

Audit Report

Maryland School for the Deaf

January 2024



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DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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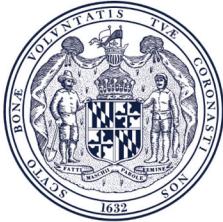
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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber
Executive Director

Gregory A. Hook, CPA
Legislative Auditor

January 16, 2024

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Maryland School for the Deaf (MSD) for the period beginning November 30, 2018 and ending January 31, 2023. MSD provides a comprehensive educational program for school-age deaf students and operates two campuses in Frederick and Columbia, Maryland.

Our audit disclosed that MSD did not always comply with State procurement regulations. For example, MSD did not obtain Department of General Services and Board of Public Works approval for a multi-year sole source contract for curriculum and other educational materials, as well as sign language interpreting services contracts. Additionally, MSD increased the amount of a consulting contract without proper justification and awarded a paving contract without performing a competitive procurement. Furthermore, MSD did not publish the contract awards on *eMaryland Marketplace Advantage* as required.

Our audit also disclosed deficiencies with MSD's use of its corporate purchasing cards and that MSD could not document that it used available Level-3 data in its review to ensure the propriety of the purchases, as required. Level-3 data, which are reported by certain merchants, consist of detailed descriptions of items purchased and provide supervisory personnel with additional information to help detect potential questionable purchases. Additionally, MSD's memorandum of agreement with its affiliated foundation was not sufficiently comprehensive, and reports of the foundation's financial activity were not submitted to MSD as required.

Finally, our audit also included a review to determine the status of the finding contained in our preceding audit report. We determined that MSD did not satisfactorily address this finding, therefore, it is repeated in this report.

MSD's response to this audit is included as an appendix to this report. We reviewed the response to our findings and related recommendations, and have concluded that the corrective actions identified are sufficient to address all audit issues.

We wish to acknowledge the cooperation extended to us during the audit by MSD and its willingness to address the audit issues and implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregory A. Hook".

Gregory A. Hook, CPA
Legislative Auditor

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* Denotes item repeated in full or part from preceding audit report

Background Information

Agency Responsibilities

The Maryland School for the Deaf (MSD) is an independent agency governed by a 19-member Board of Trustees appointed by the Governor. MSD provides a comprehensive educational program for school-age deaf students at its campuses located in Frederick and Columbia. MSD also provides a family education and early childhood development program, through cooperative agreements with local health departments or local education agencies, that involves working with young deaf children and their families in the development of early language skills.

Beginning in fiscal year 2023, MSD began providing a secondary transition education program, called the Orioles Career Academy, to individuals 18 to 21 years of age. The Academy is intended to help further develop participants' independent living, social and emotional growth, problem-solving, employment, and self-advocacy skills.

MSD has a memorandum of understanding (MOU) with the Maryland State Department of Education (MSDE) to help meet the educational needs of deaf children. MSDE has the responsibility to review MSD's budget and certain services, including criteria for admission. MSDE also provides consultation on the quality of deaf children education and assists MSD in developing its agreements with local education agencies and other State agencies. Additionally, MSDE provides assistance to ensure MSD's educational programs and services comply with applicable Federal and State laws.

In response to the COVID-19 pandemic health crisis, on March 13, 2020, MSD closed operations on its campuses to students and most of the staff. Students and teachers finished the 2019-2020 school year with virtual learning. MSD distributed laptops and other electronic devices to students and staff in order to facilitate virtual learning. Virtual learning continued for a majority of the 2020-2021 school year. In February 2021, MSD began to bring students back to campus, in small groups, for in-person instruction and opened its dorms to students who did not have access to bus transportation. For the 2021-2022 school year, MSD returned to full in-person instruction and activities effective August 30, 2021.

According to State records, as of June 2022, 448 students were enrolled in MSD, and expenditures totaled approximately \$42.2 million during fiscal year 2022 (see Figure 1 on the following page). The primary source of funds for MSD's expenditures were State general funds, reimbursable funds from MSDE, and federal funds.

