

HOWARD COUNTY PUBLIC SCHOOL SYSTEM

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2017

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2017**

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 <i>GOVERNMENT AUDITING STANDARDS</i>	1
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	6
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	10

**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, 2017, 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, 2017.

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) as a basis for designing 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.

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.



CliftonLarsonAllen LLP

Baltimore, Maryland
September 29, 2017

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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 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, 2017. The 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 federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditors' 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, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-003, 2017-005, 2017-006, 2017-007, 2017-008. Our opinion on each major federal program is not modified with respect to these matters.

HCPSS's response to the noncompliance findings 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 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2017-001 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2017-002 through 2017-009 to be significant deficiencies.

HCPSS's response to the internal control over compliance findings 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.

Member of the Board of
Education Howard County

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by 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, 2017, and the related notes to the financial statements, which collectively comprise the HPCSS's basic financial statements. We issued our report thereon dated September 29, 2017, 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.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 28, 2017

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Passthrough Agency Grant Number	Passed through to Subrecipients	Expenditures
U. S. Department of Agriculture:				
Passed Through Maryland State Department of Education:				
School Breakfast Program	10.553	None provided	N/A	\$ 1,567,364
National School Lunch Program	10.555	None provided	N/A	5,362,750
National School Lunch Program - Non-Cash Commodities	10.555	None provided	N/A	1,000,363
Total National School Lunch Program				<u>6,363,113</u>
Total Child Nutrition Cluster				<u>7,930,477</u>
Child and Adult Care Food Program	10.558	None provided	N/A	189,120
Total U.S. Department of Agriculture				<u>8,119,597</u>
U.S. Department of Defense				
National Security Agency:				
Mathematical Science Grant Program - Direct Award:				
FY17 NSA - GHS	12.901	07130020	N/A	9,999
NSA-AHS	12.901	07130021	N/A	9,363
FY17 NSA StarTalk	12.901	07130030	N/A	40,846
Total U.S. Department of Defense				<u>60,208</u>
U.S. Department of Education:				
Title 1 Grants to Local Educational Agencies:				
Passed Through Maryland State Department of Education:				
FY15 Title I	84.010	15436301	N/A	(91,769)
FY16 Title I	84.010	16510101	N/A	876,631
FY16 Title I Focus	84.010	16525501	N/A	265,065
Title I Supplemental	84.010	16560001	N/A	2,152
FY17 Title I	84.010	17092301	N/A	4,434,321
FY17 Title I Focus	84.010	17130201	N/A	539,723
Total Title 1 Grants				<u>6,026,123</u>
Special Education Grants to States:				
Passed Through Maryland State Department of Education:				
FY16 Passthrough	84.027	16455901	N/A	(189,086)
FY16 PPPS Passthrough	84.027	16455902	N/A	13,989
FY16 Local Priority	84.027	16455904	N/A	142,000
FY16 1 Time Discretionary Pt B	84.027	16456001	N/A	86,930
FY16 I&T Part B	84.027	16460301	N/A	74,531
FY17 Passthrough	84.027	17011601	N/A	8,963,554
FY17 PPPS Passthrough	84.027	17011602	N/A	23,482
FY17 Local Priority	84.027	17011604	N/A	164,293
FY17 Early Childhood Connection	84.027	17011606	N/A	20,814
FY17 PPS Passthrough	84.027	17137301	N/A	10,624
Total Special Education Grants to States				<u>9,311,131</u>
Special Education Preschool Grants:				
FY16 Preschool Passthrough	84.173	16456101	N/A	(5,673)
FY16 I&T Transition	84.173	16460401	N/A	4,088
FY16 1 Time Supplemental	84.173	16460501	N/A	6,141
FY17 PPPS-Preschool	84.173	17026202	N/A	2,137
FY17 Part B 619 Extended	84.173	17021802	N/A	10,299
FY17 Part B 619 Discretionary	84.173	17021801	N/A	4,070
FY17 Part B611 Discretionary	84.173	17023401	N/A	100,901
FY17 Preschool Passthrough	84.173	17026201	N/A	182,179
Total Special Education Preschool Grants				<u>304,142</u>
Total Special Education Cluster				<u>9,615,273</u>

