

**Status of Implementation of Corrective Actions to Address Repeat Findings and
Recommendation Identified by the Office of Legislative Audits**

State Government Article § 2- 1220(e)(4)

St. Mary's County Public Schools

October 2025



Phone: 301-475-5511 ext. 34136; Fax: 301-475-4228

St. Mary's County Public Schools

Division of Fiscal Services

23160 Moakley Street, Suite 107
Leonardtown, Maryland 20650

Ms. Tammy McCourt, CPA
Deputy Superintendent

October 31, 2025

The Honorable Shelly Hettleman
Chair, Joint Audit and Evaluation Committee
220 James Senate Office Building
11 Bladen Street
Annapolis, MD 21401

The Honorable Jared Solomon
Chair, Joint Audit and Evaluation Committee
312 Lowe House Office Building
6 Bladen Street
Annapolis, MD 21401

Re: State Government Article § 2- 1220(e)(4) (MSAR # 15495)

Dear Chair Hettleman and Chair Solomon:

Attached for your information is the status of implementation of corrective actions to address repeat findings and recommendations identified by the Office of Legislative Audits in the most recent audit conducted in accordance with State Government Article § 2- 1220.

As required, five color hard copies will be sent to the DLS Library and a copy will be placed on the St. Mary's County Public Schools website. If you have any questions or concerns with the enclosed information, please feel free to contact me at 301-475-5511, extension 34136.

Sincerely,

Tammy McCourt

Ms. Tammy McCourt, CPA
Deputy Superintendent
Fiscal and Supporting Services

Attachments

cc: Sarah Albert, Department of Legislative Services

St. Mary's County Public Schools
2020-2021 Financial Management Practices Audit
Management Update as of October 31, 2025

This communication is intended to provide an update on the actions St. Mary's County Public Schools has taken to address the findings resulting from the audit performed by the Maryland Office of Legislative Audits covering the period of 2020-2021.

Procurement and Disbursement Cycle

Recommendation 1: We recommend that SMCPs incorporate the aforementioned statutory requirement and other identified and acknowledged best practices into its procurement policies, and ensure that the performance of the requirement and best practices is documented when evaluating the participation in ICPAs.

Management's Response

SMCPs will develop a comprehensive checklist to be completed when obtaining goods or services under an ICPA. This checklist and supporting documentation will be maintained in the contract file.

SMCPs will modify the existing Regulation DJC-R (Procurement Methods) to include reference to the checklist as a mandatory component of the procurement process when goods or services are being obtained under an ICPA.

Status as of 6/23/2025: SMCPs has modified Regulation DJC-R (Procurement Methods) to incorporate the following language regarding the use of cooperative contracts:

Cooperative Purchasing Agreements / Contracts Established by Other Institutions or Agencies

SMCPs is encouraged to and may participate in, conduct, sponsor, or administer cooperative purchasing agreements, as long as the lead agency for the contract follows public bidding procedures. Further, SMCPs is encouraged to use contracts established by other institutions or agencies provided that the use of the contract is in the best interest of the school system, the contract was awarded after a public procurement process, and the terms of the applicable contract do not prohibit use by SMCPs.

The purpose of utilizing such agreements is to provide cost benefits, promote administrative efficiencies, and/or promote governmental cooperation. Prior to utilizing a Cooperative Purchasing Agreement or another agency's contract, the Purchasing Office will complete a written assessment of the benefits of using the agreement/contract. As part of this assessment, the Purchasing Office should perform the following as best practices:

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[Redacted text block]

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Information Technology

Recommendation 3: [Redacted text]

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Transportation

Recommendation 4: We recommend that SMCPs:

- A. Use actual documented maintenance costs, cost studies, or independently derived estimates for establishing contractor rates for per-mile maintenance costs (repeat);
- B. Document the reasonableness of the annual administrative costs paid to contractors (repeat); and

- C. Include provisions to audit the bus contractors in future contracts and use it to determine the actual cost of operating contractor buses.

Management's Response:

SMCPS determines the rates paid to contractors each year based upon multiple factors. Those factors include but are not limited to: data from publications, the Consumer Price Index (CPI) for Motor Vehicle Parts and Motor Vehicle Maintenance rates in the Washington DC/Baltimore Area, comparisons to the rates used by other LEAs, new school bus specification requirements, experience with school system owned buses, and available funding. The contractor payment formula for each school year, which includes the per mile maintenance rate for that year, receives final approval by the Board of Education at their first August meeting each school year.

4A. According to Government Fleet Magazine, the "Average Maintenance Cost Per Mile" for a similar Class B vehicle was:

Government Fleet Magazine Rate	SMCPS Rate
2015 \$0.84 per mile	FY15 \$.73 per mile
2016 \$0.96 per mile	FY16 \$.75 per mile
2017 \$0.91 per mile	FY17 \$.75 per mile
2018 \$1.10 per mile	FY18 \$.80 per mile
2019 \$1.26 per mile	FY19 \$.85 per mile

According to a 2011 Michigan School Business Officials' Bus Maintenance Cost report, the "Average Vehicle Maintenance Cost Per Bus" was \$14,189 in the 2009-2010 school year. The average daily miles of a SMCPS regular route bus is 100.17 miles per day. 100 miles x 181 Days x .88/mile (SMCPS FY21 Rate) is \$15,928.

During the previous three years the CPI for Motor Vehicle Parts and Motor Vehicle Maintenance rates have increased by an average of 2.03% per year.

In an October 2020 comparison to 15 other LEAs which use the formula payment, St. Mary's maintenance rate placed it 8th. Somerset had a low of \$.70 per mile, followed by Washington County with a \$.7603 per mile rate. Garrett County had the highest rate of \$1.06 per mile followed by Calvert County at \$.9894 per mile.

Taking all these items into account, SMCPS contends the maintenance rate paid to school bus contractors is appropriate, reasonable, and fair. SMCPS will ensure this annual review and analysis is documented for future audits.

Status as of 6/23/2025: The SMCPS Department of Transportation completes an annual review and analysis and maintains the results for documentation purposes. This analysis is available upon request.

4B. SMCPS implemented an Operation Cost payment to school bus contractors as a result of the first audit conducted by the Office of Legislative Audits (OLA) in 2008. The OLA report was issued in April 2009. The initial Operation Cost payment was set at \$450 per month, per bus, for 10 months for a total of \$4,500. This payment was established to cover a contractor's operational expenses for items such as management, mortgages, utilities, insurances, substitute drivers, taxes, and other various items not explicitly designated in the contractor formula. Prior to FY10, these items were incorporated into the Per Vehicle Allotment (PVA) payment.

The Operation Cost payment has been adjusted each year primarily based upon change in the consumer price index.

SMCPS contends the current operation fee paid to school bus contractors is appropriate, reasonable, and fair. SMCPS will ensure that an annual review and analysis is documented for future audits.

Status as of 6/23/2025: The operation fee was reviewed as part of the FY26 budget development process.

4C. SMCPS will work with legal consultation to review the contractual language for possible inclusion of audit capacity in contracts.

Status as of 6/23/2025: Draft language was reviewed by SMCPS staff, which included legal counsel, however the final determination by staff was that school bus contracts would not be modified to include the additional provisions.