

BOARD OF EDUCATION OF ALLEGANY COUNTY

SINGLE AUDIT

JUNE 30, 2020

BOARD OF EDUCATION OF ALLEGANY COUNTY

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**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***

Independent Auditors' Report

Board of Education of Allegany County
Cumberland, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Board of Education of Allegany County, Maryland (the Board) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Board of Education of Allegany County, Maryland's basic financial statements and have issued our report thereon dated November 30, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Board'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 the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2020-001, that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board'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 financial statements. 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2020-002.

Board of Education of Allegany County, Maryland's Response to Findings

The Board of Education of Allegany County Maryland's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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

Huber, Michaels + Company

Cumberland, Maryland
November 30, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT
ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM
GUIDANCE**

Independent Auditors' Report

Board of Education of Allegany County
Cumberland, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of Allegany County, Maryland's (the Board's) 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 Board's major federal programs for the year ended June 30, 2020. The Board'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 the 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 Board'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 Board'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 Board's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2020-002. Our opinion on each major federal program is not modified with respect to this matter.

The Board's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board'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 Board 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 Board'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 Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify certain deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002, that we consider to be significant deficiencies.

The Board of Education of Allegany County, Maryland's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Board of Education of Allegany County, Maryland (the Board) as of and for the year ended June 30, 2020, and have issued our report thereon dated November 30, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. 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 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 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 financial statements or to the 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 financial statements as a whole.

Huber, Michaels + Company

Cumberland, Maryland
November 30, 2020

BOARD OF EDUCATION OF ALLEGANY COUNTY

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

GRANT NAME	CFDA NUMBER	GRANT NUMBER	GRANT PERIOD	ORIGINAL GRANT	EXPENDITURES
DEPARTMENT OF EDUCATION					
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
TITLE I*	84.010	190545-01	07/01/18 - 09/30/20	3,005,851	176,555
TITLE I*	84.010	200885-01	07/01/19 - 09/30/21	500,000	499,596
TITLE I*	84.010	201181-01	07/01/19 - 09/30/19	3,211,350	2,871,028
SUBTOTAL TITLE I				<u>6,717,201</u>	<u>3,547,179</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
SPECIAL EDUCATION					
SPECIAL EDUCATION	84.027A	181280-01	12/01/17 - 09/30/19	60,000	6,211
SPECIAL EDUCATION	84.027A	181494-01	02/01/18 - 09/30/19	21,552	1,905
SPECIAL EDUCATION	84.027A	181612-01	04/01/18 - 09/30/19	39,471	11,181
SPECIAL EDUCATION	84.027A	190354-01	07/01/18 - 09/30/20	2,124,060	42,914
SPECIAL EDUCATION	84.027A	190354-02	07/01/18 - 09/30/20	31,975	6,750
SPECIAL EDUCATION	84.027A	190354-03	07/01/18 - 09/30/19	2,500	1,809
SPECIAL EDUCATION	84.027A	190354-05	07/01/18 - 09/30/20	63,962	23,722
SPECIAL EDUCATION	84.027A	190354-06	07/01/18 - 09/30/20	70,602	29,119
SPECIAL EDUCATION	84.027A	190354-07	07/01/18 - 09/30/20	60,282	29,540
SPECIAL EDUCATION	84.027A	200355-01	07/01/19 - 09/30/20	30,823	30,823
SPECIAL EDUCATION	84.027	200413-01	07/01/19 - 09/30/21	1,797,210	1,782,935
SPECIAL EDUCATION	84.027A	200413-02	07/01/18 - 09/30/21	28,682	9,163
SPECIAL EDUCATION	84.027	200413-03	07/01/19 - 09/30/21	322,216	322,216
SPECIAL EDUCATION	84.027A	200413-04	07/01/19 - 09/30/20	2,500	570
SPECIAL EDUCATION	84.027	200413-05	07/01/19 - 09/30/20	16,000	16,000
SPECIAL EDUCATION	84.027	200413-06	07/01/19 - 09/30/20	4,000	4,000
SPECIAL EDUCATION	84.027	201122-01	07/01/19 - 09/30/21	72,088	8,291
SPECIAL EDUCATION	84.027	201122-02	07/01/19 - 09/30/21	78,147	-
SPECIAL EDUCATION	84.027	201122-03	07/01/19 - 09/30/21	75,593	17,505
SUBTOTAL SPECIAL EDUCATION				<u>4,901,663</u>	<u>2,344,654</u>
SPECIAL EDUCATION - PRESCHOOL GRANTS					
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	190470-01	07/01/18 - 09/30/20	71,032	1,225
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173	200283-01	07/01/19 - 09/30/21	61,198	61,198
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173	200283-02	07/01/19 - 09/30/21	484	484
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173	200283-03	07/01/19 - 09/30/21	10,885	10,528
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	200462-01	07/01/19 - 09/30/20	7,000	7,000
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	200462-02	07/01/19 - 09/30/20	2,511	2,511
SUBTOTAL SPECIAL EDUCATION - PRESCHOOL GRANTS				<u>153,110</u>	<u>82,946</u>
SUBTOTAL SPECIAL EDUCATION CLUSTER				<u>5,054,773</u>	<u>2,427,600</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
VOCATIONAL EDUCATION					
VOCATIONAL EDUCATION	84.048	200667-01	07/01/19 - 08/30/20	146,566	146,566
SUBTOTAL VOCATIONAL EDUCATION				<u>146,566</u>	<u>146,566</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
CAREER AND TECHNICAL EDUCATION - NATIONAL PROGRAMS					
SUBTOTAL CAREER AND TECHNICAL EDUCATION - NATIONAL PROGRAMS	84.051E	201639-01	01/01/20 - 08/30/20	7,987	5,282
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.					
S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.	84.181A	200412-01	07/01/19 - 09/30/20	80,447	80,447
SUBTOTAL GRANTS FOR INFANTS & FAM WITH DIS.				<u>80,447</u>	<u>80,447</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS					
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	181262-01	07/01/17 - 09/30/19	434,236	27,897
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	191363-01	07/01/18 - 06/30/20	394,493	39,388
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367	200793-01	07/01/19 - 06/30/20	7,300	5,906
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS	84.367A	201094-01	07/01/19 - 06/30/21	423,432	294,336
SUBTOTAL TITLE II				<u>1,259,461</u>	<u>367,527</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					