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Passthrough Agency Grant Number	Passed through to Subrecipients	Expenditures
U.S. Department of Education - continued				
Career and Technical Education - Basic Grant to States:				
Passed Through Maryland State Department of Education:				
FY16 Perkins	84.048	16505401	N/A	316
FY17 Perkins	84.048	17052901	N/A	320,195
FY7 Perkins Reserve	84.048	17070601	N/A	42,277
Total Career and Technical Education - Basic Grant to States:				<u>362,788</u>
Special Education - Grants for Infants and Families				
Passed Through Maryland State Department of Education:				
FY16 I&T Part C	84.181	16460201	N/A	51,842
FY16 I&T Discretionary	84.181	16460202	N/A	30,000
FY17 I&T Part C	84.181	17024701	N/A	258,256
Total Special Education - Grants for Infants and Families				<u>340,098</u>
Education for Homeless Children and Youth:				
Passed Through Maryland State Department of Education:				
FY16 Educating Homeless Children	84.196	16524901	N/A	40,574
FY17 Educating Homeless Children	84.196	17106801	N/A	41,224
Total Education for Homeless Children and Youth:				<u>81,798</u>
Twenty-First Century Community Learning Centers:				
Passed Through Maryland State Department of Education:				
FY16 Bridges over Cradlerock	84.287	16529201	N/A	29,966
FY16 Bridges OEHC	84.287	16533401	N/A	41,671
FY16 Columbia Bridges	84.287	16533501	N/A	13,679
FY16 Bridges over Wilde Lake	84.287	16535801	N/A	31,842
FY17 Bridges over Cradlerock	84.287	17090801	N/A	281,430
FY17 Bridges OEHC	84.287	17090901	N/A	230,705
FY17 Columbia Bridges	84.287	17091002	N/A	373,555
FY17 Bridges over Wilde Lake	84.287	17106701	N/A	233,792
Total Twenty-First Century Community Learning Centers				<u>1,236,640</u>
English Language Acquisition State Grants:				
Passed Through Maryland State Department of Education:				
FY15 English Lang Acquisition	84.365	15443301	N/A	47,846
FY16 ELA Unaccompanied Minors	84.365	16427001	N/A	17,032
FY16 ELA	84.365	16430201	N/A	216,304
FY16 ELA-Immigrant	84.365	16430202	N/A	389
FY16 ESOL & Math PD	84.365	16508301	N/A	355
FY17 ELA	84.365	17066601	N/A	79,597
FY17 ELA Immigrant	84.365	17066602	N/A	9,016
Total English Language Acquisition State Grants				<u>370,539</u>
Mathematics and Science Partnerships:				
Passed Through Maryland State Department of Education:				
FY16 MSP/MELP	84.366	16491201	N/A	166,716
Total Mathematics and Science Partnerships				<u>166,716</u>

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Passthrough Agency Grant Number	Passed through to Subrecipients	Expenditures
U.S. Department of Education - continued				
Supporting Effective Instruction State Grants:				
Passed Through Maryland State Department of Education:				
FY15 Title II	84.367	15494101	N/A	51,646
FY16 Title II	84.367	16527701	N/A	303,868
FY17 Title II	84.367	17097801	N/A	280,272
FY17 MD Collaborative Model	84.367	17095701	N/A	2,616
FY17 title IIA PreK-2 Symposium	84.367	17154501	N/A	807
Total Supporting Effective Instruction State Grants				<u>639,209</u>
Preschool Development Grants:				
Passed Through Maryland State Department of Education:				
FY16 PreK Expansion	84.419	16480401	N/A	14,305
FY17 PreK Expansion	84.419	17061301	N/A	269,593
Total Preschool Development Grants				<u>283,898</u>
Impact Aid:				
Direct Award	84.041	N/A	N/A	135,360
Total U.S. Department of Education				<u>19,258,442</u>
Total Expenditures of Federal Awards				<u><u>\$ 27,438,247</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, 2017**

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, 2017.

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:

TOTAL FEDERAL REVENUE PER FINANCIAL STATEMENTS	\$ 29,159,536
Federal revenues not included in the Schedule:	
Medical assistance revenue	(1,488,614)
U.S. ROTC revenue	(232,675)

TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	\$ 27,438,247

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, 2017**

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes _____ no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title 1
84.287	21 st Century Learning

- Dollar threshold used to distinguish between Type A and Type B programs: \$ 823,147
- Auditee qualified as low-risk auditee? x yes _____ no

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

2017-001

Federal agency: U. S. Department of Agriculture, U.S. Department Education

Federal program title: Child Nutrition Cluster, Child and Adult Care Food Program, Impact Aid

CFDA Number: 10.553, 10.555, 10.558, 84.041

Pass-Through Agency: Maryland State Department of Education for 10.553, 10.555, 10.558; None for 84.041

Pass-Through Number(s): None

Award Period: July 1, 2016 – June 30, 2017

Type of Finding: Material Weakness in Internal Control over Schedule of Expenditures of Federal Awards Preparation, Noncompliance

Criteria or specific requirement: 2 CFR, Part 200, §200.518, requires an auditee to prepare a schedule of expenditures of federal awards for the period covered by the auditee's financial statements which must include the total federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

Condition: The schedule of expenditures of federal awards initially prepared by management did not include federal expenditures for the Child Nutrition Cluster (CFDA #10.553 and #10.555), Child and Adult Care Food Program (CFDA #10.558), and Impact Aid (CFDA #84.041).

