

**BOARD OF EDUCATION OF ALLEGANY COUNTY**

**SINGLE AUDIT**

**JUNE 30, 2022**

**BOARD OF EDUCATION OF ALLEGANY COUNTY**

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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***

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, 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, 2022, 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 December 12, 2022.

**Report on 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs at item 2022-002 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs at item 2022-001 to be a significant deficiency.

### **Report on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2022-003 and 2022-004.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other 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.

*Holzer, Michaels + Company*

Cumberland, Maryland  
December 12, 2022

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

Board of Education of Allegany County  
Cumberland, Maryland

**Report on Compliance for Each Major Federal Program**

**Opinion on 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 identified as subject to audit 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, 2022. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board complied, in all material respects, with the 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, 2022.

**Basis for Opinion on Each Major Federal Program**

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the

design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## **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 2022-003. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

*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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002 and 2022-04 to be material weaknesses.

*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 2022-001 and 2022-003 to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.



*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Board's response was not subjected to the other 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 governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Board, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated December 12, 2022, which contained unmodified opinions on those financial statements. Our audit was performed 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.

*Hulon, Michalske + Company*

Cumberland, Maryland  
December 12, 2022

BOARD OF EDUCATION OF ALLEGANY COUNTY  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022

| 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      | 211167-01    | 07/01/20 - 09/30/22 | 3,184,854      | 220,756      |
| TITLE I                                                     | 84-010      | 221497-01    | 07/01/21 - 09/30/23 | 3,153,240      | 2,950,747    |
| SUBTOTAL TITLE I                                            |             |              |                     | 6,338,194      | 3,171,503    |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.                     |             |              |                     |                |              |
| SPECIAL EDUCATION*                                          | 84-027A     | 190354-05    | 07/01/18 - 09/30/21 | 63,962         | 4,473        |
| SPECIAL EDUCATION*                                          | 84-027A     | 190354-06    | 07/01/18 - 09/30/21 | 70,602         | 12,071       |
| SPECIAL EDUCATION*                                          | 84-027      | 200413-01    | 07/01/19 - 09/30/21 | 1,797,210      | 501          |
| SPECIAL EDUCATION*                                          | 84-027      | 201122-01    | 07/01/19 - 09/30/21 | 72,088         | 46,421       |
| SPECIAL EDUCATION*                                          | 84-027      | 201122-02    | 10/01/19 - 09/30/21 | 78,147         | 45,743       |
| SPECIAL EDUCATION*                                          | 84-027      | 201122-03    | 10/01/19 - 09/30/21 | 75,593         | 13,050       |
| SPECIAL EDUCATION*                                          | 84-027A     | 210306-01    | 07/01/20 - 06/30/22 | 31,981         | 28,783       |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-01    | 07/01/20 - 09/30/22 | 1,814,377      | 9,734        |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-02    | 07/01/20 - 09/30/22 | 36,804         | -            |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-03    | 07/01/20 - 09/30/22 | 326,679        | -            |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-04    | 07/01/20 - 09/30/22 | 2,500          | -            |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-05    | 07/01/20 - 09/30/22 | 16,000         | 36,804       |
| SPECIAL EDUCATION*                                          | 84-027      | 211022-01    | 10/01/20 - 09/30/22 | 71,629         | 25,058       |
| SPECIAL EDUCATION*                                          | 84-027      | 211022-02    | 10/01/20 - 09/30/22 | 78,248         | 64,853       |
