

ANNE ARUNDEL COUNTY BOARD OF EDUCATION

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2018

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
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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, 2018, 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 28, 2018.

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.

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 Board's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002 that we consider 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, 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*.

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 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 28, 2018

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 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 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, 2018. 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 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, 2018.

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 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. 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 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, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 28, 2018, 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

Members of the Board
of Education of Anne Arundel County

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 19, 2018

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal 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	None provided	N/A	\$ 1,806,347
Department of Agriculture - School Breakfast Program:				
Project No.: 7082-18 School Breakfast	10.553	None provided	N/A	5,090,558
Department of Agriculture - School Lunch Program:				
Project No.: 7081-18 School Lunch	10.555	None provided	N/A	11,274,872
Department of Agriculture - Summer Food Service Program				
Project No.: 7052-18 Summer Food Service Program	10.559	None provided	N/A	340,924
Total Child Nutrition Cluster				<u>18,512,701</u>
Department of Agriculture - Child and Adult Care Food Program				
Project No.: 7053-18 Child and Adult Care Food Program	10.558	None provided	N/A	466,199
Total U.S. Department of Agriculture				<u>18,978,900</u>
U.S. Department of Commerce				
Project No.: 5981 NOAA	11.457	---	N/A	27,412
Total U.S. Department of Commerce				<u>27,412</u>
U.S. Department of Education				
Administered Through Maryland Department of Labor and Licensing:				
Project No.: 517 External Diploma	84.002A	POOP4400217	N/A	16,452
Administered Through Maryland State Department of Education:				
Title I, Part A of ESEA - Improving Basic Programs:				
Project No.: 1988 Title I	84.010A	181293	N/A	99,414
Project No.: 1989 Title I	84.010A	171313	N/A	61,465
Project No.: 1981 Title I	84.010A	165091	N/A	49,569
Project No.: 1981 Title I	84.010A	170820	N/A	1,263,329
Project No.: 1981 Title I	84.010A	180702	N/A	10,612,194
Total Title I Grants to Local Educational Agencies				<u>12,085,971</u>
Special Education Cluster:				
Project No.: 3480 Special Education, Community Service	84.027	170213-03	N/A	2,031
Project No.: 3481 Special Education	84.027	180477-02	N/A	209,030
Project No.: 3482 Special Education, SE Advisory Committee	84.027	180477-03	N/A	1,911
Project No.: 3483 Special Education	84.027	170213-04	N/A	68,552
Project No.: 3484 Special Education	84.027	180477-04	N/A	87,901
Project No.: 3486 Special Education	84.027	170651	N/A	2,519
Project No.: 3494 Special Education	84.027	180477-07	N/A	42,187
Project No.: 3496 Pass Through	84.027	164688-01	N/A	141,185
Project No.: 3496 Pass Through	84.027	180477-01	N/A	15,341,233
Project No.: 3496 Pass Through	84.027	180941-01	N/A	23,245
Project No.: 3498 Special Education	84.027	180477-05	N/A	500
Project No.: 3499 Special Education	84.027	180477-06	N/A	19,554

