

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
Ellicott City, Maryland**

**REPORT ON SINGLE AUDIT  
June 30, 2015**

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**Independent Auditors' Report on Internal Control Over Financial Reporting and  
on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

Members of the Board of  
Education of Howard County  
Ellicott City, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Howard County Public School System (HCPSS), a component unit of Howard County, Maryland as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements, and have issued our report thereon dated September 29, 2015.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered HCPSS's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of HCPSS's internal control. Accordingly, we do not express an opinion on the effectiveness of HCPSS's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-001 that we consider to be a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether HCPSS's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the HCPSS's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HCPSS's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.**CliftonLarsonAllen LLP**

Baltimore, Maryland

September 29, 2015

**Independent Auditors' Report on Compliance with Requirements That  
Could Have a Direct and Material Effect on Each Major Federal Program and on  
Internal Control over Compliance and on the Schedule of Expenditures of Federal Awards  
in Accordance with OMB Circular A-133**

Members of the Board of  
Education Howard County  
Ellicott City, 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 Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the System's major federal programs for the year ended June 30, 2015. HCPSS's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 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 HCPSS's compliance.

***Opinion on Each Major Federal Program***

In our opinion, 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, 2015.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 2015-003. Our opinion on each major federal program is not modified with respect to this matter.

HCPSS's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. HCPSS's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Report on Internal Control Over Compliance***

Management of 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 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 OMB Circular A-133, 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 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 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, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-002 through 2015-005 that we consider to be a significant deficiencies.

HCPSS' responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. HCPSS's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of HCPSS as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise HCPSS's basic financial statements. We issued our report thereon dated September 29, 2015, 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 OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland

December 16, 2015, except for the Schedule of Expenditures of Federal Awards  
which is dated September 29, 2015

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2015**

<u>Federal Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Agency Grant Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>
United States Department of Agriculture				
Passed Through Maryland State Department of Education				
<i>Child Nutrition Cluster</i>				
School Breakfast Program	10.553			\$ 1,076,235
National School Lunch Program	10.555			4,627,232
National School Lunch Program - Non-Cash Commodities	10.555			730,983
Summer Food Service Program for Children	10.559			30,416
				<u>6,464,866</u>
At-Risk Meals & Suppers	10.558			91,726
				<u>91,726</u>
United States Department of Education				
Passed Through Maryland State Department of Education				
FY14 Title I	84.010	14447801	\$ 3,610,044	1,088,594
FY14 Title I Focus Grant	84.010	14484301	279,650	257,631
FY14 Title I, Target Assistance	84.010	14515401	76,000	54,169
FY15 Title 1, Special LEA	84.010	15433301	150,000	150,000
FY15 TITLE I	84.010	15436301	3,953,420	2,619,060
FY15 Title I Focus Grant	84.010	15516701	281,500	115,066
FY15 Title I, Target Assistance	84.010	15523101	96,965	42,414
FY15 Special LEA Focus	84.010	15566301	117,298	-
				<u>4,326,934</u>
<i>Special Education Cluster</i>				
FY13 Infants/Toddlers Pt B	84.027	13436702	44,951	-
FY13 Expanding Bridges	84.027	13487901	637,331	241,331
FY14 Passthrough	84.027	14419301	8,004,152	166,924
FY14 PPPS-Passthrough	84.027	14419302	49,159	39,820
FY14 SECAC	84.027	14419305	2,500	369
FY14 Local Priority	84.027	14419306	185,513	66,565
FY14 B611 Discretionary	84.027	14419401	317,502	71,007
FY14 I/T Part B	84.027	14422602	45,510	19,110
FY14 I/T Ext IFSP	84.027	14422605	80,815	-
FY14 MOE Part A	84.027	14514101	2,434	-
FY14 MOE Part B	84.027	14514102	15	-
FY14 Discretionary Part B	84.027	14524201	107,604	98,762
FY14 IDEA Pt B611 Discretionary	84.027	14528201	51,174	47,206
FY15 Passthrough	84.027	15418901	8,421,573	8,404,621
FY15 PPPS Passthrough	84.027	15418902	37,232	24,676
FY15 SECAC	84.027	15418905	2,500	2,454
FY15 Local Priority	84.027	15418906	187,532	97,707
FY15 I&T Part B	84.027	15423602	152,430	65,021
FY15 R4K-Part B611	84.027	15534501	13,617	10,511
FY15 NCSC	84.027	15555701	37,516	16,519
FY13 Pre-School Pass	84.173	13427003	258,912	-
FY14 Preschool Passthrough	84.173	14419303	256,834	14,263
FY14 PPPS-Preschool	84.173	14419304	1,478	-
FY14 B619 Discretionary	84.173	14419402	3,680	-
FY14 I/T Prt B-619	84.173	14422603	9,000	17
FY14 MMSR-Federal	84.173	14455902	8,575	5,369