BOARD OF EDUCATION OF ALLEGANY COUNTY

**SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

GRANT NAME	CFDA NUMBER	GRANT NUMBER	GRANT PERIOD	ORIGINAL GRANT	EXPENDITURES
COMPREHENSIVE LITERACY DEVELOPMENT	84.371C	191093-01	10/01/18 - 09/30/20	550,000	382,203
COMPREHENSIVE LITERACY DEVELOPMENT	84.371C	201255-01	10/01/19 - 06/30/21	550,000	109,467
SUBTOTAL COMPREHENSIVE LITERACY DEVELOPMENT				1,100,000	491,670
PASS-THROUGH MD STATE DEPARTMENT OF ED. STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424A	191284-01	07/01/18 - 06/30/20	215,012	65,071
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424A	201567-01	07/01/19 - 06/30/21	227,011	72,178
SUBTOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT				442,023	137,249
PASS-THROUGH MD STATE DEPARTMENT OF ED. EDUCATION STABILIZATION FUND	84.425D	201767-01	03/13/20 - 09/30/22	2,557,898	406,731
EDUCATION STABILIZATION FUND	84.425C	201876-01	03/13/20 - 09/30/22	97,034	-
SUBTOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT				2,654,932	406,731
PASS-THROUGH FROM MD STATE DEPARTMENT OF ED. EVERY STUDENT SUCCEEDS ACT/PRESCHOOL DEVELOPMENT	93.434	200567-01	07/01/19 - 12/31/19	25,000	25,000
SUBTOTAL EVERY STUDENT SUCCEEDS ACT/PRESCHOOL DEVELOPMENT				25,000	25,000
PASS-THROUGH FROM MD STATE DEPARTMENT OF ED. CHILD CARE AND DEVELOPMENT BLOCK GRANT	93.575	190987-01	07/01/18 - 08/31/19	330,000	70,787
SUBTOTAL CHILD CARE AND DEVELOPMENT BLOCK GRANT				330,000	70,787
PASS-THROUGH MD STATE DEPARTMENT OF ED. NATIONAL SCHOOL LUNCH PROGRAM*	10.555	N/A	07/01/19 - 06/30/20	N/A	1,490,963
PASS-THROUGH MD STATE DEPARTMENT OF ED. SCHOOL BREAKFAST PROGRAM*	10.553	N/A	07/01/19 - 06/30/20	N/A	623,869
PASS-THROUGH MD STATE DEPARTMENT OF ED. SUMMER FOOD SERVICE PROGRAM*	10.559	N/A	07/01/19 - 06/30/20	N/A	793,192
FOOD DONATION*	10.555	N/A	07/01/19 - 06/30/20	N/A	298,817
SUBTOTAL CHILD NUTRITION CLUSTER				N/A	3,206,841
PASS-THROUGH MD STATE DEPARTMENT OF ED. CHILD NUTRITION DISCRETIONARY GRANTS	10.579	191460-01	07/01/18 - 06/30/20	59,185	12,630
CHILD NUTRITION DISCRETIONARY GRANTS	10.579	201679-01	07/01/19 - 09/30/21	19,312	19,312
SUBTOTAL CHILD NUTRITION DISCRETIONARY GRANTS				78,497	31,942
PASS-THROUGH MD STATE DEPARTMENT OF ED. CHILD AND ADULT CARE FOOD PROGRAM	10.558	N/A	07/01/19 - 06/30/20	N/A	86,089
SUBTOTAL CHILD AND ADULT CARE FOOD PROGRAM				N/A	86,089
PASS-THROUGH MD STATE DEPARTMENT OF ED. FRESH FRUIT & VEGETABLE PROGRAM	10.582	N/A	07/01/19 - 06/30/20	N/A	65,592
SUBTOTAL FRESH FRUIT & VEGETABLE PROGRAM				N/A	65,592
PASS-THROUGH MD STATE DEPARTMENT OF ED. COVID-19 - CORONAVIRUS RELIEF FUND*	21.019	201936-01	03/26/20 - 12/31/20	909,933	618,750
COVID-19 - CORONAVIRUS RELIEF FUND*	21.019	201966-01	03/01/20 - 12/31/20	1,367,490	-
SUBTOTAL COVID-19 - CORONAVIRUS RELIEF FUND				2,277,423	618,750
PASS-THROUGH FROM APPALACHIAN REGIONAL COMMISSION APPALACHIAN AREA DEVELOPMENT	23.002	200199-54	11/01/18 - 01/31/20	75,000	75,000
SUBTOTAL APPALACHIAN AREA DEVELOPMENT				75,000	75,000
Totals				\$ 20,255,613	\$ 11,796,231

