

Howard County Public School System

Single Audit Report

June 30, 2020

Howard County Public School System

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Independent Auditor's Report on Compliance for Each Major Program;
Report on Internal Control over Compliance; and
Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Education
Howard County, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Howard County Public School System's ("HCPSS") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the HCPSS's major federal programs for the year ended June 30, 2020. The HCPSS's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the HCPSS's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the HCPSS's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the HCPSS's compliance.

Opinion on Each Major Federal Program

In our opinion, the HCPSS complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control over Compliance

Management of the HCPSS is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the HCPSS's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the HCPSS's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the HCPSS, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the HCPSS's basic financial statements. We issued our report thereon dated October 29, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements

or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CohnReznick LLP

Baltimore, Maryland
June 14, 2021

Howard County Public School System

Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through agency grant number	Passed through to subrecipients	Expenditures
<u>U.S. Department of Agriculture</u>				
<i>Child Nutrition Cluster (CFDA 10.553;10.555;10.556;10.559)</i>				
<i>Passed Through Maryland State Department of Education</i>				
School Breakfast Program	10.553	None provided	N/A	\$ 1,406,835
National School Lunch Program	10.555	None provided	N/A	4,116,419
National School Lunch Program - Non-Cash Commodities	10.555	None provided	N/A	990,838
Total National School Lunch Program				<u>5,107,257</u>
Summer Food Service Program for Children	10.559	None provided	N/A	2,189,461
Total Child Nutrition Cluster				<u>8,703,553</u>
Child and Adult Care Food Program	10.558	None provided	N/A	1,331,257
Total U.S. Department of Agriculture				<u>10,034,810</u>
<u>U.S. Department of Education</u>				
<i>Passed Through Maryland State Department of Education</i>				
Title 1 Grants to Local Educational Agencies				
FY17 Title I	84.010	17092301	N/A	(1,308)
FY18 Title I	84.010	18065601	N/A	21,623
FY19 Title I	84.010	18130401	N/A	1,543,526
FY20 Title I Supplemental	84.010	20093701	N/A	887,216
FY20 Title I	84.010	19062201	N/A	3,340,520
Total Title 1 Grants to Local Educational Agencies				<u>5,791,577</u>

Howard County Public School System

Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through agency grant number	Passed through to subrecipients	Expenditures
Special Education Cluster (IDEA) (CFDA 84.027; 84.173)				
<i>Passed Through Maryland State Department of Education</i>				
Special Education Grants to States				
FY18 I&T Part B 611	84.027	18021101	N/A	5,652
FY18 Passthrough	84.027	18043301	N/A	(17)
FY18 PPPS Passthrough	84.027	18043302	N/A	25,514
FY18 Early Childhood Implementation	84.027	18138801	N/A	31,306
FY18 Secondary Transition LIG	84.027	18149501	N/A	19,056
FY18 Access, Equity & Progress	84.027	18159501	N/A	48,061
FY19 Passthrough	84.027	19034101	N/A	447,855
FY19 PPPS Passthrough	84.027	19034102	N/A	294
FY19 SECAC	84.027	19034103	N/A	317
FY19 Family Support System	84.027	19034104	N/A	15,962
FY19 I&T Part B 611	84.027	19015501	N/A	43,114
FY19 Early Childhood LIR	84.027	19034105	N/A	37,833
FY19 Access, Equity & Progress	84.027	19034106	N/A	24,957
FY19 Secondary Transition	84.027	19034107	N/A	48,407
FY20 Passthrough	84.027	20027801	N/A	7,649,277
PPPS Passthrough	84.027	20027802	N/A	8,075
FY20 Part B 611 CCEIS	84.027	20027803	N/A	193,584
FY20 SECAC	84.027	20027804	N/A	222
Part B 611 Family Support Services	84.027	20027805	N/A	13,758
FY20 Part B 611 PLO Conference	84.027	20027806	N/A	3,464
FY20 I&T Part B 611	84.027	20036701	N/A	91,490
FY20 Early Childhood LIR	84.027	20117301	N/A	562
FY20 AEP LIR	84.027	20117302	N/A	15,758
Total Special Education Grants to States				<u>8,724,501</u>
Special Education Preschool Grants				
FY18 Preschool Passthrough	84.173	18043501	N/A	(1,441)
FY18 PPPS-Preschool	84.173	18043502	N/A	(12)
FY19 I&T Part B 619 Discretionary	84.173	19018401	N/A	2,261
FY19 I&T Part B 619 Extended	84.173	19018402	N/A	2
FY19 Preschool Passthrough	84.173	19026601	N/A	64,644
FY20 Preschool Passthrough	84.173	20026601	N/A	135,737
FY20 PPPS Preschool	84.173	20026602	N/A	596
FY20 I&T Part B 619 Discretionary	84.173	20044001	N/A	8,733
FY20 I&T Part B 619 Extended	84.173	20044002	N/A	12,098
Total Special Education Preschool Grants				<u>222,618</u>
Total Special Education Cluster				<u>8,947,119</u>

