

**BOARD OF EDUCATION OF  
CARROLL COUNTY, MARYLAND**

**REPORT ON SINGLE AUDIT**

**YEAR ENDED JUNE 30, 2019**

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND  
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Board of Education of Carroll County  
Westminster, 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, each major fund, and the aggregate remaining fund information of the Board of Education of Carroll County, Maryland (the Board), a component unit of Carroll County, Maryland as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 19, 2019.

**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. 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 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 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 results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 19, 2019



**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**

Members of the Board of Education of Carroll County  
Westminster, Maryland

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

We have audited the Board of Education of Carroll County's (the Board) 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, 2019. 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, 2019.

### **Other Matters**

The results of our auditing procedures disclosed an 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 2019-001. 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 a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-001, that we consider to be a significant deficiency.

The Board's response to the internal control over compliance 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.

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, each major fund, and the aggregate remaining fund information of the Board as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 19, 2019 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  
October 9, 2019

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2019**

Federal Grantor / Pass-Through	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
Passed through the Maryland State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	180660-01	N/A	\$ 126,841
Title I Grants to Local Educational Agencies	84.010	190538-01	N/A	2,263,195
Total Title I Grants				<u>2,390,036</u>
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027	190331-01	N/A	5,058,867
Special Education - Grants to States	84.027	181496-01	N/A	24,176
Special Education - Grants to States	84.027	181644-01	N/A	50,244
Special Education - Grants to States	84.027	190331-04	N/A	18,000
Special Education - Grants to States	84.027	180340-04	N/A	30,614
Special Education - Grants to States	84.027	190147-01	N/A	80,149
Special Education - Grants to States	84.027	181275-01	N/A	56,527
Special Education - Grants to States	84.027	190331-06	N/A	59,428
Special Education - Grants to States	84.027	190331-07	N/A	85,066
Special Education - Grants to States	84.027	181684-01	N/A	2,250
Special Education - Grants to States	84.027	190331-03	N/A	2,500
Special Education - Grants to States	84.027	190331-05	N/A	17,338
Special Education - Grants to States	84.027	190331-02	N/A	63,150
Total Special Education - Grants to States				<u>5,548,309</u>
Special Education - Preschool Grants	84.173	190360-01	N/A	169,005
Special Education - Preschool Grants	84.173	190360-02	N/A	438
Special Education - Preschool Grants	84.173	190214-01	N/A	7,000
Special Education - Preschool Grants	84.173	190214-02	N/A	6,530
Total Special Education - Preschool Grants				<u>182,973</u>
Total Special Education Cluster (IDEA)				<u>5,731,282</u>
Career and Technical Education - Basic Grants to States	84.048	190407-01	N/A	164,534
Career and Technical Education - Basic Grants to States	84.048	190452-01	N/A	26,369
Total Career and Technical Education - Basic Grants to States				<u>190,903</u>
Special Education - Grants for Infants and Families	84.181	190159-01	N/A	180,665
English Language Acquisition Grants	84.365	180418-01	N/A	15,429
English Language Acquisition Grants	84.365	190365-01	N/A	15,243
Total English Language Acquisition Grants				<u>30,672</u>
Supporting Effective Instruction State Grants	84.367	191354-01	N/A	278,863
Supporting Effective Instruction State Grants	84.367	181254-01	N/A	174,813
Supporting Effective Instruction State Grants	84.367	181810-01	N/A	1,859
Supporting Effective Instruction State Grants	84.367	190715-01	N/A	14,000
Total Supporting Effective Instruction State Grants				<u>469,535</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

Federal Grantor / Pass-Through	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education (Continued)</b>				
Passed through the Maryland State Department of Education:				
Competitive Grants for State Assessments	84.368	181720-01	N/A	\$ 12,106
Comprehensive Literacy Development	84.371	181752-01	N/A	513,452
Comprehensive Literacy Development	84.371	191048-01	N/A	747
Comprehensive Literacy Development	84.371	191448-01	N/A	296
Comprehensive Literacy Development	84.371	191080-01	N/A	349,285
Total Comprehensive Literacy Development				<u>863,780</u>
Statewide Longitudinal Data Systems	84.372	181719-01	N/A	1,652
Preschool Development Grants	84.419	190837-01	N/A	285,949
Preschool Development Grants	84.419	180620-01	N/A	4,168
Preschool Development Grants	84.419	190836-01	N/A	310,292
Total Preschool Development Grants				<u>600,409</u>
Disability Innovation Fund	84.421	181153-01	N/A	21,872
Disability Innovation Fund	84.421	190892-01	N/A	3,841
Total Disability Innovation Fund				<u>25,713</u>
Student Support and Academic Enrichment Program	84.424	181087-01	N/A	27,608
Student Support and Academic Enrichment Program	84.424	191289-01	N/A	85,482
Total Student Support and Academic Enrichment Program				<u>113,090</u>
Hurricane Education Recovery	84.938	191155-01	N/A	72,518
Total U.S. Department of Education				<u>10,682,361</u>
<b>U.S. Department of Agriculture</b>				
Passed through the Maryland State Department of Education:				
Child Nutrition Cluster				
School Breakfast Program	10.553	None provided	N/A	623,759
National School Lunch Program	10.555	None provided	N/A	2,497,746
Summer Food Service Program for Children	10.559	None provided	N/A	18,669
Total Child Nutrition Cluster				<u>3,140,174</u>
Total U.S. Department of Agriculture				<u>3,140,174</u>
<b>U.S. Department of Health and Human Services</b>				
Passed through the Maryland Department of Health:				
Passed through the Carroll County Department of Health:				
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	CCHD	N/A	33,480
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	93.104	CCHD	N/A	71,107
Total Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances				<u>104,587</u>
Total U.S. Department of Health and Human Services				<u>104,587</u>
Total Federal Expenditures				<u>\$ 13,927,122</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2019**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of the Board of Education of Carroll County (the Board) for the year ended June 30, 2019.