| SPECIAL EDUCATION*                                          | 84-027      | 211022-03    | 10/01/20 - 09/30/22 | 119,493        | 35,725       |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-07    | 07/01/20 - 09/30/21 | 2,500          | 2,500        |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-08    | 07/01/20 - 09/30/21 | 4,730          | 4,730        |
| SPECIAL EDUCATION*                                          | 84-027      | 210835-09    | 07/01/20 - 09/30/21 | 250            | 250          |
| SPECIAL EDUCATION*                                          | 84-027A     | 220156-01    | 07/01/21 - 09/30/22 | 28,733         | 28,733       |
| SPECIAL EDUCATION*                                          | 84-027      | 220186-01    | 07/01/21 - 09/30/23 | 2,151,959      | 2,136,578    |
| SPECIAL EDUCATION*                                          | 84-027      | 220186-02    | 07/01/21 - 09/30/23 | 37,942         | -            |
| SPECIAL EDUCATION*                                          | 84-027      | 220186-03    | 07/01/21 - 09/30/22 | 2,500          | -            |
| SPECIAL EDUCATION*                                          | 84-027      | 220186-04    | 07/01/21 - 09/30/22 | 11,666         | 11,666       |
| SPECIAL EDUCATION*                                          | 84-027X     | 221181-01    | 07/01/21 - 09/30/23 | 430,528        | 163,758      |
| SPECIAL EDUCATION*                                          | 84-027X     | 221181-02    | 07/01/21 - 09/30/23 | 7,411          | 7,411        |
| SPECIAL EDUCATION*                                          | 84-027A     | 221317-01    | 10/01/21 - 09/30/23 | 119,493        | -            |
| SUBTOTAL SPECIAL EDUCATION                                  |             |              |                     | 4,654,413      | 2,677,842    |
| SPECIAL EDUCATION - PRESCHOOL GRANTS*                       | 84-173      | 200283-03    | 07/01/19 - 09/30/21 | 10,385         | 10           |
| SPECIAL EDUCATION - PRESCHOOL GRANTS*                       | 84-173      | 210454-01    | 07/01/20 - 09/30/22 | 72,832         | 1,963        |
| SPECIAL EDUCATION - PRESCHOOL GRANTS*                       | 84-173A     | 220382-01    | 07/01/21 - 09/30/23 | 73,201         | 73,201       |
| SPECIAL EDUCATION - PRESCHOOL GRANTS*                       | 84-173A     | 220761-01    | 07/01/21 - 09/30/22 | 7,000          | 7,000        |
| SPECIAL EDUCATION - PRESCHOOL GRANTS*                       | 84-173A     | 220761-02    | 07/01/21 - 09/30/22 | 2,673          | -            |
| SPECIAL EDUCATION - PRESCHOOL GRANTS*                       | 84-173A     | 221246-01    | 07/01/21 - 09/30/23 | 32,569         | 13,035       |
| SUBTOTAL SPECIAL EDUCATION - PRESCHOOL GRANTS               |             |              |                     | 195,160        | 95,209       |
| SUBTOTAL SPECIAL EDUCATION CLUSTER                          |             |              |                     | 4,853,573      | 2,773,051    |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.                     |             |              |                     |                |              |
| VOCATIONAL EDUCATION                                        | 84-048A     | 220810-01    | 07/01/21 - 06/30/22 | 129,335        | 120,930      |
| VOCATIONAL EDUCATION                                        | 84-048A     | 220688-01    | 07/01/21 - 06/30/22 | 12,790         | 6,741        |
| SUBTOTAL VOCATIONAL EDUCATION                               |             |              |                     | 142,125        | 127,671      |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.                     |             |              |                     |                |              |
| CAREER AND TECHNICAL EDUCATION - NATIONAL PROGRAMS          | 84-051E     | 221034-01    | 09/01/21 - 06/30/22 | 19,597         | 13,047       |
| SUBTOTAL CAREER AND TECHNICAL EDUCATION - NATIONAL PROGRAMS |             |              |                     | 19,597         | 13,047       |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.                     |             |              |                     |                |              |
| S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.                  | 84-181A     | 210254-01    | 07/01/20 - 09/30/21 | 79,093         | 1,338        |
| S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.                  | 84-181A     | 220142-01    | 07/01/21 - 09/30/22 | 74,014         | 74,014       |
| S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.                  | 84-181X     | 221224-01    | 07/01/21 - 09/30/22 | 21,275         | 21,275       |
| S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.                  | 84-181X     | 221755-01    | 07/01/21 - 09/30/23 | 58,848         | -            |
| SUBTOTAL GRANTS FOR INFANTS & FAM WITH DIS.                 |             |              |                     | 233,230        | 96,627       |

\* Major Program

BOARD OF EDUCATION OF ALLEGANY COUNTY  
 SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2022