Figure 1
MSD Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2022		
	Positions	Percent
Filled	295.5	88.1%
Frozen ¹	1.0	0.3%
Vacant	39.0	11.6%
Total	335.5	
Fiscal Year 2022 Expenditures		
	Expenditures	Percent
Salaries, Wages, and Fringe Benefits	\$31,085,956	73.7%
Technical and Special Fees	4,696,421	11.1%
Operating Expenses	6,421,341	15.2%
Total	\$42,203,718	
Fiscal Year 2022 Funding Sources		
	Funding	Percent
General Fund	\$36,023,174	85.3%
Special Fund	390,742	0.9%
Federal Fund	657,244	1.6%
Reimbursable Fund	5,132,558	12.2%
Total	\$42,203,718	

Source: State financial and personnel records

Affiliated Foundation

MSD has an affiliated foundation that was created in 1987 (The Maryland School for the Deaf Foundation, Inc.). The foundation is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Service code whose purpose is to support and enhance the educational goals established by MSD's Board of Trustees through fundraising and providing grants and scholarships to students. As of June 2023, the foundation had a five-member board of directors who each serve for a five-year term. The board members are nominated by current board members and are selected based on a majority vote of the board. According to the

¹ Prior to December 1, 2021, a hiring freeze resulted in certain positions being frozen. Frozen positions were unauthorized to be filled according to budgetary instructions from the Department of Budget and Management. Any position that is currently marked as frozen has not been filled since the freeze was lifted; however, these positions now are available to be filled.

foundation's fiscal year 2021 tax filing, revenues and expenditures totaled \$166,670 and \$69,617, respectively, and the foundation's assets totaled \$1,870,862 as of June 30, 2021. The foundation awarded \$24,377 (35 percent of the total fiscal year 2021 expenditures) in grants and scholarships to MSD students and teachers in fiscal year 2021.

Status of Finding From Preceding Audit Report

Our audit included a review to determine the status of the finding contained in our preceding audit report dated September 4, 2019. We determined that MSD did not satisfactorily address this finding; therefore, it is repeated in this report.

Findings and Recommendations

Procurements and Disbursements

Background

According to State records, the Maryland School for the Deaf (MSD) issued 5,049 purchase orders for contracts totaling \$12.9 million during the period from November 30, 2018 to January 31, 2023. We judgmentally selected and reviewed the procurement of six contracts (see Figure 2). We also reviewed MSD's contract monitoring and disbursement processes by judgmentally selecting 19 invoices totaling \$549,405 related to these 6 contracts. Additionally, we reviewed contracts for sign language interpreting services for which several deficiencies were identified in our preceding audit report.

Figure 2
Summary Contracts Reviewed

Item	Description of Goods or Services	Procurement Method	Date of Contract Award	Initial Contract Amount	Total Payments as of January 2023
1	English Language Arts Curriculum/ Educational Material	Sole Source	October 2020	No Estimated Value	\$367,615
2	Removal and Replacement of Asphalt at Columbia Campus	Competitive Bid	June 2021	\$ 58,616	157,466
3	Laptops for Students	Competitive Bid	May 2021	57,791	57,791
4	Removal and Replacement of Asphalt at Columbia Campus	Competitive Bid	June 2020	52,440	84,584
5	Assessment of MSD's Culture of Impartiality, Equity, and Inclusion	Competitive Bid	May 2021	45,450	65,695
6	Pathway paving at the Frederick Campus	Competitive Bid	June 2019	15,500	15,500
Total				\$229,797	\$748,651

Source: State Financial Records

Finding 1**MSD did not always comply with State procurement regulations.****Analysis**

MSD did not always comply with State procurement regulations. Our test of six contracts (one sole source procurement with no initial contract amount and five competitively bid procurements totaling \$229,797) disclosed the following conditions.

