

**BOARD OF EDUCATION OF ALLEGANY COUNTY**

**SINGLE AUDIT**

**JUNE 30, 2024**

# BOARD OF EDUCATION OF ALLEGANY COUNTY

## TABLE OF CONTENTS

	<u>Page</u>
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 <b><i>GOVERNMENT AUDITING STANDARDS</i></b>	1-2
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	3-6
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7-8
NOTES TO SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	9-11
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	12-18
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	19

**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, 2024, 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 January 13, 2025.

**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 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 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 as item 2024-004 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 deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, and 2024-003 to be significant deficiencies.

### **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 2024-002 and 2024-003.

### **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 the response.

### **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  
January 13, 2025

**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, 2024. 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 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, 2024.

**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.

## **Auditors' 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 instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, and 2024-004. Our opinion on each major federal program is not modified with respect to these matters.

*Government Auditing Standards* requires the auditor to perform limited procedures on the Board's, response to the noncompliance findings identified in our compliance 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 significant deficiencies and material weaknesses.

*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 item 2024-004 to be a material weakness.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002 and 2024-003 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 compliance 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, 2024, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated January 13, 2025, 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.

*Huber, Michaels & Company*

Cumberland, Maryland  
January 13, 2025



BOARD OF EDUCATION OF ALLEGANY COUNTY

SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

GRANT NAME	ALN NUMBER	GRANT NUMBER	GRANT PERIOD	ORIGINAL GRANT	EXPENDITURE
DEPARTMENT OF EDUCATION					
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
TITLE I	84.010	221497-01	07/01/21 - 09/30/23	3,153,340	50,673
TITLE I	84.010	231243-01	07/01/22 - 09/30/24	3,186,469	216,737
TITLE I	84.010	241277-01	07/01/23 - 09/30/24	3,696,100	3,244,243
TITLE I	84.010A	231090-01	03/01/23 - 09/30/24	270,637	194,141
TITLE I	84.010A	232059-01	03/01/23 - 09/30/24	46,944	43,575
TITLE I	84.010A	241672-01	07/01/23 - 09/30/24	252,525	34,650
SUBTOTAL TITLE I				10,606,015	3,784,019
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
SPECIAL EDUCATION	84.027	230576-01	07/01/22 - 09/30/24	2,206,038	66,393
SPECIAL EDUCATION	84.027	230576-02	07/01/22 - 09/30/24	38,200	30,919
SPECIAL EDUCATION	84.027	230576-03	07/01/22 - 09/30/23	2,500	1,086
SPECIAL EDUCATION	84.027	230576-04	07/01/22 - 09/30/23	16,000	608
SPECIAL EDUCATION	84.027	240858-01	07/01/23 - 09/30/25	2,362,977	2,225,725
SPECIAL EDUCATION	84.027	240858-02	07/01/23 - 09/30/25	39,714	-
SPECIAL EDUCATION	84.027	240858-03	07/01/23 - 09/30/24	2,500	836
SPECIAL EDUCATION	84.027	240858-04	07/01/23 - 09/30/24	16,000	13,361
SPECIAL EDUCATION	84.027	241334-01	10/01/23 - 09/30/25	116,220	40,774
SPECIAL EDUCATION	84.027	241334-02	10/01/23 - 09/30/25	116,219	4,996
SPECIAL EDUCATION	84.027A	221317-01	10/01/21 - 09/30/23	119,493	18,433
SPECIAL EDUCATION	84.027A	231078-01	10/01/22 - 09/30/24	62,622	27,636
SPECIAL EDUCATION	84.027A	231078-02	10/01/22 - 09/30/24	169,817	64,249
SPECIAL EDUCATION	84.027A	230460-01	07/01/22 - 09/30/23	15,712	198
SPECIAL EDUCATION	84.027A	241623-01	03/15/24 - 05/31/24	1,778	1,778
SPECIAL EDUCATION	84.027A	240814-01	07/01/23 - 09/30/24	34,031	34,031
SUBTOTAL SPECIAL EDUCATION				5,319,821	2,531,023
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173X	221246-01	07/01/21 - 09/30/23	32,569	13,534
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	230652-01	07/01/22 - 09/30/24	74,888	-
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	240800-01	07/01/23 - 09/30/25	64,677	64,677
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	240800-02	07/01/23 - 09/30/25	12,303	12,303
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	240801-01	07/01/23 - 09/30/24	7,000	7,000
SPECIAL EDUCATION - PRESCHOOL GRANTS	84.173A	240801-02	07/01/23 - 09/30/24	2,719	2,719
SUBTOTAL SPECIAL EDUCATION - PRESCHOOL GRANTS				194,156	100,233
SUBTOTAL SPECIAL EDUCATION CLUSTER				5,513,977	2,631,256
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
VOCATIONAL EDUCATION	84.048A	240173-01	07/01/23 - 06/30/24	159,509	159,509
SUBTOTAL VOCATIONAL EDUCATION				159,509	159,509
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.	84.181X	221753-01	07/01/21 - 09/30/23	58,848	43,766
S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.	84.181X	221753-02	03/01/22 - 09/30/23	12,856	8,856
S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.	84.181A	230641-01	07/01/22 - 09/30/23	76,643	8,878
S.E. - GRANTS FOR INFANTS & FAM. WITH DIS.	84.181A	240779-01	07/01/23 - 09/30/24	75,305	67,071
SUBTOTAL GRANTS FOR INFANTS & FAM WITH DIS.				223,652	128,571
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS *	84.367	230689-01	07/01/22 - 09/30/24	357,755	44,131
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS *	84.367	240297-01	07/01/23 - 06/30/25	382,481	340,163
TITLE II - SUPPORTING EFFECTIVE INSTRUCTION STATE GRANTS *	84.367A	241754-01	06/01/24 - 09/30/24	31,000	31,000
SUBTOTAL TITLE II				771,236	415,294
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
PATHWAYS TO PARTNERSHIPS	84.421E	241787-01	05/01/24 - 09/30/24	60,000	13,900
SUBTOTAL PATHWAYS TO PARTNERSHIPS				60,000	13,900