| GRANT NAME                                                                                                                     | CFDA NUMBER | GRANT NUMBER | GRANT PERIOD        | ORIGINAL GRANT | EXPENDITURES  |
|--------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|---------------------|----------------|---------------|
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS*                           | 84.367A     | 201094-01    | 07/01/19 - 09/30/21 | 423,432        | 31,341        |
| TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS*                                                                      | 84.367      | 210783-01    | 07/01/20 - 06/30/22 | 421,117        | 122,414       |
| TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS*                                                                      | 84.367      | 221051-01    | 07/01/21 - 06/30/23 | 448,396        | 346,284       |
| SUBTOTAL TITLE II                                                                                                              |             |              |                     | 1,292,945      | 500,039       |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM                                     | 84.424A     | 211384-01    | 07/01/20 - 06/30/22 | 250,273        | 180,336       |
| STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM                                                                                | 84.424A     | 221531-01    | 07/01/21 - 06/30/23 | 242,309        | 57,754        |
| SUBTOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT                                                                               |             |              |                     | 492,582        | 238,090       |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>COVID 19 - EDUCATION STABILIZATION FUND*                                            | 84.425D     | 201767-01    | 03/13/20 - 09/30/22 | 2,557,898      | 251,690       |
| COVID 19 - EDUCATION STABILIZATION FUND*                                                                                       | 84.425C     | 201876-01    | 03/13/20 - 09/30/22 | 97,034         | -             |
| COVID 19 - EDUCATION STABILIZATION FUND*                                                                                       | 84.425D     | 202044-01    | 03/13/20 - 09/30/22 | 261,372        | 6,970         |
| COVID 19 - EDUCATION STABILIZATION FUND*                                                                                       | 84.425D     | 202217-01    | 03/13/20 - 09/30/22 | 11,278,218     | 5,178,016     |
| COVID 19 - EDUCATION STABILIZATION FUND*                                                                                       | 84.425D     | 211957-01    | 03/13/20 - 09/30/24 | 25,347,480     | 3,519,675     |
| COVID 19 - EDUCATION STABILIZATION FUND*                                                                                       | 84.425D     | 221362-01    | 07/01/21 - 09/30/23 | 36,728         | 4,154         |
| COVID 19 - EDUCATION STABILIZATION FUND*                                                                                       | 84.425D     | 221874-01    | 06/01/22 - 09/30/24 | 5,354,832      | -             |
| SUBTOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT                                                                               |             |              |                     | 44,933,562     | 8,960,505     |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>SUMMER FOOD SERVICE PROGRAM                                                         | 10.559      | N/A          | 07/01/21 - 06/30/22 | N/A            | 4,835,144     |
| FOOD DONATION                                                                                                                  | 10.555      | N/A          | 07/01/21 - 06/30/22 | N/A            | 485,210       |
| SUBTOTAL CHILD NUTRITION CLUSTER                                                                                               |             |              |                     | N/A            | 5,290,354     |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION                                   | 10.560      | N/A          | 07/01/21 - 06/30/22 | N/A            | 159,988       |
| STATE ADMINISTRATIVE EXPENSES FOR CHILD NUTRITION                                                                              |             |              |                     | N/A            | 159,988       |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>FRESH FRUIT & VEGETABLE PROGRAM                                                     | 10.582      | N/A          | 07/01/21 - 06/30/22 | N/A            | 52,125        |
| FRESH FRUIT & VEGETABLE PROGRAM                                                                                                |             |              |                     | N/A            | 52,125        |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>CHILD AND ADULT FOOD CARE PROGRAM                                                   | 10.558      | N/A          | 07/01/21-06/30/22   | N/A            | 150,478       |
| CHILD AND ADULT FOOD CARE PROGRAM                                                                                              |             |              |                     | N/A            | 150,478       |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                       | 21.027      | 211769-01    | 03/03/21 - 12/31/24 | 127,280        | 81,951        |
| COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                                                                  | 21.027      | 211776-01    | 03/03/21 - 12/31/24 | 404,180        | 404,180       |
| COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                                                                  | 21.027      | 211780-01    | 03/03/21 - 12/31/24 | 127,280        | 123,585       |
| COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                                                                  | 21.027      | 211844-01    | 03/03/21 - 12/31/24 | 2,276,788      | 353,965       |
| COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                                                                  | 21.027      | 211876-01    | 03/03/21 - 12/31/24 | 404,180        | 39,619        |
| COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                                                                  | 21.027      | 211879-01    | 03/03/21 - 12/31/24 | 221,409        | 11,144        |
| COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS*                                                                  | 21.027      | 211921-01    | 03/03/21 - 12/31/24 | 190,920        | -             |
| SUBTOTAL COVID-19 - CORONAVIRUS RELIEF FUND                                                                                    |             |              |                     | 3,752,037      | 1,014,444     |
| PASS-THROUGH MD STATE DEPARTMENT OF ED.<br>S.E. CHILD CARE AND DEVELOPMENT BLOCK GRANT                                         | 93.575      | 220245-02    | 07/01/21 - 06/30/22 | 42,765         | 42,765        |
| S.E. CHILD CARE AND DEVELOPMENT BLOCK GRANT                                                                                    |             |              |                     | 42,765         | 42,765        |
| PASS THROUGH FROM APPALACHIAN REGIONAL COMMISSION<br>APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND<br>DEMONSTRATION PROJECTS | 23.011      | 220195-54    | 07/01/21 - 02/28/23 | 44,000         | 32,122        |
| SUBTOTAL APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND<br>DEMONSTRATION PROJECTS                                             |             |              |                     | 44,000         | 32,122        |
| Totals                                                                                                                         |             |              |                     | \$ 62,144,610  | \$ 22,622,809 |