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2015**  
(Continued)

<u>Federal Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Agency Grant Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>
United States Department of Education - Continued				
Passed Through Maryland State Department of Education - Continued				
<i>Special Education Cluster - Continued</i>				
FY15 Preschool Passthrough	84.173	15418903	\$ 256,138	\$ 248,707
FY15 PPPS-Preschool	84.173	15418904	2,174	-
FY15 I&T Part B619	84.173	15423603	9,000	9,000
FY15 R4K-Part B619	84.173	15534502	13,659	450
				<u>9,650,409</u>
FY14 Perkins	84.048	14467701	325,320	-
FY14 Perkins CTE	84.048	14467801	39,802	-
FY15 Perkins	84.048	15466901	296,460	289,666
FY15 Perkins CTE Reserve	84.048	15485801	39,882	39,882
				<u>329,548</u>
<i>Grants for Infants and Families</i>				
FY13 Infant/Toddlers Pt C	84.181	13436701	260,915	-
FY14 I/T Part C	84.181	14422601	264,160	38,899
FY15 I&T Part C	84.181	15423601	264,915	217,431
				<u>256,330</u>
FY14 Educating Homeless Children	84.196	14484701	78,850	23,132
FY15 Educating Homeless Children	84.196	15537601	82,374	37,744
				<u>60,876</u>
FY14 Bridges OEHC	84.287	14461301	280,143	20,216
FY14 Bridges over Wilde Lake	84.287	14461601	334,927	13,680
FY14 Columbia Bridges	84.287	14463902	308,397	41,954
FY14 Bridges over Cradlerock	84.287	14470202	314,290	62,437
FY15 Columbia Bridges	84.287	15502001	329,733	284,375
FY15 Bridges over Cradlerock	84.287	15502401	329,733	292,352
FY15 Bridges over Wilde Lake	84.287	15502701	292,400	260,665
FY15 Bridges OEHC	84.287	15503001	353,840	300,805
				<u>1,276,484</u>
FY13 ELA	84.365	13421801	405,149	96,236
FY13 ELA-Immigrant Act	85.365	13421802	9,837	8,992
FY14 ELA	86.365	14458701	338,978	138,910
FY14 ELA-Immigrant	84.365	14458702	6,239	780
FY15 English Lang Acquisition	84.365	15443301	343,306	76,556
				<u>321,474</u>
FY14 Title II Pt B Math/Sci	84.366	14525401	335,473	309,614
				<u>309,614</u>
FY13 Title II	84.367	13459502	965,327	142,416
FY14 Title IIA	84.367	14477101	925,663	423,657
FY15 Title II	84.367	15494101	918,397	378,833
				<u>944,906</u>

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2015**  
(Continued)

