

Howard County Public School System

**Annual Financial Report
(Single Audit)**

June 30, 2019

Howard County Public School System

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Independent Auditor's Report on Compliance for Each Major Program and
on Internal Control over Compliance 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, 2019. 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, 2019.

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 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 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, 2019, and the related notes to the financial statements, which collectively comprise the HCPSS's basic financial statements. We issued our report thereon dated October 31, 2019, which contained unmodified opinions on those financial statements except for the governmental fund - general fund and aggregate remaining fund information which contained adverse opinions. 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
April 22, 2020

Howard County Public School System

Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

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>				
Child Nutrition Cluster (CFDA 10.553;10.555;10.556;10.559) <i>Passed Through Maryland State Department of Education</i>				
School Breakfast Program	10.553	None provided	N/A	\$ 1,798,880
National School Lunch Program	10.555	None provided	N/A	5,813,340
Summer Food Service Program for Children	10.559	None provided	N/A	252,778
Total Child Nutrition Cluster				7,864,997
Child and Adult Care Food Program	10.558	None provided	N/A	178,017
Total U.S. Department of Agriculture				8,043,015
<u>U.S. Department of Education</u>				
<i>Passed Through Maryland State Department of Education</i> <i>FY18 School Food Equipment</i>	10.579	18140001	N/A	47,112
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	2,237,909
FY18 Title I Focus	84.010	18130401	N/A	15,467
FY19 Title I	84.010	19062201	N/A	3,435,126
Total Title 1 Grants to Local Educational Agencies				5,689,809
Special Education Cluster (IDEA) (CFDA 84.027;84.173)				
Special Education Grants to States				
<i>Passed Through Maryland State Department of Education</i>				
FY17 PPPS Passthrough	84.027	17011602	N/A	12,606
FY18 I&T Part B 611	84.027	18021101	N/A	10,880
FY18 Passthrough	84.027	18043301	N/A	339,904
FY18 PPPS Passthrough	84.027	18043302	N/A	(18,447)
FY18 SECAC	84.027	18043303	N/A	838
FY18 Local Priority Flexibility	84.027	18043304	N/A	81,819
FY18 Secondary Transition	84.027	18043307	N/A	14,934
FY18 CR Passthrough (inactive)	84.027	18092901	N/A	33,773
FY18 CR PPPS Passthrough (inactive)	84.027	18092902	N/A	187
FY18 Early Childhood Implementation	84.027	18138801	N/A	43,694
FY18 Access, Equity & Progress	84.027	18159501	N/A	19,852
FY19 Passthrough	84.027	19034101	N/A	9,051,719
FY19 PPPS Passthrough	84.027	19034102	N/A	34,915
FY19 SECAC	84.027	19034103	N/A	371
FY19 Family Support System	84.027	19034104	N/A	1,000
FY19 I&T Part B 611	84.027	19015501	N/A	104,229
FY19 Early Childhood LIR	84.027	19034105	N/A	49,741
FY19 Access, Equity & Progress	84.027	19034106	N/A	45,514
FY19 Secondary Transition	84.027	19034107	N/A	10,422
Special Education Preschool Grants				
<i>Passed Through Maryland State Department of Education</i>				
FY17 PPPS-Preschool	84.173	17026202	N/A	29
FY18 I&T Part B 619 Discretionary	84.173	18017301	N/A	5,363
FY18 I&T Part B 619 Extended	84.173	18017302	N/A	(13)
FY18 Preschool Passthrough	84.173	18043501	N/A	100,405
FY18 PPPS-Preschool	84.173	18043502	N/A	28
FY19 I&T Part B 619 Discretionary	84.173	19018401	N/A	6,739
FY19 I&T Part B 619 Extended	84.173	19018402	N/A	12,003
FY19 Preschool Passthrough	84.173	19026601	N/A	202,107
FY19 PPPS Passthrough	84.173	19026602	N/A	596
Total Special Education Cluster (IDEA)				10,165,209