- MSD increased a \$45,450 consulting contract by \$20,245 without proper justification and did not receive all the required deliverables. MSD contracted with a consultant in May 2021 to conduct an independent assessment of MSD's culture of impartiality, equity, and inclusion based on various allegations and complaints from alumni, students, teachers, parents, and staff. MSD advised us that the increase in the contract was due to the consultant asserting that the initial contract amount was not sufficient to perform the required work, together with the consultant's unfamiliarity with MSD's culture. The consultant's assertions could not be supported by MSD, and consequently there was no documented justification for the increase in the total contract amount, especially as the scope of the contract remained unchanged.

In addition, as of March 2023 (approximately 10 months after having already paid the consultant a total of \$65,695), MSD had not received the consultant's required written report. Furthermore, the consultant did not provide the guidance and training to key stakeholders, as required by the contract. Upon bringing this to MSD's attention, it contacted the consultant about the missing report. MSD was advised by the consultant that it was finalizing the written report; however, as of June 2023 MSD had not yet received the report.

- MSD did not competitively procure paving services totaling \$32,144. Specifically, MSD awarded these services to an existing vendor doing other paving work under a \$52,440 contract instead of competitively procuring these additional services, which also included \$1,350 that was paid by MSD for work that was included in the original contact.
- MSD did not obtain Department of General Services (DGS) and Board of Public Works (BPW) approvals for a multi-year sole source contract awarded in August 2020 for curriculum and other educational materials. Additionally, MSD did not publish the contract award on *eMaryland Marketplace Advantage (eMMA)* as required. Furthermore, although MSD had a purchase order with this vendor, it did not have a written contract with the vendor

which would include negotiated pricing for the materials, contract period, and a maximum not to exceed amount for the contract.² According to MSD records, as of January 2023, payments to the vendor totaled \$367,615.

State procurement regulations require DGS approval for competitively procured contracts totaling more than \$50,000 and BPW approval for contracts totaling more than \$200,000. Additionally, sole source procurement awards exceeding \$50,000 are required to be published on *eMMA*. Finally, procurements exceeding \$5,000 must have written contracts and include certain standard contract provisions (such as, contract term ending date and contract maximum value or estimated value).

- MSD did not use *eMMA* to obtain bids and did not safeguard electronically submitted bids, as required by State procurement regulations. Specifically, for the five competitively procured contracts tested totaling \$229,797 (see Figure 2 above), MSD instructed vendors to submit their bids via email to its procurement officer. MSD did not require the vendors to password protect the bids and submit passwords at the time of the bid opening to ensure the bids were not prematurely accessed. Consequently, there is a risk that bid information could be accessed prior to the bid opening without detection.

Recommendation 1

We recommend that MSD comply with State procurement regulations.

Specifically, we recommend that MSD

- a. ensure contract deliverables are received before approving invoices for payment;**
- b. obtain the aforementioned missing deliverables from the independent assessment consultant or pursue recovery of payments if the deliverables are not provided;**
- c. document contract modifications and obtain required approvals;**
- d. execute written contracts that include all relevant contract provisions;**
- e. obtain DGS and BPW approval as required, including retroactive approval for the previously awarded unapproved sole source curriculum contract;**
- f. publish contract solicitations and awards in *eMMA*; and**
- g. solicit competitive bids when required and ensure contract bids are submitted via *eMMA* or adequately secured prior to being opened.**

² Although a purchase order was in place, it did not include or otherwise stipulate the referenced three contractual terms.

Finding 2

MSD's procurement and use of vendors for sign language interpreting services did not comply with State procurement regulations and did not ensure the services were received at the lowest price.

Analysis

MSD did not comply with State procurement regulations when procuring sign language interpreting services from 17 vendors, which included 10 individuals. In response to our prior report, which included a finding on the failure to comply with certain State procurement regulations, MSD competitively procured sign language services and in March 2021 made awards to 17 vendors with hourly rates ranging from \$45 to \$90. MSD advised us that multiple vendors were needed because no single vendor had the capacity to provide all the required services. According to State records, MSD's expenditures for sign language interpreting services totaled \$469,000 from the beginning of the contract in March 2021 to January 2023. Our review of the procurement and use of these contracts disclosed the following conditions.