Questioned costs: None

Context: HCPSS receives awards which are federal in source and subject to 2 CFR Part 200 requirements.

Effect: The schedule of expenditures of federal awards initially prepared was incomplete and required revisions to include federal expenditures the CFDA #10.553, #10.555, #10.558, and #84.041.

Cause: Turnover in the grant accountant position resulted in an inexperienced accountant completing the schedule of federal awards, as well as a lack of review of the schedule by management.

Recommendation: We recommend that upon completion by the grants accountant, the schedule of expenditures of federal awards be reviewed by management for completeness and accuracy.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

2017-002

Federal agency: U. S. Department of Education

Federal program title: Title 1, 21st Century Learning Centers

CFDA Number: 84.010, 84.287

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): Title 1 – 16510101, 16525501, 16560001; 21st Century Learning – 16529201, 16533401, 16533501, 16535801

Award Period: July 1, 2016 – June 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: HCPSS is responsible for submitting financial reports on an annual or final basis to the Maryland State Department of Education (MSDE).

Condition: There was a lack of review of the annual financial reports prior to submission to the MSDE.

Questioned costs: None

Context: The annual financial reports submitted by HCPSS for the seven grants we reviewed were not reviewed and/or approved prior to submission to the MSDE.

Cause: Management indicated that since they reviewed the monthly reimbursement reports submitted to the MSDE, review of the annual financial reports was not considered necessary.

Effect: Errors may occur on the annual financial reports that are not detected prior to submission.

Recommendation: We recommend that all reports submitted to the granting agency be reviewed prior to submission for accuracy and completeness.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

2017-003

Federal agency: U. S. Department of Education

Federal program title: 21st Century Learning

CFDA Number: 84.287

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): 17090801, 17090901, and 17091002

Award Period: September 1, 2016 – September 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: 2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Condition: HCPSS overspent three grants as of June 30, 2017.

Questioned costs: None

Context: We noted that expenditures for grants 17090801, 17090901 and 17091002 exceeded the grant award by \$25,427, \$2,501 and \$2,980; respectively at June 30, 2017. This was not corrected by management prior to submission of the schedule of federal expenditures to the auditors, which was after the grant period had ended.

Cause: HCPSS did not adequately review grant expenditures to ensure they did not exceed the grant award.

Effect: Lack of proper recording of expenses in the general ledger could result in reimbursement of expenditures in excess of the grant award.

Recommendation: We recommend grants be reviewed on a monthly basis to ensure cumulative costs do not exceed the grant award prior to submitting a request for reimbursement from MSDE.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

2017-004

Federal agency: U. S. Department of Education

Federal program title: Title 1

CFDA Number: 84.010

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): 16510101, 16525501, 16560001, 17092301, and 17130201

Award Period: July 1, 2016 – June 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: The Board is required to submit to the Maryland Department of Education (MSDE) on an annual basis, the total number of low income private school children residing in the HCPSS's attendance area.

Condition: We noted that the incorrect number of low income private school children residing in the HCPSS attendance area was incorrectly reported to the MSDE.

Questioned costs: None

Context: The allocation worksheet submitted to the MSDE in August 2016, which reports the number of low income private school children indicated there were 12.0 low income private school children. However, per further inquiry and review, it was noted that there were only 8.0 low income private school children.

Cause: The report was not properly reviewed to ensure accurate reporting to MSDE.

Effect: Inaccurate reporting to MSDE could result in lack of federal compliance with program regulations.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Recommendation: We recommend management review its procedures and make changes as necessary to ensure the total number of low income private school children residing in HCPSS's attendance area reported to MSDE are accurate. The procedures should include a review by a member of management that is independent of the person who prepares the information.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

2017-005

Federal agency: U. S. Department of Education

Federal program title: 21st Century Learning Centers

CFDA Number: 84.287

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): 16533401

Award Period: September 1, 2015 – August 30, 2016

Type of Finding: Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: 2 CFR, Part 200, §200.309 states that a non-federal agency may charge to the federal award only allowable costs incurred during the period of performance.

Condition: HCPSS charged expenditures to the grant outside of the period of performance.

Questioned costs: None

Context: Salary vouchers totaling \$40.00 were charged to the grant after the grant period had ended.