BOARD OF EDUCATION OF ALLEGANY COUNTY
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes all federal grants which had financial activity during the fiscal year ended June 30, 2020. This statement has been prepared in accordance with generally accepted accounting principles.

NOTE 2 - SCOPE OF AUDIT PURSUANT TO UNIFORM GUIDANCE

All federal awards programs operated by the Board of Education of Allegany County are included in the scope of the *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* audit.

The Maryland State Department of Education is the Board of Education of Allegany County's oversight agency for the single audit.

NOTE 3 - FISCAL PERIOD AUDITED

Single audit testing procedures were performed for program transactions occurring during the fiscal year ended June 30, 2020.

BOARD OF EDUCATION OF ALLEGANY COUNTY
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS

NOTE 4 - REVENUE RECONCILIATION

Revenue recognized from federal sources per the schedule of expenditures of federal awards does not include fee for service revenue. Federal revenue from the Medical Assistance Program (CFDA number 93.778) and Medicare Part D totaled \$1,299,677 for the year ended June 30, 2020.

Total revenue from federal sources per the basic financial statements is \$13,118,360. Total revenue from federal sources per the schedule of expenditures of federal awards is \$11,796,231. The fee for service revenue accounts for part of this difference. The remaining difference is attributable to variances in USDA Commodities as follows:

USDA Commodities per MSDE	\$ 298,817
Unspent produce	(26,117)
Overspent items	41,067
Recording errors	<u>7,500</u>
USDA Commodities per Financial Statements	<u>\$ 321,267</u>

NOTE 5 - INDIRECT COSTS

The Board has elected not to use the 10% de minimis indirect cost rate. The auditee's indirect cost rate is approved annually by the Maryland State Department of Education. For the year ended June 30, 2020, the indirect cost rate for restricted funds was 1.76%

NOTE 6 - SUBRECIPIENTS

The Board did not pass-through any federal awards to subrecipients for the year ended June 30, 2020.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

I. SUMMARY OF AUDITORS' RESULTS

We have issued an unmodified opinion on the basic financial statements.

Our audit disclosed no instances of noncompliance that are material to the financial statements.

We have issued an unmodified opinion on compliance for major programs.

Title I (CFDA number 84.010), Child Nutrition Cluster (CFDA numbers 10.553, 10.555, and 10.559), and COVID-19 – Coronavirus Relief Fund (CFDA number 21.019) were tested as major programs.

The audit of financial statements disclosed a significant deficiency in internal control which is reported in section II.

