

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
Annapolis, Maryland

REPORT ON SINGLE AUDIT
June 30, 2015

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**Independent Auditor's 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 Anne Arundel County
Annapolis, 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 Anne Arundel County (the Board), a component unit of Anne Arundel County, Maryland as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated October 8, 2015.

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) to determine the 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, 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 **2015-001** described in the accompanying Schedule of Findings and Responses 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 **2015-002** and **2015-003** described in the accompanying Schedule of Findings and Responses to be significant deficiencies.

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, contract, 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*.

Management's Responses to Findings

Management's responses to the findings identified in our audit are included in the accompanying Schedule of findings and questioned costs. Management's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this communication is solely to describe the scope of our testing of internal control over financial reporting 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 over financial reporting. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.**CliftonLarsonAllen LLP**

Baltimore, Maryland
October 8, 2015

**Independent Auditors' Report on Compliance with Requirements that
Could Have a Direct and Material Effect on Each Major Federal Program and on
Internal Control Over Compliance and Schedule of Expenditures of Federal
Awards in Accordance with OMB Circular A-133**

Members of the Board
of Education of Anne Arundel County
Annapolis, Maryland

Report on Compliance for Each Major Federal Program

We have audited the Board of Education of Anne Arundel County's (the Board) compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2015.

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 OMB Circular A-133, 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated October 8, 2015, 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 OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland

December 11, 2015

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Expenditures
U.S Department of Agriculture			
Administered Through Maryland State Department of Education:			
Department of Agriculture - Food Distribution Program: Project No.: 2010 Food Distribution	10.555	---	\$ 1,426,836
Department of Agriculture - School Breakfast Program: Project No.: 7082-15 School Breakfast	10.553	---	4,560,121
Department of Agriculture - School Lunch Program: Project No.: 7081-15 School Lunch	10.555	---	10,300,888
Department of Agriculture - Summer Food Service Program Project No.: 7052-15 Summer Food Service Program	10.559	---	<u>260,203</u>
Total Child Nutrition Cluster			16,548,048
Department of Agriculture - Child and Adult Care Food Program Project No.: 7053-15 Child and Adult Care Food Program	10.558	---	418,566
State Administrative Expenses for Child Nutrition Project No.: 3185 Healthy Hunger Free Kids Act Training	10.560	154495-01	12,037
Project No.: 3186 Healthy Hunger Free Kids Act Training	10.560	154495-02	<u>13,394</u>
Total U.S Department of Agriculture			16,992,045
U.S. Department of Labor			
Administered Through Maryland State Department of: Employment and Training Administration			
Project No.: 5016 WAGES Program	17.259	---	<u>72,925</u>
Total U.S. Department of Labor			72,925
U.S. Department of Education			
Administered Through Maryland Department of Labor and Licensing:			
Project No.: 517 External Diploma	84.002A	POOP5400265	61,395
Administered Through Maryland State Department of Education:			
Title I, Part A of ESEA - Improving Basic Programs:			
Project No.: 1985 Title I	84.010A	145183	106,508
Project No.: 1986 Title I	84.010A	154916	9,705
Project No.: 1986 Title I	84.010A	154993	43,660
Project No.: 1987 Title I	84.010A	154342	44,917
Project No.: 1988 Title I	84.010A	155103	136,524
Project No.: 1990 Title I	84.010A	144792	8,077
Project No.: 1981 Title I	84.010A	134387-01	6,930
Project No.: 1981 Title I	84.010A	154351	9,938,599
Project No.: 1981 Title I	84.010A	144490	<u>575,055</u>
Total Title I Grants to Local Educational Agencies			10,869,975
Special Education Cluster:			
Project No.: 3478 Special Education	84.027	155534	3,329
Project No.: 3480 Special Education, Community Service	84.027	154211-05	1,165
Project No.: 3481 Special Education	84.027	154211-02	172,787
Project No.: 3482 Special Education, SE Advisory Committee	84.027	144238-05	1,255
Project No.: 3483 Special Education	84.027	154211-06	108,262
Project No.: 3484 Special Education, CSPD	84.027	144238-06	62,147
Project No.: 3496 Pass Through	84.027	144238-01	768,703

