MS	\$ 1,449.94	ACH	
Judith A Resnik ES	\$ 1,449.94	ACH	
Sequoyah ES	\$ 1,449.94	ACH	
Shady Grove MS	\$ 1,449.94	ACH	
<u>Sherwood HS</u>	\$ 41,598.49	ACH	
Olney ES	\$ 5,942.65	ACH	
Belmont ES	\$ 5,942.65	ACH	
Rosa Parks MS	\$ 5,942.65	ACH	
Greenwood ES	\$ 5,942.65	ACH	
Sherwood ES	\$ 5,942.65	ACH	
William H Farquhar MS	\$ 5,942.65	ACH	
Brooke Grove ES	\$ 5,942.65	ACH	
<u>Tilden MS</u>	\$ 23,584.60	ACH	
Ashburton ES	\$ 2,948.08	ACH	
Luxmanor ES	\$ 2,948.08	ACH	
Kensington-Parkwood ES	\$ 2,948.08	ACH	

FY 2020 CELL TOWER COMMISSION REVENUE SHARING

	<u>Amount</u>	<u>Payment Method</u>	<u>Notes</u>
North Bethesda MS	\$ 2,948.08	ACH	
Walter Johnson HS	\$ 2,948.08	ACH	
Wyngate ES	\$ 2,948.08	ACH	
Farmland ES	\$ 2,948.08	ACH	
Garrett Park ES	\$ 2,948.08	ACH	
<u>Watkins Mill HS</u>	\$ 23,791.06	ACH	
Whetstone ES	\$ 4,325.64	ACH	
Watkins Mill ES	\$ 4,325.64	ACH	
Montgomery Village MS	\$ 4,325.64	ACH	
Stedwick ES	\$ 4,325.64	ACH	
Neelsville MS	\$ 2,162.82	ACH	
South Lake ES	\$ 4,325.64	ACH	
	\$ 224,484.35		
<u>CONSORTIUM SCHOOLS</u>			
<u>James Hubert Blake HS</u>	\$ 12,419.09	ACH	Received 01/22/2020
	\$ 12,419.09	ACH	Received 01/22/2020
9 schools	\$ (12,419.01)	To consortium schools	Checks written 01/24/2020
Page ES	\$ 1,379.89	Check	Check lost in mail and reissued 3/10/20
Galway ES	\$ 1,379.89	Check	
Cloverly ES	\$ 1,379.89	Check	
Greencastle ES	\$ 1,379.89	Check	
Fairland ES	\$ 1,379.89	Check	
Burtonsville ES	\$ 1,379.89	Check	
Stonegate ES	\$ 1,379.89	Check	
Banneker MS	\$ 1,379.89	Check	
Briggs Chaney MS	\$ 1,379.89	Check	
<u>Albert Einstein HS</u>	\$ 26,028.06	ACH	Received 01/22/2020
	\$ 26,028.06	ACH	Checks written 01/23/2020
8 schools	\$ (16,000.00)	To consortium schools	Transferred \$10,028.06 to general - Had approval from Assoc. Superintendent
Newport Mill MS	\$ 2,000.00	Check	
Sligo MS	\$ 2,000.00	Check	

FY 2020 CELL TOWER COMMISSION REVENUE SHARING

	<u>Amount</u>	<u>Payment Method</u>	<u>Notes</u>
Rock View ES	\$ 2,000.00	Check	
Glen Haven ES	\$ 2,000.00	Check	
Woodlin ES	\$ 2,000.00	Check	School did not deposit until 3/9/20
Highland ES	\$ 2,000.00	Check	
Oakland Terrace ES	\$ 2,000.00	Check	
Singer ES	\$ 2,000.00	Check	
<u>John F Kennedy HS</u>	\$ 12,587.52	ACH	Received 01/22/2020
	\$ 12,587.52	ACH	Received 01/22/2020
8 schools	\$ (12,587.52)	To consortium schools	Checks written 01/22/2020
Arcola ES	\$ 1,573.44	Check	
Georgian Forest ES	\$ 1,573.44	Check	
Glenallan ES	\$ 1,573.44	Check	
Kemp Mill ES	\$ 1,573.44	Check	
Strathmore ES	\$ 1,573.44	Check	
Argyle MS	\$ 1,573.44	Check	
Lee MS	\$ 1,573.44	Check	
Bel Pre ES	\$ 1,573.44	Check	
<u>Northwood HS</u>	\$ 23,002.83	ACH	Received 01/22/2020
	\$ 23,002.83	ACH	Received 01/22/2020
7 schools	\$ (23,002.83)	To consortium schools	Checks written 01/24/2020
Arcola ES	\$ 3,286.12	Check	
Kemp Mill ES	\$ 3,286.11	Check	
Highland View ES	\$ 3,286.12	Check	
Sligo Creek ES	\$ 3,286.12	Check	
Silver Spring MS	\$ 3,286.12	Check	
Forest Knolls ES	\$ 3,286.12	Check	
Glen Haven ES	\$ 3,286.12	Check	
<u>Springbrook HS</u>	\$ 21,206.52	ACH	Received 01/21/2020
	\$ 21,206.52	ACH	Received 01/21/2020
10 schools	\$ (21,206.52)	To consortium schools	Checks written 01/22/2020
Broad Acres ES	\$ 2,120.65	Check	