The audit disclosed findings or questioned costs which are required to be reported under the Uniform Guidance and are reported in section III.

Significant deficiencies in internal control over major programs were disclosed which are required to be reported in accordance with GAGAS and the Uniform Guidance. These significant deficiencies are reported in sections II and III.

The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.

The auditee did not qualify as a low-risk auditee.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

II. FINANCIAL STATEMENT FINDINGS

Internal Control Findings

2020-001 Monitoring of Internal Controls

Criteria: Management should have a formal system in place to monitor the adequacy and effectiveness of the Board's system of internal controls.

Condition: Management does not have an adequate system in place to provide ongoing or separate evaluations of the effectiveness of the Board's system of internal controls. The current system does not routinely monitor and test the controls in place and is performed by the Finance Department who reports to management rather than directly to the governing board.

Cause: The Board does not have an employee independent of the Finance Department who is responsible for monitoring the system of internal controls and who reports directly to the governing Board.

Effect: The Board's system of internal controls may not be designed or operating effectively or as intended. Monitoring of internal controls is essential to provide reasonable assurance that controls will prevent or detect material misstatements in the financial statements in a timely manner.

Repeat Finding: This finding is a repeat of a finding in the prior year audit (Finding 2019-001).

Recommendation: We recommend the Board of Education employ an individual to perform internal audit functions on a periodic basis. The individual should be from outside the finance department and would report directly to the Board Officials.

Views of Responsible Officials and Planned Corrective Action: The Board acknowledges the value of the internal audit/monitoring function. However, as a result of budget constraints, the Board does not plan to implement an internal audit/monitoring function. The Board will continue the monitoring efforts in place.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

II. FINANCIAL STATEMENT FINDINGS - continued

Compliance Findings

2020-002 Ineffective Internal Controls Related to Fixed Assets

Criteria: Per the Board of Education's Fixed Asset Policy, upon completion of the Capital Asset Acquisition Form and receipt of the invoice and/or purchase order, the Senior Accountant locates the fixed asset, verifies the asset to the invoice and serial number, and then affixes a barcode to the asset. Assets are then traced to the fixed assets report as a form of checks and balances.

Condition: Barcodes were not affixed to all fixed assets purchased in fiscal year 2020 as of June 30, 2020.

Cause: Due to multiple personnel changes in fiscal year 2016, the Board fell behind in the tagging of fixed assets. The issue has not been remedied.

Effect: Failure to comply with the Fixed Asset Policy could result in theft of untagged assets that would not be discovered until an asset review was performed. Additionally, financial reporting information could be misstated if the assets were not entered into the system after tagging.

Repeat Finding: This finding is a repeat of a finding from the prior year audit (Finding 2019-003).

Recommendation: We recommend that untagged FY20 fixed asset purchases be tagged immediately, if they have not already been tagged. We further recommend that going forward, steps should be taken to ensure that all fixed asset purchases are tagged and entered into the system upon receipt rather than doing so as part of year-end procedures.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

II. FINANCIAL STATEMENT FINDINGS - continued

Compliance Findings

2020-002 Ineffective Internal Controls Related to Fixed Assets - continued

Views of Responsible Officials and Planned Corrective Action: While significant progress has been made in fixed asset reporting, technically all assets were not tagged at 06/30/20. Assets primarily purchased in the fourth quarter may not have been tagged as outlined in policy. Those assets have now been tagged with a few COVID-related exceptions. Board staff will be recommending that the policy committee review and revise the fixed asset policy to read that assets must be tagged within 30 days of the end of the quarter, given the difficulty of having everything tagged by 06/30/20, especially as invoices flow in at year end. Fixed assets purchased in the first quarter of fiscal 2021 have been tagged.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

Internal Control Findings

2020-001 Monitoring of Internal Controls over Federal Awards

Federal Programs: All Major Programs

As discussed in finding 2020-001 in the internal control section of section II, the Board does not have an adequate system in place to provide ongoing or separate evaluations of the effectiveness of the Board's system of internal control. No questioned costs were noted as a result of this finding.

2020-002 Ineffective Internal Controls Related to Fixed Assets

Federal Programs: All Major Programs

As discussed in finding 2020-002 in the internal control section of section II, the Board failed to tag fixed asset additions in accordance with the fixed asset policy. No questioned costs were noted as a result of this finding.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

08-01 Monitoring of Internal Controls

All Major Programs

Finding: Management does not have an adequate system in place to provide ongoing or separate evaluations of the effectiveness of the Board's system of internal controls. The current system does not routinely monitor and test the controls in place and is performed by the Finance Department who reports to management.