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Expenditures
U.S. Department of Education (Continued)			
Special Education Cluster: (Continued)			
Project No.: 3496 Special Education	84.027	154211-01	\$ 15,014,470
Project No.: 3516 Special Education, IFSP Extension	84.027	144216-05	35,738
Project No.: 3519 Infants & Toddlers	84.027	154514-01	160,517
Project No.: 3587 Special Education	84.027	155358-01	1,251
Project No.: 3592 Infants & Toddlers	84.027	154225-02	374,387
Project No.: 3593 Infants & Toddlers	84.027	145270	101,209
Project No.: 3596 Special Education	84.027	145322	171,195
Project No.: 3598 Special Education, Maryland State Improvement Grant	84.027	144883-01	22,105
Project No.: 3474 Maryland Model for School Readiness	84.173	144573-02	6,553
Project No.: 3495 Preschool	84.173	144238-03	3,529
Project No.: 3495 Preschool	84.173	154211-03	402,295
Project No.: 3486 Preschool, Private/ Parochial	84.173	154211-04	5,080
Project No.: 3497 Special Education	84.173	---	12,641
Project No.: 3592 Infants & Toddlers	84.173	154225-03	9,000
Project No.: 3595 Special Education	84.173	155358-02	3,924
Total Special Education Cluster			17,441,542
Vocational Education - Basic Grants to States:			
Project No.: 5080 Career and Technology Perkins Voc Ed.	84.048	144655	9,395
Project No.: 5080 Career and Technology Perkins Voc Ed.	84.048	154850	561,136
Project No.: 5083 Career and Technology PLTW PD	84.048	154851	18,000
Total Vocational Education - Basic Grants to States:			588,531
Special Education - Grants for Infants and Families with Disabilities:			
Project No.: 3591 Infants & Toddlers	84.181A	144216-01	26,057
Project No.: 3590 Infants & Toddlers	84.181A	154225-01	689,693
Total Special Education - Grants for Infants and Families with Disabilities:			715,750
McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.			
Project No.: 2295 Homeless Education	84.196	155370	8,595
Project No.: 2296 Homeless Education	84.196	144710	20,526
Total McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B			29,121
Advanced Placement Program:			
Project No.: 1010 High School / High Technology	84.330	154507	9,450
Funding to Ensure Limited English Proficient Children meet Standards:			
Project No.: 2183 Title III, Language Instruction for LEP	84.365A	144578-01	337,391
Project No.: 2182 Title III, Language Instruction for LEP	84.365A	144578-02	204
Project No.: 2184 Title III, Language Instruction for LEP	84.365A	154422-01	116,716
Project No.: 2185 Title III, Language Instruction for LEP	84.365A	134207-01	121,453
Total Funding to Ensure Limited English Proficient Children meet Standards			575,764
Math and Science Partnership:			
Project No.: 3292 STEM, The Math and Science Partnership Grant	84.366	145115	6,337
Project No.: 5916 The Math and Science Partnership Grant	84.366	---	7,908
Total Math and Science Partnership			14,245