Howard County Public School System

Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through agency grant number	Passed through to subrecipients	Expenditures
<i>Passed Through Maryland State Department of Education</i>				
Special Education - Grants for Infants and Families				
FY18 I&T Part C	84.181	18034901	N/A	12,005
FY19 I&T Part C	84.181	19017001	N/A	28,228
FY19 I&T Part C Discretionary	84.181	19017002	N/A	49,333
FY20 I&T Part C	84.181	20046601	N/A	312,941
FY20 I&T Part C Discretionary	84.181	20046602	N/A	16,829
Total Special Education - Grants for Infants and Families				<u>419,336</u>
<i>Passed Through Maryland State Department of Education</i>				
Career and Technical Education - Basic Grants to States				
FY18 Perkins	84.048	18062501	N/A	(14,705)
FY19 Perkins	84.048	19040401	N/A	64,817
FY19 Apprenticeship Maryland	84.048	19158401	N/A	(3,340)
FY20 Perkins Reserve	84.048	20060501	N/A	19,354
Total Career and Technical Education - Basic Grants to States				<u>66,126</u>
Career and Technical Education - National Programs				
FY20 Perkins	84.051	20066401	N/A	253,775
FY20 Apprenticeship Maryland	84.051	20087901	N/A	10,351
Total Career and Technical Education - National Programs				<u>264,126</u>
<i>Passed Through Maryland State Department of Education</i>				
Education for Homeless Children and Youth				
FY19 Homeless Education Assistance Program	84.196	19113901	N/A	30,045
FY20 Homeless Education Assistance Program	84.196	20141201	N/A	18,330
Total Education for Homeless Children and Youth				<u>48,375</u>
<i>Passed Through Maryland State Department of Education</i>				
Twenty-First Century Community Learning Centers				
FY19 Bridges to Higher Learning	84.287	19101701	N/A	50,410
FY19 Bridges to Success	84.287	19102301	N/A	9,295
FY20 Bridges to Higher Learning	84.287	20086401	N/A	292,363
FY20 Bridges to Success	84.287	20086701	N/A	295,087
Total Twenty-First Century Community Learning Centers				<u>647,155</u>
<i>Passed Through Maryland State Department of Education</i>				
English Language Acquisition State Grants				
FY18 ELA	84.365	18041501	N/A	183,557
FY19 ELA	84.365	19037501	N/A	162,054
FY19 ELA Immigrant	84.365	19037502	N/A	8,419
Total English Language Acquisition State Grants				<u>354,030</u>
<i>Passed Through Maryland State Department of Education</i>				
Supporting Effective Instruction State Grants				
FY17 Title II	84.367	17097801	N/A	7,350
FY18 Title II-A	84.367	18125301	N/A	257,757
Title II-A	84.367	19137401	N/A	387,359
FY19 Title IIA Summer Workshop	84.367	19173301	N/A	2,884
FY20 Title IIA Teach to Lead	84.367	20088901	N/A	6,991
FY20 Title IIA	84.367	20105701	N/A	8,120
Total Supporting Effective Instruction State Grants				<u>670,461</u>