- MSD could not provide the technical proposals for 16 of the 17 vendors. Additionally, although each vendor was paid differing hourly rates under their respective contracts, MSD could not document that it had conducted an evaluation of the bidders' price proposals to ensure that the costs for services were reasonable or represented a fair value to the State.
- MSD did not obtain DGS and BPW approvals or publish the contract award on *eMaryland Marketplace Advantage (eMMA)* as required by State procurement regulations. MSD contacted DGS for guidance on the procurement before it solicited bids. Although DGS advised MSD to proceed with the solicitation and obtain approval from DGS after evaluating the bids, MSD did not obtain approval from DGS or BPW and did not publish the contract award as required.
- The MSD supervisory review of vendor invoices did not always detect billing errors. Our test of five invoices totaling \$20,804 disclosed that one invoice totaling \$8,546 was not billed at the rate provided in the related contract. Although a supervisor signed off that the invoice was reviewed, they did not identify the erroneous rate. After we brought this matter to MSD management's attention, other invoices from the vendor were reviewed and MSD determined that the vendor was overpaid \$6,307 from October 2021 to November 2022, based on the incorrect rates we identified. As of March 30, 2023, MSD was in the process of recovering the identified overpayments.

- MSD relied on one of the 17 vendors to assign certain sign language services to the other vendors and itself, without documenting or approving the methodology. In October 2021, MSD issued a \$27,650 sole source contract to one of the 17 vendors with an hourly rate of \$35 to coordinate the sign language services including the selection of vendors to provide the services. Given the aforementioned differing vendor rates, the methodology used to assign work could have an adverse financial impact if it did not result in the lowest cost vendors being assigned work first. As of January 2023, this vendor had received \$126,150 of the total \$469,000 (27 percent) MSD paid for sign language services under this contract.

A similar condition over non-compliance with certain procurement regulations for sign language services was commented upon in our preceding audit report. In response to that report, MSD agreed with our finding and recommendation and proposed to work with the Department of Budget and Management for approval of sign language interpreting services contracts that exceed \$50,000. Although MSD took action to competitively bid for sign language interpreting services, as noted above, it did not obtain appropriate approvals for the contract from applicable control agencies.

State procurement regulations require contracts with payments over \$200,000 to be approved by BPW and that procurement files include documentation of the procurement officer's process of vendor selection (such as, technical proposals and bid evaluations) be maintained by the contract monitor. The regulations further require contracts valued in excess of \$15,000 to be awarded through a formal written competitive bidding process with publication of the solicitation on *eMMA*. Finally, competitively bid service contracts valued over \$50,000 require publication of the contract award on *eMMA*.

Recommendation 2

We recommend that MSD

- procure sign language interpreting services contracts in accordance with State procurement regulations (repeat);**
- obtain control agencies' (DGS and BPW) approvals, as required (repeat), including retroactive approval for the above mentioned contract;**
- ensure that the supervisory review of invoices is effectively conducted and determine if amounts were improperly paid, recouping any overpayments (including those noted above); and**
- develop a methodology to independently ensure services are obtained at the lowest cost.**

Finding 3

MSD artificially split certain corporate purchasing card transactions, circumventing competitive procurement requirements and/or cardholder single transaction limits. Also, MSD could not document that it used available Level-3 detailed purchasing data to ensure the propriety of purchases as required.

Analysis

MSD artificially split certain corporate purchasing card transactions (CPC) circumventing competitive procurement requirements and/or the cardholder's single transaction spending limits. Also, MSD could not document that it used available Level-3 data to ensure the propriety of purchases as required.

According to MSD's records, during the period from July 1, 2019 through January 31, 2023, CPC transactions totaled \$2 million and were primarily made by 2 of MSD's 22 cardholders.