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015
(Continued)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Grant Award Number	Expenditures
U.S. Department of Education (Continued)			
Improving Teacher and Principal Quality:			
Project No.: 0393 Title II, Improving Teacher Quality	84.367	154929	\$ 1,135,506
Project No.: 0392 Title II, Improving Teacher Quality	84.367	144759-01	823,417
Project No.: 0394 Title II, Improving Teacher Quality	84.367	134583-02	63,074
Total Improving Teacher and Principal Quality			2,021,997
Race to the Top- ARRA			
Project No.: 0630 Race to the Top	84.395	115741-02	87,510
Project No.: 0610 Race to the Top	84.395	115741-03	2,218,684
Project No.: 0670 Race to the Top	84.395	145348-01	19,036
Project No.: 0671 Race to the Top	84.395	145348-02	5,250
Project No.: 0672 Race to the Top	84.395	154896	3,750
Project No.: 0673 Race to the Top	84.395	154693	6,500
Project No.: 0674 Race to the Top	84.395	154839	504
Project No.: 0675 Race to the Top	84.395	154681	536,704
Project No.: 0681 Race to the Top	84.395	154590	2,630
Project No.: 0682 Race to the Top	84.395	155050	159,921
Project No.: 0683 Race to the Top	84.395	144965	58,067
Project No.: 0685 Race to the Top	84.395	155143	1,120
Project No.: 0687 Race to the Top	84.395	155389	1,051
Project No.: 0688 Race to the Top	84.395	155648	54,270
Project No.: 2186 Race to the Top	84.395	144448	2,583
Project No.: 2187 Race to the Top	84.395	154736	42,500
Project No.: 2189 Race to the Top	84.395	154469	2,559
Project No.: 3299 Race to the Top	84.395	155444-01	1,042
Project No.: 3299 Race to the Top	84.395	155444-02	966
Total Race to the Top- ARRA			3,204,647
Race to the Top - Early Learning Challenge- ARRA			
Project No.: 3581 Local Early Childhood Advisory Council	84.412	145136	44,076
Project No.: 1769 Infants & Toddlers Program	84.412	154259-02	45,768
Project No.: 1768 Infants & Toddlers Program	84.412	144573-03	7,897
Total Race to the Top - Early Learning Challenge			97,741
Total U.S. Department of Education Administered Through the Maryland Agencies			35,630,158
U.S. Department of Education Direct Programs:			
Impact Aid			
Unrestricted Federal Revenue, Title VIII of ESEA	84.041	---	1,961,239
Total U.S. Department of Education Direct Programs			1,961,239
Total U.S. Department of Education			37,591,397
U.S. Department of Defense			
Direct			
Promoting Student Achievement at Schools Impacted by			
Military Force Structure Changes			
Project No.: 3285 STEM@Meade	12.556	HE 1254-13-1-0001	638,476
Project No.: 3599 Special Education STEM	12.557	HE1254-14-1-0026	70,777
Total Promoting Student Achievement at Schools Impacted by Military Force Structure Changes			709,253

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015
(Continued)

<u>Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name</u>	<u>CFDA Number</u>	<u>Grant Award Number</u>	<u>Expenditures</u>
U.S. Department of Defense (Continued)			
Direct: (Continued)			
Department of Defense Impact Aid	12.558	---	\$ <u>276,339</u>
Total U.S. Department of Defense			985,592
Total Federal Awards			\$ <u>55,641,959</u>

The accompanying notes are an integral part of this schedule.

ANNE ARUNDEL COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2015

NOTE 1 – SINGLE AUDIT REPORTING ENTITY

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the expenditures of all federal award programs of the Anne Arundel County Board of Education (the Board) for the year ended June 30, 2015.

NOTE 2 – BASIS OF ACCOUNTING

The accompanying SEFA has been prepared using the modified accrual basis of accounting as fully described in the Summary of Significant Accounting Policies accompanying the Board’s basic financial statements.

NOTE 3 – RELATION TO BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying SEFA agree with amounts reported in the Board’s basic financial statements and the related federal financial reports submitted by the Board.

Total expenditures per the SEFA reconciles to the Board’s basic financial statements as follows:

**Revenues per the Statements of Revenue, Expenditures (Net Assets)
and Changes in Fund Balance**

Federal - Food Service	\$ 16,965,379
Federal - General Fund	42,146,005
Federal - Other funds	<u>61,395</u>
Total per Basic Financial Statements	59,172,779
Less:	
FY15 Medicaid	(3,534,121)
Plus:	
Medicaid Adjustment	2,064
Food Service Adjustment	<u>1,237</u>
Total Expenditures per SEFA	<u><u>\$ 55,641,959</u></u>

This information is an integral part of the accompanying schedule.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Grant Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
84.041	Impact Aid
84.395	Race To The Top- ARRA
84.367	Title II
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: \$1,669,259

Auditee qualified as low-risk auditee? yes no

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015**

Section II – Financial Statement Findings

Finding 2015-001: Prior Period Adjustment – Self-Insurance Fund

Criteria: Accounts receivable and the related revenue should be recorded in the year in which the related revenue was considered to be earned.