Cause: Additional expenses were charged to the closed grant while waiting approval for the FY 2017 grant from the Maryland State Department of Education. These expenses were not moved via journal entry as intended once the new grant was approved and set up in the accounting system.

Effect: HCPSS received reimbursement for expenditures that were not incurred within the period of performance.

Recommendation: We recommend management review their policies and procedures, and make changes where necessary to ensure expenditures are not charged to closed grants.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

2017-006

Federal agency: U. S. Department of Education

Federal program title: 21st Century Learning Centers

CFDA Number: 84.287

Pass-Through Agency: Maryland State Department of Education

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Pass-Through Number(s): 17091001 and 170910801

Award Period: September 1, 2016 – September 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: 2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

Condition: HCPSS incorrectly charged unallowable expenditures to the grant.

Questioned costs: Undeterminable

Context: Salary escrow expenses, totaling \$20.62 for grant 17091001 and \$106.77 for grant 170910801 were unallowable and therefore, incorrectly charged to the grant.

Cause: A system error caused escrow expenses to be erroneously charged to the grant for the pay period ending February 10, 2017.

Effect: HCPSS received reimbursement for expenditures that were not allowable under the grant.

Recommendation: We recommend management review their policies and procedures, and make changes where necessary to ensure only allowable costs are charged to grants.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

2017-007

Federal agency: U. S. Department of Education

Federal program title: Title 1, 21st Century Learning Centers

CFDA Number: 84.010, 84.287

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): Title 1 – 16510101, 21st Century Learning Centers – 16533401, 16533501, 16535801, 17090801, 17090901, and 17091002

Award Period: July 1, 2016 – June 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: 2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

Condition: Indirect costs charged to some grants exceeded the negotiated indirect cost rate provided by the Maryland State Department of Education.

Questioned costs: \$9,623

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

Context: HCPSS overcharged some grants by a combined total of \$9,623.

Cause: HCPSS did not adequately monitor indirect costs charged to the grants to ensure they did not exceed the indirect cost rate.

Effect: HCPSS received reimbursement for indirect costs in excess of the negotiated indirect cost rate.

Recommendation: We recommend management review their policies and procedures, and make changes where necessary to ensure indirect costs charged to grants do not exceed the applicable negotiated indirect cost rate.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

2017-008

Federal agency: U. S. Department of Education

Federal program title: Title 1

CFDA Number: 84.010

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): 16510101, 17092301, and 17130201

Award Period: July 1, 2016 – June 30, 2017

Type of Finding: Significant Deficiency in Internal Control over Compliance, Noncompliance

Criteria or specific requirement: 2 CFR, Part 200, §200.430 requires that charges to federal awards for salaries and wages be based on records that adequately reflect the work performed. These records must be supported by a system of internal control that provides reasonable assurance that the charges are accurate allowable and properly allocated.

Condition: Time and effort certifications were not provided for several employees and performed untimely for other employees.

Questioned costs: Undeterminable

Context: Time and effort certification for eight out of forty employees tested was not performed timely. In addition, documentation of time and effort certification for six out of forty employees tested was not available.

Cause: The implementation of a new payroll and accounting system resulted in time and effort certification not being performed or being performed on a timely basis.

Effect: Lack of proper and timely certification of time and effort could result in unallowable costs charged to grants. Costs charged to the grant could not be substantiated for six employees tested.

Recommendation: We recommend management review their policies and procedures, and make changes where necessary to ensure time and effort is properly reviewed and certified in a timely manner.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.

**HOWARD COUNTY PUBLIC SCHOOL SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2017**

2017-009

Federal agency: U. S. Department of Education

Federal program title: Title 1

CFDA Number: 84.010

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): 17092301

Award Period: July 1, 2016 – June 30, 2018

Type of Finding: Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: 2 CFR, Part 200, §200.303 requires an auditee to establish and maintain effective internal control over federal awards to ensure compliance with federal statutes, regulations and the terms and conditions of the federal award.

Condition: Costs incurred related to a salary voucher were charged to an incorrect grant.

Questioned costs: None

Context: Supporting documentation for a salary voucher indicated that costs totaling \$558.00 were to be charged to grant 16510101; however, per review of the general ledger, grant 17092301 was erroneously charged instead. Costs charged to grant 17092301 were allowable and within the period of performance.

Cause: Inadequate review of costs to ensure they are charged to the correct grant.

Effect: HCPSS could receive reimbursement for expenses that were not allowable under the grant or that were not within the period of performance.

Recommendation: We recommend management review their policies and procedures and make changes as necessary to ensure costs are properly charged to a grant.

Views of responsible officials: There is no disagreement with the audit finding. We are currently working on a corrective action plan.