See accompanying Notes to the Schedule.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Education (Continued)				
Special Education Cluster: (Continued)				
Project No.: 3496 Pass Through	84.027	170213-01	N/A	\$ 733,874
Project No.: 3588 Special Education	84.027	170213-02	N/A	25,550
Project No.: 3588 Special Education	84.027	180941-02	N/A	897
Project No.: 3592 Infants & Toddlers	84.027	180218-01	N/A	278,480
Project No.: 3592 Infants & Toddlers	84.027	170135-01	N/A	55,839
Project No.: 3593 Special Education, Early Childhood	84.027	181320	N/A	33,251
Project No.: 3477 Special Education, Preschool	84.173	180476-02	N/A	4,340
Project No.: 3495 Preschool	84.173	180476-01	N/A	367,146
Project No.: 3495 Preschool	84.173	170290-01	N/A	49,181
Project No.: 3516 Special Education, IFSP Extension	84.173	180202-02	N/A	24,219
Project No.: 3517 Special Education, IFSP Extension	84.173	170230-02	N/A	4,366
Project No.: 3592 Infants & Toddlers	84.173	180202-01	N/A	9,000
Project No.: 3598 Preschool	84.173	164686-03	N/A	1,649
Project No.: 3596 Special Education	84.173	170290-03	N/A	27,967
Total Special Education Cluster				17,555,607
Vocational Education - Basic Grants to States:				
Project No.: 5080 Career and Technology Perkins Voc Ed.	84.048	170518	N/A	3,245
Project No.: 5080 Career and Technology Perkins Voc Ed.	84.048	180596-01	N/A	530,160
Project No.: 5083 Career and Technology PLTW PD	84.048	180891-01	N/A	16,810
Total Vocational Education - Basic Grants to States				550,215
Special Education - Grants for Infants and Families with Disabilities:				
Project No.: 3590 Infants & Toddlers	84.181A	180187-01	N/A	666,582
Total Special Education - Grants for Infants and Families with Disabilities				666,582
McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B.				
Project No.: 2295 Homeless Education	84.196	171132-01	N/A	53,535
Project No.: 2296 Homeless Education	84.196	181373	N/A	26,417
Total McKinney-Vento Homeless Assistance Act, Title VII, Subtitle B				79,952
Funding to Ensure Limited English Proficient Children meet Standards:				
Project No.: 2183 Title III, Language Instruction for LEP	84.365A	170662-01	N/A	362,154
Project No.: 2184 Title III, Language Instruction for LEP	84.365A	180419-01	N/A	189,153
Project No.: 2185 Title III, Language Instruction for LEP	84.365A	165305-01	N/A	19,919
Project No.: 2196 Title III, Language Instruction for LEP	84.365A	165305-02	N/A	878
Total Funding to Ensure Limited English Proficient Children Meet Standards				572,104
Improving Teacher and Principal Quality:				
Project No.: 0390 Title II, Improving Teacher Quality	84.367	171618-01	N/A	10,971
Project No.: 0391 Title II, Improving Teacher Quality	84.367	171549	N/A	4,766
Project No.: 0392 Title II, Improving Teacher Quality	84.367	170964-01	N/A	725,087
Project No.: 0393 Title II, Improving Teacher Quality	84.367	181264	N/A	754,364
Project No.: 0394 Title II, Improving Teacher Quality	84.367	165309-01	N/A	191,374
Total Improving Teacher and Principal Quality				1,686,562

See accompanying Notes to the Schedule.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title/ Grant Name	CFDA Number	Pass-through Entity Identifying Number	Passed through to Subrecipients	Federal Expenditures
U.S. Department of Education (Continued)				
Enhanced Assessment Grants				
Project No.: 1765 Ready for Kindergarten	84.368	181620	N/A	\$ 44,943
Statewide Longitudinal Data Systems:				
Project No.: 0397 Peer Collaborative Training	84.372A	180867	N/A	1,679
Project No.: 1465 Open Education Resource	84.372A	181458	N/A	21,325
Total Statewide Longitudinal Data Systems				<u>23,004</u>
American Recovery and Reinvestment Act of 2009 - Preschool Development Grants				
Project No.: 1772 Judy Center	84.419	180636	N/A	123,236
Project No.: 1773 Judy Center	84.419	171112	N/A	41,480
Total American Recovery and Reinvestment Act of 2009 - Preschool Development Grants				<u>164,716</u>
Student Support and Academic Enrichment Program: Project No.: 3288 Title IV	84.424	181085	N/A	4,437
Department of Health and Human Services Project No.: 2297 Sexual Harassment and Assault Prevention	93.136	181213	N/A	9,507
Total U.S. Department of Education Administered Through the Maryland State Department of Education				<u>33,460,052</u>
U.S. Department of Education Direct Programs:				
Impact Aid				
Unrestricted Federal Revenue, Title VIII of ESEA	84.041	---	N/A	2,026,267
Total U.S. Department of Education Direct Programs				<u>2,026,267</u>
Total U.S. Department of Education				35,486,319
U.S. Department of Defense Direct Programs:				
Promoting Student Achievement at Schools Impacted by Military Force Structure Changes				
Project No.: 3285 STEM@Meade	12.556	HE 1254-13-1-0001	N/A	227,136
Project No.: 3286 STEM	12.556	HE 1254-17-1-0001	N/A	8,955
Project No.: 3291 DoDEA Grant	12.556	HE 1254-15-1-0041	N/A	293,577
Project No.: 3599 Special Education STEM	12.557	HE 1254-14-1-0026	N/A	78,293
Total Promoting Student Achievement at Schools Impacted by Military Force Structure Changes				<u>607,961</u>
Department of Defense Impact Aid	12.558	---	N/A	688,697
Total U.S. Department of Defense				<u>1,296,658</u>
U.S. Department of Health and Human Services:				
YMCA of Central Maryland Inc. Project No.: 1795 Head Start	93.600	03CH010431-01-00	N/A	352,233
Total Federal Awards				<u>\$ 56,141,522</u>