- MSD artificially split certain purchases into smaller transactions, circumventing competitive procurement requirements and/or the cardholder's single transaction spending limit. Specifically, our test of 16 transactions totaling \$136,125 made by the aforementioned two cardholders, from the same merchant on the same dates, disclosed that these transactions were artificially split into several smaller transactions, each under the applicable cardholder's single transaction limit of \$5,000. For example, one cardholder split a purchase totaling \$20,459 into four equal payments of \$4,990 and one payment of \$499, circumventing both the State's competitive bidding requirements for purchases over \$5,000 and the cardholder's single transaction limit.
- Supervisory reviews of monthly CPC activity logs did not use available Level-3 data to ensure the propriety of the purchases as required. Level-3 data, which are reported by certain merchants, consist of detailed descriptions of items purchased and provide supervisory personnel with additional information to help detect questionable purchases. We were advised by MSD management that supervisors periodically reviewed Level-3 data, independent of the monthly supervisory reviews of the activity logs; however, MSD could not provide documentation to support Level-3 data reviews. During the period from November 30, 2018 through January 31, 2023, we determined Level-3 data was available for 4,701 CPC transactions totaling \$1.1 million.

The Comptroller of Maryland's *Corporate Purchasing Card Policy and Procedures Manual* and State procurement regulations prohibit procurements from being artificially divided to circumvent competition. The *Manual* further

requires State agencies to verify Level-3 data to transaction logs and document monthly reviews of Level-3 data as part of transaction monitoring.

Recommendation 3

We recommend that MSD comply with the *Manual* by ensuring

- a. corporate purchasing card transactions are not artificially split to circumvent established controls and competitive procurement requirements, and**
- b. supervisors use available Level-3 data as a part of a documented monthly review to aid in the assessment of the propriety of purchases and payments.**

Affiliated Foundation

Finding 4

MSD's memorandum of agreement (MOA) with its affiliated foundation was not sufficiently comprehensive, and reports of the foundation's financial activity were not submitted to MSD as required.

Analysis

MSD's MOA with its affiliated foundation was not sufficiently comprehensive, and reports of the foundation's financial activity were not submitted to MSD as required. Our review of the MOA disclosed that it did not include sufficient details to ensure funds collected on behalf of MSD by the foundation were properly safeguarded and used for their intended purpose.

- The MOA did not address controls over collected funds including proper collateralization of funds, the use of interest-bearing accounts, and procedures for the accounting and reporting of fund balances.
- The MOA did not include guidelines for the distribution of funds and the amounts that need to be used for the foundation's stated purpose to enhance the educational goals established by MSD's Board of Trustees through fundraising and providing grants and scholarships to students. As noted earlier in this report, according to the foundation's fiscal year 2021 tax filing, the foundation had a fund balance of \$1,870,862. In addition, of the \$69,617 expended during that year only \$24,377 was for scholarships and grants, with the remaining \$45,240 used for other foundation expenses. The MOA also did not include guidelines for foundation purchases and disbursements, such as the use of a competitive procurement process and review and approval of transactions.

- The MOA did not require the foundation to maintain a conflict-of-interest policy for board members and foundation employees. Although the foundation had an ethics policy, the policy was not as comprehensive as that provided for under State Ethics law, which addresses standards of conduct, ethics training, and the completion of annual financial disclosures by board members and officers. Such a policy would provide additional assurance regarding the integrity of the foundation’s board and its processes and should include a requirement to disclose to MSD any conflicts-of-interest.
- The foundation has not submitted required financial reports to MSD’s Board of Trustees since 2019. The MOA requires the foundation to submit to the Board of Trustees a detailed annual report of reimbursements to foundation employees and expenditures on behalf of others.