BOARD OF EDUCATION OF ALLEGANY COUNTY  
SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2024

GRANT NAME	ALN NUMBER	GRANT NUMBER	GRANT PERIOD	ORIGINAL GRANT	EXPENDITURE
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424A	221531-01	07/01/21 - 09/30/23	242,309	394
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424A	231213-01	07/01/22 - 09/30/24	249,752	22,858
STUDENT SUPPORT AND ACADEMIC ENRICHMENT PROGRAM	84.424A	240585-01	07/01/23 - 09/30/25	254,641	229,280
SUBTOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT				<u>746,702</u>	<u>252,532</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
COVID 19 - EDUCATION STABILIZATION FUND *	84.425D	202217-01	03/13/20 - 09/30/23	11,278,218	503,413
COVID 19 - EDUCATION STABILIZATION FUND *	84.425U	211957-01	03/13/20 - 09/30/24	25,347,480	12,315,371
COVID 19 - EDUCATION STABILIZATION FUND *	84.425D	221362-01	07/01/21 - 09/30/23	36,728	172
COVID 19 - EDUCATION STABILIZATION FUND *	84.425D	221874-01	06/01/22 - 09/30/24	5,354,832	720,681
SUBTOTAL STUDENT SUPPORT AND ACADEMIC ENRICHMENT				<u>42,017,258</u>	<u>13,539,637</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
SUMMER FOOD SERVICE PROGRAM	10.559	N/A	07/01/23 - 06/30/24	N/A	78,113
FRESH FRUIT & VEGETABLE PROGRAM	10.582	N/A	07/01/23 - 06/30/24	N/A	77,021
SCHOOL BREAKFAST PROGRAM	10.553	N/A	07/01/23 - 06/30/24	N/A	1,063,536
NATIONAL SCHOOL LUNCH PROGRAM	10.555	N/A	07/01/23 - 06/30/24	N/A	2,586,015
COVID 19 - SUPPLY CHAIN ASSISTANCE	10.555	N/A	07/01/23 - 06/30/24	N/A	174,010
COVID 19 - EMERGENCY OPERATIONAL COST	10.555	N/A	07/01/23 - 06/30/24	N/A	3,256
FOOD DONATION	10.555	N/A	07/01/23 - 06/30/24	N/A	233,374
SUBTOTAL CHILD NUTRITION CLUSTER				<u>N/A</u>	<u>4,215,325</u>
PASS-THROUGH MD STATE DEPARTMENT OF ED.					
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS *	21.027	211769-01	03/03/21 - 12/31/24	127,280	45,329
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS *	21.027	211844-01	03/03/21 - 12/31/24	2,276,788	856,181
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS *	21.027	211876-01	03/03/21 - 12/31/24	404,180	258,355
COVID-19 - CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS *	21.027	211921-01	03/03/21 - 12/31/24	190,920	79,216
SUBTOTAL COVID-19 - CORONAVIRUS RELIEF FUND				<u>2,999,168</u>	<u>1,239,081</u>
PASS THROUGH FROM APPALACHIAN REGIONAL COMMISSION					
APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS	23.011	230199-54	05/01/23 - 07/31/24	34,100	18,072
APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS	23.011	230199-55	05/01/22 - 09/30/23	75,000	30,234
SUBTOTAL APPALACHIAN RESEARCH, TECHNICAL ASSISTANCE, AND DEMONSTRATION PROJECTS				<u>109,100</u>	<u>48,306</u>
Totals				<u>\$ 63,206,617</u>	<u>\$ 26,427,430</u>