**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 Note 1 to the Board's basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement.

**NOTE 2 RELATION TO FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS**

The following schedule reconciles the amounts per the financial statements to the amounts per the schedule of expenditures of federal awards for the year ended June 30, 2019:

	Governmental Funds
<b>REVENUE</b>	
<b>BALANCE PER FINANCIAL STATEMENTS</b>	
Federal Revenues	\$ 15,378,622
Less:	
Miscellaneous Adjustments	(49,992)
Medical Assistance Revenue	(1,401,508)
Total Per Schedule of Expenditures of Federal Awards	\$ 13,927,122

**NOTE 3 INDIRECT COST RATE**

The Board has not elected to use the 10 percent de minimis indirect cost rate allowed under Uniform Guidance.

**BOARD OF EDUCATION OF CARROLL COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2019**

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***Section I – Summary of Auditors’ Results***

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***Financial Statements***

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

***Federal Awards***

Internal control over major federal programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Significant deficiency(ies) identified?   X   yes      \_\_\_\_\_ none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?   X   yes      \_\_\_\_\_ no

***Identification of Major Federal Programs***

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
10.553, 10.555, 10.559 84.010 84.371	Child Nutrition Cluster Title 1 Comprehensive Literacy Development

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ yes        X   no

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**Section II – Financial Statement Findings**

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None

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**Section III – Findings and Questioned Costs – Major Federal Programs**

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**2019-001**

Federal agency: U. S. Department of Education

Federal program title: Comprehensive Literacy Development

CFDA Number: 84.371

Pass-Through Agency: Maryland State Department of Education

Pass-Through Number(s): 191080-01

Award Period: October 1, 2018 – June 30, 2020

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

**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:** The Board used budgetary expenditures in determining the amount of indirect costs charged to the grant, which resulted in the indirect costs exceeding the negotiated indirect cost rate provided by the Maryland State Department of Education as of June 30, 2019.

**Questioned costs:** \$946

**Context:** The Board overcharged the grant by a total of \$946 as of June 30, 2019.

**Cause:** The Board used budgetary expenditures in order to determine the amount of indirect costs charged to the grant in lieu of expenditures under the modified accrual basis of accounting.

**Effect:** The Board received reimbursement for indirect costs in excess of the negotiated indirect cost rate as of June 30, 2019.

**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:** The issue revolves around GAAP adjustments not made to the amount of indirect costs included in expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) for the year being reported (to match GAAP adjustments made for direct expenditures). Indirect costs charged to the grant were correct on the budgetary basis and, over the span of years for which the grant is included in the SEFA, correct in total. Management has agreed that in future years a GAAP adjustment for indirect costs will be included in the process of preparing the annual SEFA.



# Carroll County Public Schools

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Steven Lockard, Ph.D.  
*Superintendent*

Maryland State Department of Education

Carroll County Public Schools respectfully submits the following corrective action plan for the year ended June 30, 2019.

Audit period: July 1, 2018 through June 30, 2019

The findings from the schedule of findings and questioned costs are discussed below. The finding is numbered consistently with the number assigned in the schedule.

## **FINDINGS—FEDERAL AWARD PROGRAMS AUDITS**

### U.S. DEPARTMENT OF EDUCATION

2019-001 Comprehensive Literacy Development – CFDA No. 84.371

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.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: The issue revolves around GAAP adjustments not made to the amount of indirect costs included in expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) for the year being reported (to match GAAP adjustments made for direct expenditures). Indirect costs charged to the grant were correct on the budgetary basis and, over the span of years for which the grant is included in the SEFA, will be correct in total. Management has agreed that in future years a GAAP adjustment for indirect costs will be included in the process of preparing the annual SEFA.

Name(s) of the contact person(s) responsible for corrective action: Supervisor of Budget & Grants Andrew Sexton.

Planned completion date for corrective action plan: For audit periods ending June 30, 2020.

If the Maryland State Department of Education has questions regarding this plan, please contact Supervisor of Budget & Grants Andrew Sexton at 410-751-3083 or [acsexto@carrollk12.org](mailto:acsexto@carrollk12.org).