\* Major Program

**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, 2022. 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, 2022.

**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 \$982,483 for the year ended June 30, 2022.

Total revenue from federal sources per the basic financial statements is \$23,435,179. Total revenue from federal sources per the schedule of expenditures of federal awards is \$22,622,809. The fee for service revenue accounts for part of this difference. The remaining difference of \$170,113 is attributable to variances in USDA Commodities and timing differences related to COVID-19 relief grants for Food Services as follows:

|                                                                 |                     |
|-----------------------------------------------------------------|---------------------|
| USDA Commodities per MSDE                                       | \$ 455,210          |
| Unspent produce                                                 | (3)                 |
| Unspent commodities                                             | <u>(19,632)</u>     |
| USDA Commodities per Financial Statements                       | <u>\$ 435,575</u>   |
| USDA Variance                                                   | (19,635)            |
| Child Nutrition Emergency Operational Costs Reimbursement Grant | <u>(150,478)</u>    |
| SEFA vs. Financial Statements Variance                          | <u>\$ (170,113)</u> |

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

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, 2022, the indirect cost rate for restricted funds was 1.78%.

NOTE 6 - SUBRECIPIENTS

The Board did not pass-through any federal awards to subrecipients for the year ended June 30, 2022.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

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.

COVID-19 – Coronavirus State and Local Fiscal Recovery Funds (CFDA number 21.027), COVID-19 – Education Stabilization Fund (84.425), Special Education (84.027 and 84.173) and Title II (84.367) were tested as major programs.

The audit of financial statements disclosed two material weaknesses and 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.

Material weaknesses and 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 material weaknesses and 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, 2022**

II. FINANCIAL STATEMENT FINDINGS

**Internal Control Findings**

**2022-001 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 2021-001).

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 an audit/monitoring function. However, as a result of budget constraints, the Board does not plan to implement in internal audit/monitoring function.



**BOARD OF EDUCATION OF ALLEGANY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

II. FINANCIAL STATEMENT FINDINGS - continued

**Internal Control Findings - continued**

**2022-002 Material Adjustments to the Financial Statements were Required**

Criteria: Governmental entities are required to maintain a system of internal controls such that all material transactions are properly recorded as to amount, account, and period.

Condition: Material adjustments to the Board's financial statements were required. Material adjustment to the Restricted Fund resulted from the purchase of multi-year subscriptions and licenses that were fully expensed in the current year. Per generally accepted accounting principles, the portion of multi-year contracts that is attributable to future periods is to be record as prepaid expense.

Cause: For the current year adjustment, there was a lack of recognition for the purchase of multi-year contracts as to the period of benefit.

Effect: Revenues and expenditures were overstated by a material amount in the Restricted Fund. If the adjustments were not made, the financial statements would be materially misstated and could have improperly influenced the users of the financial statements.

Repeat Finding: This finding is a repeat of a finding in the prior year audit (Finding 2021-002).

Recommendation: We recommend that staff be more cognizant of the terms of multi-year contracts to ensure that expenditures are recognized in the proper period.

Views of Responsible Officials and Planned Corrective Action: The Board entered into multi-year contracts to garner additional savings for the district during the contractual period. The Board has developed allocation schedules to ensure a more appropriate matching of expense to the financial period. The Board may continue to enter into multi-year agreements for contractual savings but will expense only the portion of the contract in the period of performance.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2022**

II. FINANCIAL STATEMENT FINDINGS - continued

**Internal Control Findings - continued**

**2022-003 Noncompliance with Procurement Requirements**

Federal Programs: Coronavirus State and Local Fiscal Recovery Funds (CFDA No. 21.027) and Special Education (CFDA No.'s 84.027 and 84.173)

Criteria: Recipients are required to comply with 2 CFR sections 200.318 through 200.327, including ensuring that the procurement method used for the contracts are appropriate based on the dollar amount and conditions specified in 2 CFR section 200.320. The Board follows the Annotated Code of Maryland, the Education Article, and Board Policy DJB with respect to procurement. For purchases between \$3,501 and \$25,000, two written oral quotes must be acquired.