FY 2020 CELL TOWER COMMISSION REVENUE SHARING

	<u>Amount</u>	<u>Payment</u> <u>Method</u>	<u>Notes</u>
Burnt Mills ES	\$ 2,120.65	Check	
Cannon Road ES	\$ 2,120.65	Check	
Cresthaven ES	\$ 2,120.65	Check	
Drew ES	\$ 2,120.65	Check	
Jackson Road ES	\$ 2,120.65	Check	
Roscoe Nix ES	\$ 2,120.65	Check	
Westover ES	\$ 2,120.65	Check	
Key MS	\$ 2,120.65	Check	
White Oak MS	\$ 2,120.67	Check	
<u>Wheaton HS</u>	\$ 22,746.68	ACH	Received 01/17/2020
	\$ 22,746.68	ACH	Received 01/17/2020
9 schools	\$ (22,746.68)	To consortium schools	Checks written 01/28/2020
Brookhaven ES	\$ 2,625.00	Check	
Harmony Hills ES	\$ 2,625.00	Check	
Shriver ES	\$ 2,625.00	Check	
Viers Mill ES	\$ 2,625.00	Check	
Weller Road ES	\$ 2,625.00	Check	
Wheaton Woods ES	\$ 2,625.00	Check	
Parkland MS	\$ 2,625.00	Check	
Loiderman MS	\$ 2,625.00	Check	
Edison HS	\$ 1,746.68	Check	
Total Revenue Distribution	<u><u>\$ 460,465.75</u></u>		

Notes:

98 schools received cell tower revenue.

50 schools received ACH payments.

Blake, Einstein, Kennedy, Northwood, Springbrook, & Wheaton HS received 2 checks.

Neelsville MS received 2 ACH checks.

The 6 high schools receiving two ACH payments distributed IAF checks to 48 feeder schools from proceeds of one of their ACH payments.

Arcola ES, Glen Haven ES, & Kemp Mill ES each received 2 school check payments.

FY 2020 CELL TOWER COMMISSION REVENUE SHARING

<u>Amount</u>	<u>Payment Method</u>	<u>Notes</u>
		Blake HS decreased amount shared by a total of .08 cents to give its 9 consortia schools the same amount.

<u>Consortium Schools</u>	<u>Dated in SFO</u>	<u>Entered in SFO</u>	<u>By Whom</u>
Blake HS	01/22/20	01/22/20	SFS
Einstein HS	01/22/20	01/22/20	SFS
Kennedy HS	01/22/20	01/22/20	SFS
Northwood HS	01/22/20	01/22/20	SFS
Springbrook HS	01/22/20	01/22/20	SFS
Wheaton HS	1/17/2020	1/21/2020	SFS
<u>Cluster Schools</u>			
<u>Captain James Daly ES</u>	1/31/2020	1/23/2020	Admin Sec
Clarksburg ES	1/22/2020	2/6/2020	VB
Little Bennet ES	1/22/2020	2/6/2020	VB
Cedar Grove ES	1/31/2020	2/5/2020	Admin Sec
Clarksburg HS	1/17/2020	1/22/2020	SFS
Fox Chapel ES	1/22/2020	2/11/2020	VB
Wilson Wims ES	1/31/2020	2/20/2020	VB
Rocky Hill MS	1/22/2020	1/28/2020	SFS
Neelsville MS	1/31/2020	1/21/2020	SFS
Hallie Wells MS	1/17/2020	1/31/2020	SFS
Snowden Farm ES	1/17/2020	1/23/2020	Admin Sec
William B Gibbs ES	1/22/2020	1/22/2020	Admin Sec
<u>Col Zadok Magruder HS</u>	1/22/2020	1/22/2020	SFS
Mill Creek ES	1/22/2020	1/27/2020	Admin Sec
Candlewood ES	1/31/2020	2/13/2020	VB
Cashell ES	1/17/2020	1/31/2020	Admin Sec
Flower Hill ES	1/22/2020	2/7/2020	Admin Sec
Redland MS	1/21/2020	1/21/2020	SFS
Judith A Resnik ES	1/31/2020	2/14/2020	VB
Sequoyah ES	1/22/2020	2/13/2020	VB
Shady Grove MS	1/21/2020	1/22/2020	SFS
<u>Sherwood HS</u>	1/22/2020	1/22/2020	SFS
Olney ES	1/22/2020	2/4/2020	Admin Sec
Belmont ES	1/22/2020	2/13/2020	VB
Rosa Parks MS	1/22/2020	2/12/2020	SFS
Greenwood ES	1/31/2020	2/18/2020	VB
Sherwood ES	1/17/2020	1/21/2020	Admin Sec
William H Farquhar MS	1/17/2020	1/21/2020	SFS
Brooke Grove ES	1/22/2020	2/5/2020	VB
<u>Tilden MS</u>	1/22/2020	2/11/2020	SFS
Ashburton ES	1/22/2020	2/20/2020	VB
Luxmanor ES	1/17/2020	2/12/2020	VB
Kensington-Parkwood ES	1/22/2020	2/5/2020	VB
North Bethesda MS	1/31/2020	2/18/2020	SFS
Walter Johnson HS	1/17/2020	2/6/2020	SFS
Wyngate ES	1/22/2020	2/6/2020	VB
Farmland ES	1/22/2020	2/11/2020	VB

Garrett Park ES	1/17/2020	2/5/2020	Admin Sec
<u>Watkins Mill HS</u>	1/17/2020	1/24/2020	SFS
Whetstone ES	1/22/2020	2/3/2020	Admin Sec
Watkins Mill ES	1/22/2020	2/6/2020	VB
Montgomery Village MS	1/22/2020	2/4/2020	SFS
Stedwick ES	1/22/2020	1/24/2020	Admin Sec
Neelsville MS	1/31/2020	1/21/2020	SFS
South Lake ES	1/22/2020	2/21/2020	VB