<u>Federal Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Agency Grant Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>
United States Department of Education - Continued				
Passed Through Maryland State Department of Education - Continued				
ARRA Race to the Top Cluster				
FY12 RTTT- STEM ELM Eng	84.395	11575101	\$ 229,614	\$ 22,344
FY12 RTTT- Project 2	84.395	11575102	63,747	8,515
FY12 RTTT Project 4	84.395	11575104	74,161	-
FY12 RTTT Project 5	84.395	11575105	87,846	11,913
FY12 RTTT Project 6	84.395	11575106	9,846	8
FY12 RTTT Project 7	84.395	11575107	39,782	-
FY12 RTTT Project 8	84.395	11575108	178,462	163,810
FY13 RTTT Project 9	84.395	11575109	120,399	18,784
FY13 RTTT- Ed. Effect	84.395	13531001	210,900	-
FY13 RTTT- Teacher Induction	84.395	13531002	4,500	-
FY14 RTTT-ESOL #1	84.395	14446501	39,999	10,003
FY14 RTTT Spanish After School	84.395	14482201	2,788	-
FY14 RTTT K-5 Mandarin	84.395	14482301	6,364	-
FY14 RTTT-Tchr/Prclpl Eval	84.395	14494601	46,457	-
FY14 RTTT Project 42	84.395	14516601	29,962	-
FY14 RTTT - College and Career	84.395	14538401	22,726	22,726
FY14 RTTT-Teacher Induction Ac	84.395	14538402	2,000	2,000
FY15 RTTT World Lang Academies	84.395	15447901	3,095	3,095
FY15 RTTT Promising Principal	84.395	15460201	2,958	2,591
FY15 RTTT LEA Assessment	84.395	15463101	894,123	894,123
FY15 RTTT STEM Subs	84.395	15525301	2,975	2,975
FY15 RTTT STEM Stipends	84.395	15525302	3,000	3,000
FY15 RTTT Teacher/Principal Ev	84.395	15531001	193,000	192,730
FY15 EIS Scanners	84.395	15542201	1,200	850
FY15 College & Career	84.395	15563901	57,650	28,904
				<u>1,388,371</u>
FY14 RTTT Early Childhood Ad Cnl	84.412	14511801	43,626	32,292
FY15 RTTT-Early Learning	84.412	15449002	26,246	26,246
FY15 Making Access Happen	84.412	15521301	7,013	1,932
FY15 R4K-ELC/RTTT	84.412	15534503	9,078	402
				<u>60,872</u>
FY14 MMSR-Getting Ready	93.575	14455903	66,040	16
				<u>16</u>
<i>Total Passed Through Maryland State Department of Education</i>				<u>18,925,834</u>

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2015**  
(Continued)

<u>Federal Program Title</u>	<u>Federal CFDA Number</u>	<u>Passthrough Agency Grant Number</u>	<u>Program/ Award Amount</u>	<u>Expenditures</u>
<i>United States Department of Education - Direct Awards</i>				
Impact Aid	84.041	30-MD-0501	\$ -	\$ 162,583
FY11 Teaching American History	84.215	01130014	999,445	<u>92,559</u>
<i>Total United States Department of Education - Direct Awards</i>				<u>255,142</u>
<i>National Institute of Standards and Technology - Direct Award</i>				
FY15 NIST Grant	11.609	04130001	2,000	<u>2,000</u>
<i>Total National Institute of Standards and Technology</i>				<u>2,000</u>
 <i>Department of Defense - Direct Award</i>				
FY14 NSA-Robotics-AHS	12.901	04130006	10,000	-
FY14 NSA-ARML	12.901	04130007	3,190	1
FY14 NSA StarTalk	12.901	04130017	84,935	59,909
FY14 NSA-FIRST AHS	12.901	04130023	10,000	10,000
FY15 NSA-ARML	12.901	05130012	3,190	3,190
FY15 NSA StarTalk	12.901	05130013	84,416	38,498
FY15 NSA-NCTM	12.901	05130014	15,990	<u>12,149</u>
<i>Total Department of Defense</i>				<u>123,747</u>
<b>Total Federal Programs</b>				<u><u>\$ 25,863,315</u></u>

The accompanying notes are an integral part of this schedule.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2015**

**NOTE 1 – REPORTING ENTITY**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Howard County Public School System (HCPSS) for the year ended June 30, 2015.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards 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.