Howard County Public School System

Schedule of Expenditures of Federal Awards Year Ended June 30, 2020

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through agency grant number	Passed through to subrecipients	Expenditures
<i>Passed Through Maryland State Department of Education</i>				
Comprehensive Literacy Development				
FY18 Striving Readers Comprehensive Literacy	84.371	18176001	N/A	1,920
FY19 Striving Readers Comprehensive Literacy	84.371	19107201	N/A	557,521
FY20 Striving Readers Adolescent Literacy	84.371	20097801	N/A	8,375
FY20 Striving Readers Comprehensive Literacy	84.371	20124701	N/A	<u>247,378</u>
Total Comprehensive Literacy Development				<u>815,194</u>
<i>Passed Through Maryland State Department of Education</i>				
Statewide Longitudinal Data Systems				
FY18 SLDS Peer Collaborative Training	84.372	18086501	N/A	(100)
FY19 SLDS Peer Collaborative Training	84.372	19118701	N/A	<u>1,600</u>
Total Statewide Longitudinal Data Systems				<u>1,500</u>
<i>Passed Through Maryland State Department of Education</i>				
Student Support and Academic Enrichment Program				
FY18 Title IV, Part A	84.424	18112201	N/A	15,938
FY19 Title IV, Part A	84.424	19129701	N/A	115,467
FY20 Title IV, Part A	84.424	20157401	N/A	<u>102</u>
Total Student Support and Academic Enrichment Program				<u>131,507</u>
<i>Passed Through Maryland State Department of Education</i>				
Governor's Emergency Education Relief (GEER) Fund				
FY20 GEER Fund (COVID-19 funding)	84.425	20188701	N/A	359,512
Elementary and Secondary School Emergency Relief (ESSER) Fund				
FY20 ESSER (COVID-19 funding)	84.425	20179601	N/A	<u>4,067,921</u>
Total GEER and ESSER Fund				<u>4,427,433</u>
<i>Passed Through Maryland State Department of Education</i>				
Hurricane Education Recovery				
FY20 Emergency Impact Aid	84.938	20176001	N/A	<u>40,781</u>
<i>Impact Aid - Direct Award</i>				
Impact Aid	84.041	N/A	N/A	<u>100,153</u>
Total U.S. Department of Education				<u>22,724,873</u>
<u>U.S. Department of Health and Human Services</u>				
<i>Passed Through Maryland State Department of Education</i>				
Every Student Succeeds Act/Preschool Development Grants				
	93.434	20104801	N/A	<u>12,500</u>
Total U.S. Department of Health and Human Services				<u>12,500</u>
Total Passed Through Maryland State Department of Education				<u>22,737,373</u>
<u>U.S. Department of Justice - Direct Award</u>				
STOP School Violence Training and Technical Assistance Program				
FY20 STOP School Violence	16.839	20130034	N/A	<u>1,859</u>
Total U.S. Department of Justice				<u>1,859</u>
<u>U.S. Department of Defense - Direct Award</u>				
GenCyber Grants Program				
FY18 NSA GenCyber-JHES	12.903	08130029	N/A	(3,246)
FY19 NSA GenCyber-JHES	12.903	09130042	N/A	<u>29,505</u>
Total U.S. Department of Defense				<u>26,259</u>
Total Expenditures of Federal Awards				<u>\$ 32,800,301</u>

See Notes to Schedule of Expenditures of Federal Awards

Howard County Public School System

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2020**

Note 1 - Reporting entity

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Howard County Public School System ("HCPSS"), a component unit of Howard County, Maryland, under programs of the federal government for the year ended June 30, 2020.

Note 2 - Summary of significant accounting policies

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. This basis of accounting is fully described in the Summary of Significant Accounting Policies to HCPSS's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Because the Schedule presents only a selected portion of the operations of the HCPSS, it is not intended to and does not present the financial position, changes in net position, or cash flows of the HCPSS.

The value of food commodities donated by the United States Department of Agriculture (the "Department") is determined by the Department and is included in revenues and expenditures in the year received.