Recommendation 4

We recommend that MSD

- a. revise its MOA with the foundation to include details to ensure funds collected on behalf of MSD are properly safeguarded and used for the intended purpose, funds are distributed properly, and conflicts of interest are disclosed; and**
- b. obtain and review the required annual report of reimbursements and expenditures, including those noted above.**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland School for the Deaf (MSD) for the period beginning November 30, 2018 and ending January 31, 2023. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine MSD's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included procurements and disbursements, corporate purchasing cards, equipment, and payroll. We also determined the status of the finding contained in our preceding audit report.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of November 30, 2018 to January 31, 2023, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of MSD's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data) and the State's Central Payroll Bureau (payroll data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from these sources were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

MSD's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to MSD, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect MSD's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to MSD that did not warrant inclusion in this report.

MSD's response to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of

the Annotated Code of Maryland, we will advise MSD regarding the results of our review of its response.

APPENDIX

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January 9, 2024

Mr. Gregory Hook
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street
Suite 400
Baltimore, Maryland 21201

Dear Mr. Hook:

Enclosed please find the Agency Response Form for the Maryland School for the Deaf. The agency agrees with all findings and has either completed the recommended action or is in the process of completing the recommended actions.

Should you have any questions, please do not hesitate to contact either Ann Miller, 301-360-2010 or ann.miller@msd.edu or I, 301-360-2005 or john.serrano@msd.edu.

Sincerely,



John A. Serrano
Superintendent

Maryland School for the Deaf

Agency Response Form

Procurements and Disbursements

Finding 1

MSD did not always comply with State procurement regulations.

We recommend that MSD comply with State procurement regulations. Specifically, we recommend that MSD

- a. ensure contract deliverables are received before approving invoices for payment;
- b. obtain the aforementioned missing deliverables from the independent assessment consultant or pursue recovery of payments if the deliverables are not provided;
- c. document contract modifications and obtain required approvals;
- d. execute written contracts that include all relevant contract provisions;
- e. obtain DGS and BPW approval as required, including retroactive approval for the previously awarded unapproved sole source curriculum contract;
- f. publish contract solicitations and awards in *eMMA*; and
- g. solicit competitive bids when required and ensure contract bids are submitted via *eMMA* or adequately secured prior to being opened.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	MSD is taking steps to clean up procurement processes.		
Recommendation 1a	Agree	Estimated Completion Date:	February 2024
Please provide details of corrective action or explain disagreement.	Training of contract monitors in approving invoices and monitoring deliverables on contracts and ensure contract deliverables are received before approving invoices for payment		
Recommendation 1b	Agree	Estimated Completion Date:	September 2023
Please provide details of corrective action or explain disagreement.	Independent consultant provided deliverables in September 2023.		
Recommendation 1c	Agree	Estimated Completion Date:	Spring 2024

Maryland School for the Deaf

Agency Response Form

Please provide details of corrective action or explain disagreement.	MSD will require agency procurement staff take courses from the Office of State Procurement. This has already begun and will continue through the spring of 2024. It will also occur whenever a new procurement person is hired. We will document contract modifications and obtain required approvals.		
Recommendation 1d Please provide details of corrective action or explain disagreement.	Agree	Estimated Completion Date:	Fall 2024
MSD will request an additional PIN with the FY 2025 budget to assist in the paperwork required of multi-year solicitations for curriculum purchases. MSD currently only has one procurement officer and one agency buyer. To increase the volume of contracts MSD will require an additional person. In addition, the current procurement officer will take courses from the Office of State Procurement. We will execute written contracts that include all relevant contract provisions.			
Recommendation 1e Please provide details of corrective action or explain disagreement.	Agree	Estimated Completion Date:	Fall 2024
MSD has begun working with the Office of State Procurement on retroactive procurements.			
Recommendation 1f Please provide details of corrective action or explain disagreement.	Agree	Estimated Completion Date:	Fall 2023
MSD is now publishing contract awards in eMMA.			
Recommendation 1g Please provide details of corrective action or explain disagreement.	Agree	Estimated Completion Date:	Fall 2023
MSD is now receiving contract bids securely through eMMA.			

Maryland School for the Deaf

Agency Response Form

Finding 2

MSD's procurement and use of vendors for sign language interpreting services did not comply with State procurement regulations and did not ensure the services were received at the lowest price.