Howard County Public School System

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through agency grant number	Passed through to subrecipients	Expenditures
Career and Technical Education - Basic Grants to States				
<i>Passed Through Maryland State Department of Education</i>				
FY18 Perkins	84.048	18062501	N/A	18,236
FY19 Perkins	84.048	19040401	N/A	267,622
FY19 Perkins Reserve	84.048	19045301	N/A	36,408
FY19 CISCO Cyber	84.048	19149101	N/A	1,627
FY19 Apprenticeship Maryland	84.051	19158401	N/A	3,340
Total Career and Technical Education - Basic Grants to States				<u>327,232</u>
Special Education - Grants for Infants and Families				
<i>Passed Through Maryland State Department of Education</i>				
FY18 I&T Part C	84.181	18034901	N/A	107,183
FY18 I&T Part C Discretionary	84.181	18034902	N/A	30,818
FY19 I&T Part C	84.181	19017001	N/A	303,900
FY19 I&T Part C Discretionary	84.181	19017002	N/A	667
Total Special Education - Grants for Infants and Families				<u>442,569</u>
Education for Homeless Children and Youth				
<i>Passed Through Maryland State Department of Education</i>				
FY18 Homeless Education Assistance Program	84.196	18134801	N/A	55,711
FY19 Homeless Education Assistance Program	84.196	19113901	N/A	54,881
Total Education for Homeless Children and Youth				<u>110,592</u>
Twenty-First Century Community Learning Centers				
<i>Passed Through Maryland State Department of Education</i>				
FY18 Bridges over Cradlerock	84.287	18107201	N/A	11,176
FY18 Bridges over Wilde Lake	84.287	18110001	N/A	15,942
FY18 Columbia Bridges	84.287	18111301	N/A	8,783
FY19 Bridges to Success	84.287	19102301	N/A	335,528
FY19 Bridges to Higher Learning	84.287	19101701	N/A	271,109
Total Twenty-First Century Community Learning Centers				<u>642,538</u>
English Language Acquisition State Grants				
<i>Passed Through Maryland State Department of Education</i>				
FY17 ELA	84.365	17066601	N/A	64,412
FY18 ELA	84.365	18041501	N/A	188,857
FY19 ELA	84.365	19037501	N/A	11,497
Total English Language Acquisition State Grants				<u>264,766</u>
Supporting Effective Instruction State Grants				
<i>Passed Through Maryland State Department of Education</i>				
FY17 Title II	84.367	17097801	N/A	285,174
FY18 Title II-A	84.367	18125301	N/A	436,394
FY18 Title IIA Summer Symposia	84.367	18181201	N/A	11,120
FY19 Title II-A	84.367	19137401	N/A	77,630
Total Supporting Effective Instruction State Grants				<u>810,319</u>
Striving Readers Comprehensive Literacy				
<i>Passed Through Maryland State Department of Education</i>				
FY18 Striving Readers Comprehensive Literacy	84.371	18176001	N/A	698,080
FY19 Striving Readers Comprehensive Literacy	84.371	19107201	N/A	16,578
Total Striving Readers Comprehensive Literacy				<u>714,658</u>
Statewide Longitudinal Data Systems				
<i>Passed Through Maryland State Department of Education</i>				
FY18 SLDS Peer Collaborative Training	84.372	18086501	N/A	511
FY18 Open Educational Resource	84.372	18148401	N/A	21,602
FY19 Inspired Designers Summer Workshop	84.372	19080301	N/A	6,578
FY19 Inspired Designers Resource Writers	84.372	19111501	N/A	5,833
FY19 SLDS Peer Collaborative Training	84.372	19118701	N/A	1,455
FY19 SLDS Peer Collaborative-CES	84.372	19074201	N/A	199
Total Statewide Longitudinal Data Systems				<u>36,177</u>

See Notes to Schedule of Expenditures of Federal Awards

Howard County Public School System
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal grantor/pass-through grantor/program or cluster title	Federal CFDA number	Pass-through agency grant number	Passed through to subrecipients	Expenditures
Student Support and Academic Enrichment Program				
<i>Passed Through Maryland State Department of Education</i>				
FY18 Title IV, Part A	84.424	18112201	N/A	111,552
FY19 Title IV, Part A	84.424	19129701	N/A	136,630
Total Student Support and Academic Enrichment Program				<u>248,183</u>
Child Care and Development Block Grant Cluster (93.575;93.596)				
<i>Passed Through Department of Health and Human Services</i>				
FY19 CCSSO Network Improvement Community	93.575	19150501	N/A	29,493
Total Passed Through Maryland State Department of Education				<u>19,528,656</u>
Impact Aid				
Direct Award	84.041	N/A	N/A	194,194
Total U.S. Department of Education				<u>19,722,850</u>
National Security Agency				
Direct Award				
FY18 NSA GenCyber-JHES	12.903	N/A	N/A	35,132
FY19 NSA GenCyber-JHES	12.903	N/A	N/A	1,158
Total National Security Agency				<u>36,290</u>
Total Expenditures of Federal Awards				<u>\$ 27,802,154</u>