Current Status: The Board of Education has not implemented an internal audit/monitoring function. This has continued to be a finding reported as Finding 2019-001 for fiscal year 2019 and as Finding 2020-001 for fiscal year 2020.

2016-005 Lack of Formal Documentation of Election to Postpone Implementation of Procurement Standards of the Uniform Guidance

All Major Programs

Finding: The Board of Education did not formally document the election to postpone the implementation standards of the Uniform Guidance.

Current Status: The postponement period ended June 30, 2016. The procurement policies had not been implemented as of June 30, 2019, as discussed at finding 2019-005. However, the appropriate policies were adopted August 13, 2019 and, as such, this is no longer considered a finding.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

2017-003 Lack of Written Policies as Required by the Uniform Guidance

All Major Programs

Finding: The Board of Education had not adopted certain written policies as required by the Uniform Guidance including procedures on cash management, cost allowability procedures, travel policies, and procurement policies.

Current Status: Policies meeting the requirements of the Uniform Guidance related to cash management, cost allowability procedures, and travel were adopted and implemented in fiscal year 2018. The procurement procedures adopted in fiscal year 2018 were not compliant with the Uniform Guidance and the revised policy was not adopted until after June 30, 2019. This continued to be a finding related to procurement only and was reported as finding 2019-005. A compliant policy was adopted in fiscal year 2020 and, as such, this is no longer considered a finding.

2017-005 Ineffective Internal Controls Related to Fixed Assets

All Major Programs

Finding: Barcodes were not affixed to fixed assets purchased in fiscal year 2017.

Current Status: Barcodes were affixed to fixed assets purchased in fiscal year 2017 as of June 30, 2018. This was also noted as a finding in fiscal year 2018 (2018-003) as barcodes had not been affixed to fiscal year 2018 purchases as of June 30, 2018. Barcodes were affixed to fixed assets purchased in fiscal year 2018 as of June 30, 2019. However, fixed assets purchased in fiscal year 2019 were not tagged as of June 30, 2019, and, as such, this continued to be a finding (2019-004). Barcodes were affixed to fixed assets purchased in fiscal year 2019 as of June 30, 2020. However, barcodes were not affixed to all fixed assets purchased in fiscal year 2020 as of June 30, 2020. While progress has been made, this continues to be a finding as discussed at Finding 2020-002 in the Schedule of Findings and Questioned Costs.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

2017-008 Failure to Timely File Fiscal Year 2016 Data Collection Form

All Major Programs

Finding: The Data Collection Form for fiscal year 2016 was not filed timely.

Current Status: The Data Collection Form has been filed for fiscal year 2016. The Data Collection Form for fiscal year 2017 was timely filed; however, the form for fiscal year 2018 had not been filed as of the date of the fiscal year 2018 report, which was past the filing deadline, and was reported as finding 2018-005 in the fiscal year 2018 report. The Data Collection Form for fiscal year 2019 was filed timely and, as such, this is no longer considered a finding.

2018-002 Material Adjustments to the Financial Statements were Required

Finding: Material adjustments to the Board's financial statements were required.

Current Status: The material adjustments noted during the fiscal year 2018 audit were made prior to issuance of the audited financial statements. Additional material adjustments were required as a result of the fiscal year 2019 audit and were reported as Finding 2019-002. These adjustments were also made prior to the issuance of the audited financial statements. As such, this is no longer considered a finding.

BOARD OF EDUCATION OF ALLEGANY COUNTY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
June 30, 2020

2018-004 Lack of Written Policies as Required by the Uniform Guidance

All Major Programs

Finding: The procurement section of the Board's policy related to federal awards did not meet the requirements of the Uniform Guidance.

Current Status: The procurement procedures adopted in fiscal year 2018 were not compliant with the Uniform Guidance and the revised policy was not adopted until after June 30, 2019. This was also reported as a finding for fiscal year 2019 (2019-005). A compliant policy was adopted in fiscal year 2020 and, as such, this is no longer considered to be a finding.

2019-004 Ineffective Internal Controls Over Reporting

All Major Programs

Finding: Reimbursement requests submitted to the State of Maryland (Maryland State Department of Education), the awarding agency, did not agree to and could not be reconciled to the underlying accounting records.

Current Status: Testing of reimbursement requests for fiscal year 2020 indicates that reimbursement requests were supported by the underlying accounting records. This is no longer considered a finding.