See accompanying Notes to the Schedule.

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2018**

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, 2018.

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	\$ 18,978,899
Federal - General Fund	39,818,751
Federal - Other funds	<u>169,761</u>
Total per Basic Financial Statements	<u>58,967,411</u>

Less:

FY18 Medicaid	(2,672,577)
Misc Adjustment	<u>(153,312)</u>
Total Expenditures per SEFA	<u><u>\$ 56,141,522</u></u>

NOTE 4 INDIRECT COST RATE

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

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 JUNE 30, 2018**

Section I – Summary of Independent Auditors’ Results

Financial Statements

Type of auditors’ 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 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)? yes no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.041	Impact Aid (Title VII of ESEA)
84.027, 84.173	Special Education Cluster
84.367	Supporting Effective Instruction State Grants
84.010	Title I

Dollar threshold used to distinguish between type A and type B programs: \$1,684,246

Auditee qualified as low-risk auditee? yes no

**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

Section II – Financial Statement Findings

Finding 2018-001:

Capital Asset Additions

Criteria: Capital assets should be reported 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 and placed in service in prior years that that were not recorded in the capital asset ledger.

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

Effect: Capital asset additions were not accounted for in prior periods, causing the beginning balance for capital assets to be improperly stated.

Recommendation: We recommend that management review current policies and procedures and make necessary changes to ensure that all capital assets are reported to the finance department in a timely manner and properly recorded.

Management Response:

AACPS had taken several incremental steps to improve the reporting of capital assets, including regular follow-up with purchasing units to ensure that assets are reported in a timely manner. AACPS has also implemented electronic transmission of some of the information, such as the purchase of computer servers. However, despite this, the data related to assets still needs to be manually entered, which can result in timing issues. The items identified by CLA were related to computer servers that were delivered in the final days of June 2017 and did not get entered timely. AACPS will continue to look at the process and procedures to ensure that assets are reported correctly in the year they are purchased in order to reduce the time lag between reporting and manually updating the capital asset ledger.

Finding 2018-002:

School Activity Internal Audit Report

Criteria: Findings noted in internal audit reports should be addressed and corrected in a timely manner.

Condition: The Board performs audits over various school fund accounts each year. Several findings in these reports were not corrected in a timely manner.

Cause: The Board does not have proper procedures in place to follow up on findings noted on internal audit reports.

Effect: Failure to properly follow up on findings noted on internal audit reports could result in a misappropriation of assets.

Recommendation: We recommend that the Board review current policies and procedures to ensure that findings noted in internal audit reports are properly addressed.