Condition: Seven purchases between \$3,501 and \$25,000 were noted for which there was not documentation of two quotes or supporting documentation of single sourcing.

Cause: The individuals in charge of purchasing did not document their procedures.

Effect: The Board is not in compliance with the procurement requirements of the grant which could affect future funding.

Repeat Finding: This finding was not a finding in FY21.

Recommendation: We recommend the grants administrators communicate procurement requirements, including documentation requirements, to purchasing agents in order to avoid future misinterpretations and noncompliance.

Views of Responsible Officials and Planned Corrective Action: The Board will communicate procurement requirements to purchasing agents in order to avoid future misinterpretation and noncompliance. In most instances, evidence of procurement requirement compliance was observed, but not documented appropriately for compliance requirements.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2022**

II. FINANCIAL STATEMENT FINDINGS - continued

**Internal Control Findings - continued**

**2022-004 Lack of Internal Controls over Activities Allowed or Unallowed**

Federal Programs: Special Education (CFDA No.'s 84.027 and 84.173)

Criteria: Governmental entities are required to maintain a system of internal controls such that all compliance requirements are fulfilled.

Condition: The Board is required to submit an annual IDEA Excess Cost Requirement Calculation Template and Certification to determine if activities are allowed or unallowed. The Board's SFY 2022 submission contained errors.

Cause: The Board did not diligently complete the SFY 2022 IDEA Excess Cost Requirement Calculation Template and Certification, and the form could not be relied upon to show compliance with activities allowed or unallowed.

Effect: Preparing an inaccurate Template and Certification could result in the Board mistakenly concluding they were in compliance when they were not. Completion of a revised Template and Certification indicated the Board was in compliance with activities allowed or unallowed.

Repeat Finding: This finding was not a finding in FY21.

Recommendation: We recommend that staff maintain detailed worksheets with the prepared Template and Certification and that the report and supporting worksheets be reviewed by a second member of the finance staff.

Views of Responsible Officials and Planned Corrective Action:

Board finance staff will implement a review process prior to signing off on the annual Special Education IDEA Excess Cost Template and Certification. The Board acknowledges the importance of the accuracy of the report it certifies.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2022**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

**Compliance Findings**

**2022-001 Monitoring of Internal Controls over Federal Awards**

Federal Programs: All Major Programs

As discussed in finding 2022-001 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.

**2022-002 Material Adjustments to the Financial Statements were Required**

Federal Programs: All Major Programs

As discussed in finding 2022-002 in the internal control section of section II, material adjustments were required to the Board's financial statements. No questioned costs were noted as a result of this finding.

**2022-003 Noncompliance with Procurement Requirements**

Federal Programs: Coronavirus State and Local Fiscal Recovery Funds (CFDA No. 21.027) and Special Education (CFDA No.'s 84.027 and 84.173)

As discussed in finding 2022-003 in the internal control section of section II, the Board was noncompliant with the procurement requirements for this grant. Specifically, seven purchases were not accompanied by documentation of quotes obtained. No questioned costs were noted as a result of this finding.

**2022-004 Lack of Internal Controls over Activities Allowed or Unallowed**

Federal Programs: Special Education (CFDA No.'s 84.027 and 84.173)

As discussed in finding 2022-004 in the internal control section of section II, the Board did not maintain internal controls over activities allowed or unallowed that resulted in the filing of an erroneous Template and Certification report. 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, 2022**

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 is continued to be a finding reported as Finding 2022-01 for fiscal year 2022.

2021-002   Material Adjustments to the Financial Statements were Required

All Major Programs

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

Current Status: This has continued to be a finding reported as Finding 2022-02 for fiscal year 2022.

2021-003   Noncompliance With Reporting Requirements

Coronavirus Relief Fund (CFDA No. 21.019)

Finding: The Board was noncompliant with the reporting requirements for this grant. Specifically, the final report and accounting was filed 11 days late.

Current Status: The Board did not expend funds from this grant for the year ended 6/30/22. No reporting noncompliance was noted with other grants tested. The finding will not be continued.