Note 3 - Relation to the financial statements and federal financial reports

Amounts reported in the Schedule agree with amounts reported in HCPSS's basic financial statements and the related federal financial reports submitted by HCPSS, except as indicated below.

Federal revenues per the financial statements are reconciled to the Schedule as follows:

Total federal revenues per financial statements	\$ 34,361,623
Federal revenues not included in the Schedule	
Medical assistance revenue	(1,345,864)
U.S. ROTC revenue	<u>(215,458)</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u><u>\$ 32,800,301</u></u>

Note 4 - Indirect cost rate

HCPSS has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Howard County Public School System
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

A. Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified opinion

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

<u>Name of federal program or cluster</u>	<u>CFDA number(s)</u>	<u>Expenditures</u>
Child Nutrition Cluster	10.553; 10.555; 10.556; 10.559	\$ 8,703,553
Child and Adult Care Food Program	10.558	1,331,257
Title I Grants to Local Educational Agencies	84.010	5,791,577
Education Stabilization Fund	84.425	<u>4,427,433</u>
		<u>\$ 20,253,820</u>

Dollar threshold used to distinguish between Type A and Type B programs: \$984,009

Auditee qualified as low-risk auditee: Yes X No

Howard County Public School System
Schedule of Findings and Questioned Costs
Year Ended June 30, 2020

B. Findings - Financial Statement Audit

2020-001 - Revenue Recognition - Material Weakness

Statement of Condition: The accounting records for the Restricted Programs Fund required numerous material adjustments to be proposed and recorded in order for the financial statements to be fairly presented in accordance with accounting principles generally accepted in the United States of America.

Criteria: Internal controls over financial reporting should exist to ensure that material misstatements are prevented or detected and corrected by management in a timely manner.

Cause: Management did not have a sufficient understanding over the terms of various grants and similar programs.

Effect: Management may produce interim or annual financial statements that are materially misstated.

Questioned Costs: None

This is a repeat finding from the prior audit.

Recommendations: We have the following recommendations related to the internal control processes that impact revenue recognition in the Restricted Programs Fund:

- We recommend that HCPSS ensure the individuals responsible for both the recording and approval processes related to revenue recognition in the Restricted Programs Fund have a sufficient understanding of the laws, agreements and accounting principles pertinent to the grants and similar programs associated with the fund.

View of Responsible Officials:

Overview Statement from the Responsible Officials:

Accounting and financial reporting processes and procedures will be established and documented to ensure the appropriate application of generally accepted accounting principles for the Restricted Programs Fund. This is a key responsibility of the Finance Coordinator and the new Accounting Analyst II position, which was recently filled.

2020-002 - Yearend Close Process - Material Weakness

Statement of Condition: There were multiple audit adjustments required to accounts that are reconciled and adjusted as part of the yearend close process. Additionally, HCPSS' financial statements were not finalized timely in relation to its external deadlines.

Criteria: Internal controls over financial reporting should exist to ensure for timely reporting of financial statements that are free from material misstatement.

Cause: The financial close process is not designed to prevent, detect and correct material misstatements or to produce complete, timely and accurate reports.

Howard County Public School System

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2020**

Effect: The lack of sufficiently designed and documented accounting policies and procedures related to the financial close and reporting process resulted in HCPSS not meeting its financial reporting requirements and in preparing draft financial statements that were not free from material misstatement.

Questioned Costs: None

This is a repeat finding from the prior audit.

Recommendations: We have the following recommendations to allow HCPSS to design and implement a sufficient yearend close process:

- The financial close process be formally documented, in a manner that is detailed and thorough, to be used to enhance the yearend closing process with regards to accuracy, efficiency and timeliness, as well as better prepare the Accounting Department in the event of significant employee turnover. This documented process should include formal review procedures performed by upper level management.

View of Responsible Officials:

The accounting office has been reorganized and procedures will be developed to ensure timely reconciliation. Staff is currently updating internal monthly and yearend closing procedures including checklists and will engage Enterprise Resource Planning experts to maximize the use of ERP functionality for closing period processes.

C. Findings and Questioned Costs - Major Federal Award Programs Audit

No matters were reported.



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