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 FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS**

Amounts reported in the accompanying Schedule of Expenditures of Federal Awards 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 of Expenditures of Federal Awards as follows:

**Revenues per Statement of Revenues, Expenditures  
and Changes in Fund Balances - Governmental Funds**

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Federal Revenue	\$	26,096,527
Less: Federal revenue not reported in the Schedule of Expenditures of Federal Awards:		
Revenue from U.S. ROTC		(233,212)
<b>Expenditures per Schedule of Expenditures of Federal Awards</b>	<b>\$</b>	<b>25,863,315</b>

This information is an integral part of the accompanying schedule.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**Section I - Summary of Independent Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____	X	No
Significant deficiency(ies) identified that is (are) not considered to be a material weakness.	_____	X	Yes	_____	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 that is (are) not considered to be a material weakness.	_____	X	Yes	_____	None reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	_____	X	Yes	_____	No
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**Identification of Major Programs**

Name of Federal Program or Cluster	CFDA Number(s)				
Child Nutrition Cluster Title I	10.555, 10.553, 10.559 84.010				
Dollar threshold used to distinguish between type A and type B programs	<u>\$ 775,899</u>				
Auditee qualified as low-risk auditee?	_____	X	Yes	_____	No

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

**Section II—Financial Statement Findings**

**Finding Reference: 2015-001**

***Condition/Context***

We discovered an error related to deferred revenue for grants resulting in net overstatement of unearned revenue.

***Criteria***

HCPSS should have procedures and controls in place to identify any grants that were closed during the current or previous year to ensure the accruals and deferrals related to these grants is properly adjusted at year end. Management’s review of the grant listing should include procedures to verify the amounts were properly adjusted.

***Cause***

The grant listing provided during the audit testing contained end of year accruals and deferrals related to grants for which the grant period had ended and closed during the current or previous years and all reimbursements had been received. The review of the grant listing did not identify the error.

***Effect***

An adjusting journal entry was required to be made to adjust the unearned revenue and related revenue account.

***Recommendation***

We recommend that management review the existing policies and procedures related to grant recording and make the necessary modifications to ensure that all accruals and deferrals related to grants are properly adjusted at year end and that the review of the grant listing include procedures to ensure that accruals and deferrals for closed grants are properly adjusted at year end.

***Views of Responsible Management Official and Corrective Action Plan***

Management concurs with this finding and has taken corrective action. The error noted resulted from turn-over in staff and a gap in the transition of responsibilities. Management has implemented proper procedures and controls to prevent any future occurrence of this error.

**Section III—Federal Award Findings and Questioned Costs**

**Finding Reference: 2015-002**

<b>Federal Agency:</b>	U.S. Department of Agriculture
<b>CFDA-Federal Program:</b>	10.553, 10.555, 10.559 – Child Nutrition Cluster
<b>Compliance Requirement:</b>	Suspension and Debarment
<b>Type of Finding:</b>	Significant Deficiency in Internal Control
<b>Year:</b>	2015

***Condition/Context***

For two of two vendor contracts selected for testing, HCPSS did not properly verify that the vendor was not suspended or debarred from receiving federal funds.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

***Criteria***

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the SAM.gov website (System for Award Management), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

***Questioned Costs***

There are no questioned costs related to this finding as the vendors were not federally suspended or debarred.

***Cause***

HCPSS did not perform a verification of suspension and debarment of the potential award vendors as part of their procurement process.

***Effect***

HCPSS is not in compliance with federal suspension and debarment requirements for procurement contracts of goods and services.

***Recommendation***

We recommend that HCPSS enhance its policies and procedures to ensure that the required suspension and debarment verifications are performed for vendors with contracts that are expected to equal or exceed the \$25,000 threshold.

***Views of Responsible Officials and Corrective Action Plan***

Management concurs with this recommendation. The Procurement Office has already taken the suggested steps noted above to ensure compliance. Anticipated completion date of the corrective action plan is FY2016.

**Finding Reference: 2015-003**

<b>Federal Agency:</b>	U.S. Department of Agriculture
<b>CFDA-Federal Program:</b>	10.553, 10.555, 10.559 – Child Nutrition Cluster
<b>Compliance Requirement:</b>	Payroll Expenditures
<b>Type of Finding:</b>	Significant Deficiency in Internal Control, Noncompliance
<b>Year:</b>	2015

***Condition/Context***

We noted one instance where an employee was paid for one hour more than the time reported on their timecard due to incorrect keying of the timecard into the payroll system.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

***Criteria***

The A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

***Questioned Costs***

\$16.87 represents the overpayment of one hour of time for this employee.