See Notes to Schedule of Expenditures of Federal Awards

Howard County Public School System

**Notes to Schedule of Expenditures of Federal Awards
June 30, 2019**

Note 1 - Reporting entity

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant 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, 2019.

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"), wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Schedule has been prepared using 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. 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	\$ 30,510,887
Federal revenues not included in the Schedule	
Medical assistance revenue	(2,458,973)
U.S. ROTC revenue	<u>(249,760)</u>
Total federal revenues per Schedule of Expenditures of Federal Awards	<u>\$ 27,802,154</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, 2019

A. Summary of Auditor's Results

Financial Statements

Unmodified,
except for
Governmental Fund
- General Fund and
the Aggregate
Remaining Fund
Information which
were issued adverse
opinions

Type of auditor's report issued on the financial statements:

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 programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 Yes X No

Howard County Public School System

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Identification of major programs:

<u>Name of federal program or cluster</u>	<u>CFDA number(s)</u>	<u>Expenditures</u>
Special Education Cluster (IDEA)	84.027, 84.173	\$ 10,165,209
Special Education - Grants for Infants and Families	84.181	442,569
Twenty-First Century Community Learning Centers	84.287	<u>642,538</u>
		<u><u>\$ 11,250,316</u></u>

Dollar threshold used to distinguish between Type A and Type B programs:

\$834,065

Auditee qualified as low-risk auditee:

 Yes X No

Howard County Public School System
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

B. Findings - Financial Statements Findings

2019-001 - 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 similar to a 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.
- We recommend that, no less than quarterly, HCPSS review the activity recorded to each grant or similar program and reconcile it to related grant reimbursement or funding requests. We recommend that the review and reconciliation process be documented.

View of Responsible Officials:

Overview Statement from the Responsible Officials:

During the audit period, HCPSS experienced a high rate of staff turnover for its fiscal management functions. Several key positions were vacant or vacated during this audit period. The absence of crucial fiscal management positions brought to the district management's attention underlying concerns with the fiscal management control environment and the organizational structure. Management acknowledges that there have been material weaknesses and has developed a corrective action plan.

This corrective action plan generally addresses the three findings identified in the audit report. A summary of the action plan applicable to all findings and recommendation is only included in the first finding to avoid repetition. Under the response for each finding, management has included additional information specific to understanding the finding and the actions that will be taken to implement the audit recommendation. Overall, management accepts all of the recommendations and thanks the audit team for their exceptional work in identifying areas to enhance the District's fiscal stewardship.

Howard County Public School System
Schedule of Findings and Questioned Costs
Year Ended June 30, 2019

In August 2019, the Superintendent reorganized the business functions of the school system to begin strengthening the fiscal management environment with a focus to improve accountability and to build sustainability in the system's business operations. First, a comprehensive organizational restructuring was implemented for the budget and finance functions. This restructuring aims to establish clearer alignment of the budget and finance work programs. The goal is to enhance the District's budget planning, accounting, fiscal oversight, and financial stewardship. To that end, the technology function, which was with the Finance function, has been reassigned to a different management team. In addition, a Chief Administrative Officer ("CAO") position was created. This position reports directly to the Superintendent and has oversight of the budget and finance teams. The budget neutral reorganization enabled the CAO to add capacity within the budget and finance positions, including filling two separate leadership roles - one to oversee budget and one to oversee accounting and payroll.

The second part of the action plan is a fundamental review of the budget and finance work processes, policies, and procedures. Expertise in the area of public school financial management will be sought to guide the District's process improvement according to national best practices and accounting standards. The objective is to ensure the necessary work programs, staffing levels, designation of duties, and policies and procedures are in place for sound fiscal management, use of generally accepted accounting principles, and effective staff training.