We recommend that MSD

- a. procure sign language interpreting services contracts in accordance with State procurement regulations (repeat);
- b. obtain control agencies' (DGS and BPW) approvals, as required (repeat), including retroactive approval for the above mentioned contract;
- c. ensure that the supervisory review of invoices is effectively conducted and determine if amounts were improperly paid, recouping any overpayments (including those noted above); and
- d. develop a methodology to independently ensure services are obtained at the lowest cost.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	MSD only completed half of the procurement process for the previous American Sign Language Interpreting contract. MSD is working to correct this error.		
Recommendation 2a	Agree	Estimated Completion Date:	Spring 2024
Please provide details of corrective action or explain disagreement.	MSD has submitted a solicitation request to the Office of State Procurement for an American Sign Language Interpreter contract. The process is taking longer than anticipated and MSD anticipates a new contract to be awarded in the spring of 2024.		
Recommendation 2b	Agree	Estimated Completion Date:	Summer 2024
Please provide details of corrective action or explain disagreement.	MSD is working with the Office of State Procurement on a retroactive procurement.		
Recommendation 2c	Agree	Estimated Completion Date:	Fall 2023
Please provide details of corrective action or explain disagreement.	MSD has assigned an independent person to review invoices for proper hourly rates and all approval documents. The past overpayment of \$5,933.00 has been recovered by the agency.		
Recommendation 2d	Agree	Estimated Completion Date:	Spring 2024

Maryland School for the Deaf

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Please provide details of corrective action or explain disagreement.	MSD will award the American Sign Language Interpreting contract to an interpreting agency with additional agencies on the contract should the lowest priced agency be unable to fill an interpreting job. MSD is expecting the amount expended on interpreters to increase with this new contract, due to the shortage of interpreters.
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Maryland School for the Deaf

Agency Response Form

Finding 3

MSD artificially split certain corporate purchasing card transactions, circumventing competitive procurement requirements and/or cardholder single transaction limits. Also, MSD could not document that it used available Level-3 detailed purchasing data to ensure the propriety of purchases as required.

We recommend that MSD comply with the *Manual* by ensuring

- a. corporate purchasing card transactions are not artificially split to circumvent established controls and competitive procurement requirements, and
- b. supervisors use available Level-3 data as a part of a documented monthly review to aid in the assessment of the propriety of purchases and payments.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	MSD purchased air purifiers and other COVID supplies in order to return students to in person instruction. MSD does not expect to operate in this type of situation again.		
Recommendation 3a	Agree	Estimated Completion Date:	Fall 2023
Please provide details of corrective action or explain disagreement.	MSD is now complying with all corporate purchasing card regulations		
Recommendation 3b	Agree	Estimated Completion Date:	Fall 2023
Please provide details of corrective action or explain disagreement.	MSD is reviewing and documenting the Level – 3 data.		

Maryland School for the Deaf

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Affiliated Foundation

Finding 4

MSD's memorandum of agreement (MOA) with its affiliated foundation was not sufficiently comprehensive, and reports of the foundation's financial activity were not submitted to MSD as required.

We recommend that MSD

- a. revise its MOA with the foundation to include details to ensure funds collected on behalf of MSD are properly safeguarded and used for the intended purpose, funds are distributed properly, and conflicts of interest are disclosed; and
- b. obtain and review the required annual report of reimbursements and expenditures, including those noted above.

Agency Response		
Analysis	<p>Please provide additional comments as deemed necessary.</p>	
Recommendation 4a	Agree	Estimated Completion Date: Spring 2024
Please provide details of corrective action or explain disagreement.	MSD's assistant attorney general is currently revising the original MOA between MSD and the MSD Foundation to ensure funds collected are properly safeguarded and used for the intended purpose, funds are distributed properly and conflicts of interest are disclosed.	
Recommendation 4b	Agree	Estimated Completion Date: Spring 2024
Please provide details of corrective action or explain disagreement.	MSD is working with the MSD Foundation to receive the financial statements.	

AUDIT TEAM

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