***Cause***

Management review did not discover the keying error resulting from manual entry of timecards into the payroll system.

***Effect***

One hour of unsupported time was charged to the federal program.

***Recommendation***

We recommend that management review its procedures and make changes as necessary to ensure that employee time worked is accurately recorded in the payroll system to ensure employees are paid the correct amount.

***Views of Responsible Officials and Corrective Action Plan***

Management is implementing a new system that will automate time keeping and payroll, which will be in place April 2016. This new system eliminates all manual timecard entry which will ensure accuracy in the future.

**Finding Reference: 2015-004**

<b>Federal Agency:</b>	U.S. Department of Agriculture
<b>CFDA-Federal Program:</b>	10.553, 10.555, 10.559 – Child Nutrition Cluster
<b>Compliance Requirement:</b>	Cash Management
<b>Type of Finding:</b>	Significant Deficiency in Internal Control
<b>Year:</b>	2015

***Condition/Context***

For three out of three months selected for testing, no formal review of claims data uploaded into the Maryland Accountability and Reporting System (MARS) was noted prior to HCPSS's submission to MSDE for reimbursement.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

***Criteria***

The A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

***Questioned Costs***

There are no questioned costs associated with this finding as figures reported to MSDE could be properly supported.

***Cause***

Management's lack of documented review of the data uploaded into the MARS to ensure agreement with underlying data.

***Effect***

Inaccurate or unsupported data could be submitted to MSDE for reimbursement.

***Recommendation***

We recommend that management review its procedures and make changes as necessary to ensure that data submitted to MSDE is accurate. Formal documentation of management's review should be included as part of the policies and procedures.

***Views of Responsible Officials and Corrective Action Plan***

HCPSS had no errors in reporting of Food Service reimbursements. However, management supports a strong control environment. Therefore procedures have been updated to include documentation of management's review of claims prior to submission to MSDE.

**Finding Reference: 2015-005**

<b>Federal Agency:</b>	U.S. Department of Education
<b>CFDA-Federal Program:</b>	84.010 – Title I
<b>Compliance Requirement:</b>	Non-payroll Expenditures
<b>Type of Finding:</b>	Significant Deficiency in Internal Control
<b>Year:</b>	2015

***Condition/Context***

For one transaction selected for testing, documentation of approval of the purchasing card log was not evidenced on the log in accordance with the purchasing card policy.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2015**

***Criteria***

The A-102 Common Rule requires that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

***Questioned Costs***

There are no questioned costs associated with this finding as all purchases made using the purchasing card were allowable under the program.

***Cause***

The purchasing card log was not submitted timely for review and approval by the "Approving Official" and "Administrator" per the formal policy over the use of purchasing cards.

***Effect***

Unallowable costs could be charged to the program.

***Recommendation***

HCPSS should maintain evidence of purchasing card transaction approval on a consistent basis, as required by the their formal policy in place.

***Views of Responsible Officials and Corrective Action Plan***

HCPSS procedures include the requirement to approve and maintain documentation of approval of all purchasing card logs. Training and communication on these requirements have been updated to stress the importance of compliance with this requirement and all other requirements.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM  
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
Year Ended June 30, 2014**

**Finding Reference:** 2014-001

**Federal Agency:** U.S. Department of Agriculture  
**CFDA-Federal Program:** 10.553, 10.555, 10.559 – Child Nutrition Cluster  
**Compliance Requirement:** Suspension and Debarment  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance  
**Year:** 2014

***Condition/Context***

For three of three vendor contracts selected for testing, HCPSS did not properly verify that the vendor was not suspended or debarred from receiving federal funds.

***Criteria***

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the SAM.gov website (System for Award Management), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

***Current Status***

Not resolved. Refer to current year finding at 2015-002.