View of Responsible Officials Pertaining to 2019-001

HCPSS does not disagree with this finding and accepts both recommendations. The grants management work program is being reviewed by the CAO. Appropriate policies, procedures, and trainings will be adopted to ensure effective performance and timely reconciliation, review, and reporting for all grants.

2019-002 - 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, the 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 of 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.

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. Material misstatements were noted in the General Fund.

Questioned Costs: None

Howard County Public School System

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

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

- HCPSS should fill all open accounting, budgeting, and financial reporting related positions with qualified candidates as soon as possible;
- HCPSS should incorporate a position above the Accounting Manager whose responsibilities include supervising and reviewing the yearend financial close process to ensure that significant errors occurring in the preparation process are caught in a timely manner;
- The HCPSS should ensure the accounting department is adequately staffed with qualified personnel so that upper level management doesn't have to step into the preparer role, and can adequately review the closing process results;
- 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.

View of Responsible Officials:

HCPSS does not disagree with this finding and accepts all four recommendations. As noted in the Overview Statement, the accounting function was significantly impacted by staff turnover. To ensure continuity of service and an effective year-end close process, HCPSS will review all existing practices and adopt the necessary policies, procedures, and trainings to ensure best accounting practices are followed.

2019-003 - Internal Service Fund Accounting - Material Weakness

Statement of Condition: It was determined that material adjustments to the accounting records would be needed to report in accordance with generally accepted accounting principles.

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 of various accounting principles that impact internal service fund accounting and financial reporting.

Effect: Management has produced financial statements that are not in accordance with accounting principles generally accepted in the United States of America resulting in an adverse opinion on the General Fund and Aggregate Remaining Fund Information opinion units.

Questioned Costs: None

Recommendations: We recommend that HCPSS hire additional resources to implement all generally accepted accounting principles applicable to internal service funds. This includes, but is not limited to:

- Accounting principles regarding establishing amounts that the internal service funds charge other user funds

Howard County Public School System

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

- Accounting principles regarding recovering deficits when charges to other funds do not recover the operating expenses of an internal service fund
- Formalize a plan to eliminate the deficit in the Health and Dental Fund in a reasonable time frame
- Accounting principles regarding the maintenance of interfund balances
- Accounting principles regarding the presentation of charges to user funds in excess of operating expenses and provisions for catastrophe losses

View of Responsible Officials:

HCPSS does not disagree with this finding and accepts all five recommendations. Ensuring generally accepted accounting principles are followed in the Internal Service Funds will help address this finding as well as the factors discussed by management in the Overview Statement. However, the deficit net position balance at June 30, 2019 in the Health and Dental Fund is a result of several years of underfunding for health care costs. HCPSS has initiated efforts to contain the growth of the deficit. Specifically:

- The Board of Education ("BOE") reduced spending in other budget areas to fund current year health care costs for the FY19 and FY20 budgets;
- The Superintendent has committed to keep spending freezes in effect to generate savings that can be applied to pay down the deficit incrementally; and
- The Superintendent intends to bring forward at the November 7, 2019 BOE meeting and a subsequent County Council meeting, a request to use the entire unassigned General Fund balance to reduce the deficit. This will reduce the deficit from \$39.2 million to \$24.0 million, a significant reduction for a debt that accrued over numerous fiscal years.

HCPSS will continue to use these three strategies until the budget deficit is eliminated. HCPSS will also request the use of any available one-time funds from Howard County Government to help eliminate the deficit. Unfortunately, due to the variable nature of the annual yearend and turnover savings, HCPSS cannot commit to specific dollar amounts that will be used to reduce the deficit each year. Finally, eliminating the deficit is the first measure to stabilize the Health and Dental Funds. Therefore, HCPSS will undertake additional measures such as establishing fund balance and reserve policies to ensure the fund is sustainably managed.

C. Findings and Questioned Costs for Federal Awards

No matters were reported.

Howard County Public School System
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2019

Finding 2018-001

Condition - The accounting department does not prepare periodic aging analyses of accounts receivable balances in the Restricted Programs Fund, nor is a review of such balances performed by a member of management. Therefore, such balances are not identified in a timely manner.

Status - Cleared



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