**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, 2024. 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, 2024.

**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 (ALN number 93.778) and Medicare Part D totaled \$1,396,182 for the year ended June 30, 2024. This amount is included in the Statement of Revenues, Expenditures, and Changes in Fund Balances for the Governmental Funds of the Board's basic financial statements, federal revenue received through pass-through agency of \$1,444,488 less \$48,306 of grants passed through from the Appalachian Regional Commission.

Total revenue from federal sources per the basic financial statements is \$27,941,057. Total revenue from federal sources per the schedule of expenditures of federal awards is \$26,427,430. The fee for service revenue accounts for part of this difference. The remaining difference of \$117,445 is attributable to variances in USDA Commodities as follows:

USDA Commodities per MSDE	\$ 427,840
Overspent commodities and produce	<u>117,445</u>
USDA Commodities per Financial Statements	<u><u>\$ 545,285</u></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, 2024, the indirect cost rate for restricted funds was 2.38%.

NOTE 6 - SUBRECIPIENTS

The Board did not pass-through any federal awards to subrecipients for the year ended June 30, 2024.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2024**

**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 (ALN number 21.027), COVID-19 – Education Stabilization Fund (84.425), and Title II (84.367) were tested as major programs.

The audit of financial statements disclosed one material weakness and three significant deficiencies in internal control which are 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 and a material weakness 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 \$792,823.

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, 2024**

II. FINANCIAL STATEMENT FINDINGS

**Internal Control Findings**

**2024-001 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 2023-001).

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 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, 2024**

II. FINANCIAL STATEMENT FINDINGS - continued

**2024-002 Payroll and Statement of Compliance Reports**

Federal Programs: COVID 19 – Education Stabilization Fund

Criteria: 29 Code of Federal Regulations Part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction provides requirements for nonfederal entities regarding Wage Rate Requirements. These include a requirement for the contractor or subcontractor to submit to the nonfederal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls). The requirement is to be included in the construction contract. The Board had such contracts and used federal funds to pay for the projects, but did not always receive weekly reports, and the requirement was not included in their construction contracts.

Condition: Payroll reports and a statement of compliance with prevailing wage rates are to be received weekly for construction contracts subject to Wage Rate Requirements, often referenced as the Davis-Bacon Act. The requirement to receive these reports weekly should be included in the construction contract.

Cause: Management was not aware of the requirement to receive weekly reports and for the requirement to be in their contracts.

Effect: Wage and Rate Requirements could be violated without the noncompliance being recognized in a timely manner.