Condition: The Board did not record a material amount of accounts receivable from vendors related to pharmaceutical rebates earned during the prior period.

Cause: Management was unaware that the rebates had been earned and were due to the Board, and the Board's internal controls did not detect the error in a timely manner.

Effect: Failure to properly record the receivable resulted in the 2015 financial statements containing a restatement of beginning net position.

Recommendation: We recommend that the Board review its current policies and procedures and make necessary changes to ensure that management is fully monitors and reviews all financial areas throughout the year, so that management properly records all material transactions and activities.

Management Response:

AACPS staff brought this prior period adjustment to the auditor's attention so that it could be addressed timely. On January 1, 2014, AACPS moved its prescription drug program from CareMark to CareFirst/CVS with the understanding that greater rebates would be available. This was a new program for CareFirst/CVS with AACPS being one of the largest clients to participate. The new program did not have standard reports immediately available to detail the rebate activity nor did AACPS have a prior predictive experience history

AACPS presented documentation highlighting that Management questioned the amount and timing of the rebates on numerous occasions and it was AACPS's questioning that led to the creation of Care First/CVS rebate reports which are the basis of the accrual required to properly state the prescription drug rebates earned during the fiscal year.

Finding 2015-002:

Capital Asset Additions

Criteria: Capital assets should be recorded in the year in which the Board purchases and places the capital assets in service.

Condition: During the year, the Board noted that there were several capital assets purchased by the Board and placed in service in prior years that that were not recorded in the capital asset ledger. The Board recorded an adjusting entry in 2015 to record these capital assets into their ledger.

Cause: The Board's controls over capital asset inventory failed to detect the error in a timely manner.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015**

Effect: Capital asset additions were not accounted for in prior periods, and adjustments were required in the 2015 financial statements to record the capital assets.

Recommendation: We recommend that the Board reviews their current policies and procedures and make the necessary changes to ensure that all capital assets are inventoried annually, reported to the finance department in a timely manner and properly recorded.

Management Response:

Management concurs that current policies and procedures were not sufficient enough to ensure all capital assets were timely recorded. Policies and procedures will be reviewed and changes will be made as necessary.

Finding 2015-003: Payroll Change Review

Criteria: The Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework states that control activities are a component of internal control. Control activities are policies and procedures established to ensure that management directives are carried out, and consist of two elements, a policy that establishes what should be done and the procedure that implements the policy. COSO Framework states that control activities must be in place for there to be adequate internal control procedures over financial reporting. Internal control procedures affect the Board's ability to ensure financial transactions are authorized and accurate and the financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP).

Condition: The Board has established a procedure to compare pay rates for all employees from one payroll period to the next to verify any changes between periods are investigated to ensure they are properly authorized and accurately adjusted in the payroll system. This procedure was not completed during 2015.

Cause: The Board's management did not follow policies and procedures in performing key control activities related to the payroll process.

Effect: Failure to properly review payroll change data could result in unauthorized pay changes and misappropriation of assets.

Recommendation: We recommend that the Board review current policies and procedures to ensure that all payroll audits are completed on a regular and timely basis.

Management Response:

Management concurs that policies and procedures in performing key control activities related to the payroll process were not followed during fiscal year 2015. The Division of Human Resources provided that they were busy with the new payroll system conversion and had vacancies in the position responsible for this audit procedure which led to the activity not properly occurring. Conversations have occurred to ensure that the importance of this procedure is understood and to ensure that the audit procedure is completed on a timely and consistent basis.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2015**

Section III – Findings and Questioned Costs for Federal Grant Awards

None

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2015**

None