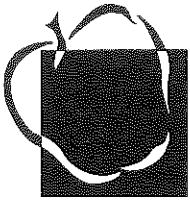
**ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2018**

Management Response:

AACPS management has put into practice several follow-up processes to address the findings in the internal audit reports. A new School Books Manual, that is streamlined and eliminates the ambiguity with respect to procedures to be followed by schools, was rolled out in 2018. Training sessions, including one-on-one training with new staff, were held across the school system to help the financial secretaries, principals, and assistant principals understand the policies and procedures related to school administration. We expect that the new manual and the associated training will reduce the number of findings going forward. Additionally, in fiscal year 2018, the Department of Financial Operations started a process, in conjunction with Internal Audit, to review the aging report for the repeat findings. Schools with repeat findings were sent letters reminding them to implement procedures to prevent recurrence of the findings. AACPS will continue to follow up with those schools to ensure the procedures have been implemented. Additional procedures have been planned for fiscal year 2019, including a quarterly review of the findings between Internal Audit, the Office of School Performance, and the Department of Financial Operations.

Section III – Findings and Questioned Costs for Federal Grant Awards

None



ANNE ARUNDEL COUNTY BOARD OF EDUCATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018

Anne Arundel County Board of Education respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: July 1, 2017 – June 30, 2018

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2017 – 001 Capital Asset Additions

Condition: During the year, the Board noted that there were several capital assets purchased and placed in service in prior years that were not recorded in the capital asset ledger.

Status: See current year finding 2018-001.

Reason for finding's recurrence: Although AACPS had taken several steps to improve the reporting of capital assets, included the regular follow-up with purchasing units to ensure that assets are reported in a timely manner, the data related to assets still needs to be manually entered, which can result in issues. Due to staffing issues, manual entry of the asset information was not done in a timely manner.

2017 – 002 School Activity Internal Audit Report

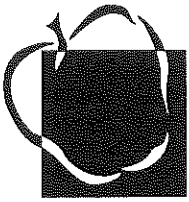
Condition: The Board performs audits over various school fund accounts each year. Several findings in these reports were not corrected in a timely manner.

Status: See current year finding 2018-002.

Reason for finding's recurrence: A new School Books Manual, that is streamlined and eliminates the ambiguity with respect to procedures to be followed by schools was rolled out in 2018 and not available for the full fiscal year providing the opportunity for recurrence. Training sessions, including one-on-one training with new staff, were held across the school system to help the financial secretaries, principals, and assistant principals understand the policies and procedures related to school administration.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.



ANNE ARUNDEL COUNTY BOARD OF EDUCATION
CORRECTIVE ACTION PLAN
YEAR ENDED JUNE 30, 2018

Maryland State Department of Education

The Anne Arundel County Board of Education respectfully submits the following corrective action plan for the year ended June 30, 2018.

Audit period: July 1, 2017– June 30, 2018

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

FINDINGS—FINANCIAL STATEMENT AUDIT

SIGNIFICANT DEFICIENCY

2018-001 Capital Asset Addition

Recommendation: We recommend that management review current policies and procedures and make necessary changes to ensure that all capital assets reported to the finance department in a timely manner and properly recorded.

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

Action taken in response to finding: The stake holder team established last year will continue to look at the process and procedure to ensure assets are reported correctly in the year they are purchased in order to reduce the time lag between reporting and manually updating the capital asset ledger. A new procedure to examine the capital assets that were delayed due to late data entry has been developed which will help in identifying the corrections to be made.

Name(s) of the contact person(s) responsible for corrective action: Krishna Bappanad,
Supervisor of Finance

Planned completion date for corrective action plan: June 30, 2019

SIGNIFICANT DEFICIENCY

2018-002 School Activity Internal Audit Report

Recommendation: We recommend that the Board review current policies and procedures to ensure that findings noted in internal audit reports are properly addressed.

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

Action taken in response to finding: Additional procedures have been planned for fiscal year 2019, including quarterly review of the findings between Internal Audit, the Office of School Performance, and the Department of Financial Operations. Following the quarterly review, reminders will be sent to the schools regarding the deficiencies identified in the internal audit report that need to be corrected.

Name(s) of the contact person(s) responsible for corrective action: Krishna Bappanad, Supervisor of Finance

Planned completion date for corrective action plan: June 30, 2019

If the Maryland State Department of Education has questions regarding this plan, please call Krishna Bappanad at 410-222-5200.