Recommendation: We recommend that management reference the Code of Federal Regulations and relevant compliance supplements and cross-cutting supplements for any expenditures of federal awards.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2024**

II. FINANCIAL STATEMENT FINDINGS – continued

**2024-002 Payroll and Statement of Compliance Reports - continued**

Views of Responsible Officials and Planned Corrective Action: The Board acknowledges its lack of compliance relative to contractor and subcontractor payroll monitoring and omitting this requirement within the contract. The Board did provide for prevailing wage requirements within the contracts. Going forward when federal funds are utilized for construction projects, management will reference the Code of Federal Regulation and relevant compliance supplements and cross-cutting supplements for expenditures of federal awards.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2024**

II. FINANCIAL STATEMENT FINDINGS – continued

**2024-003 Documentation of Procurement Procedures**

Federal Programs: All Major Programs

Criteria: Management's procurement policy exceeds requirements under the Code of Federal Regulations, Part 200 Subpart D Procurement Standards. That policy requires that justification of the use of sole sourcing or noncompetitive proposals must be documented and retained and research on availability of multiple sources must be documented and retained. Further, any initial solicitations from multiple sources which are concluded to be inadequate, and such reasoning, must be documented.

Condition: Management has not adequately documented procedures related to noncompetitive or sole source procurements.

Cause: Management believed it was adequate to use approved state contract vendors, existing cooperative purchasing agreements, the State of Maryland Purchasing Group, or another district's procured contract without further documenting their purchases.

Effect: Purchases could be made that did not adhere to the Code of Federal Regulations, Part 200 Subpart D Procurement Standards.

Recommendation: We recommend that the Board's procurement policy be followed as to required documentation for each purchase.

Views of Responsible Officials and Planned Corrective Action: Finance will meet with purchasing agents to communicate procurement requirements, including documentation requirements, to avoid future misinterpretations and noncompliance with the Board's approved procurement policy.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2024**

II. FINANCIAL STATEMENT FINDINGS – continued

**2024-004 Subscription-Based Information Technology Arrangements**

Federal Programs: All Major Programs

Criteria: GASB No. 96, Subscription-Based Information Technology Arrangements, requires payments for arrangements with terms extending beyond the date of the financial statements to be expensed in the fund financial statements.

Condition: Subscription-based information technology arrangements were not recorded properly in the fund financial statements.

Cause: The guidance regarding the treatment of prepayments in GASB No. 96 was vague, not overt, and required interpretation.

Effect: Prepayments for subscription-based information technology arrangements were not recorded properly in the fund financial statements.

Recommendation: We recommend management use all resources at its disposal when implementing new and complex accounting pronouncements.

Views of Responsible Officials and Planned Corrective Action: Finance will review and participate in staff development and CPE opportunities relating to the implementation of new and complex accounting pronouncements.

**BOARD OF EDUCATION OF ALLEGANY COUNTY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2024**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

**2024-001 Monitoring of Internal Controls**

Federal Programs: All Major Programs

As discussed in finding 2024-001 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.

**2024-002 Payroll and Statement of Compliance Reports**

Federal Programs: COVID 19 – Education Stabilization Fund

As discussed in finding 2024-002 in the internal control section of section II, payroll reports and a statement of compliance with prevailing wage rates were not always received weekly for construction contracts subject to Wage Rate Requirements, often referenced as the Davis-Bacon Act. The requirement was not included in the relevant construction contracts. No questioned costs were noted as a result of this finding.

**2024-003 Documentation of Procurement Procedures**

Federal Programs: All Major Programs

As discussed in finding 2024-003 in the internal control section of section II, procurement procedures were not properly documented. No questioned costs were noted as a result of this finding.

**2024-004 Subscription-Based Information Technology Arrangements**

Federal Programs: All Major Programs

As discussed in finding 2024-004 in the internal control section of section II, subscription-based information technology arrangements were not recorded properly in the fund financial statements. 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, 2024**

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 2024-001 for fiscal year 2024.

2022-002   Material Adjustments to the Financial Statements were Required

All Major Programs

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

Current Status: Item 2024-004 resulted in a material misstatement. The finding is continued for the year ended June 30, 2024.