



## OFFICE OF THE COUNTY AUDITOR

Craig Glendenning, CPA  
County Auditor

### MEMORANDUM

March 14, 2019

MEMO TO: Council Members

FROM: Craig Glendenning  
County Auditor

SUBJECT: Single Audit – FY 2018

Attached please find a copy of the County's Single Audit for the year ended June 30, 2018, which was performed by the Certified Public Accounting firm of CliftonLarsonAllen LLP. The Federal Government requires an annual single audit which is a review of all federal funds received by Howard County Government for federal programs. The audit noted that the County complied, in all material respects, with the compliance requirements that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Expenditures of federal awards in FY 2018 totaled \$12,333,017. This was a decrease of \$7,741,301 from FY 2017. There were decreases primarily in the award of Department of Transportation funds (a \$3,444,306 decrease) and the award of Department of Homeland Security funds (a \$3,776,596 decrease). Respective decreases included \$2,693,500 from the Electric Bus Project under the Capital Assistance Program and \$3,890,832 from Disaster Grants under the Maryland Emergency Management Agency. The largest expenditures included awards from the Department of Housing and Urban Development (\$4,505,912), the Department of Labor (\$2,863,072), and the Department of Homeland Security (\$2,169,946).

Attachment

**HOWARD COUNTY, MARYLAND**  
**REPORT ON SINGLE AUDIT**  
**YEAR ENDED JUNE 30, 2018**

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

To the Honorable Members of the County Council  
Howard County, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Howard County, Maryland (the County), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 27, 2018. Our report includes a reference to other auditors who audited the financial statements of Howard Community College, Howard County Public Schools and Howard County Public Library, as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal controls over financial reporting or compliance and other matters that are reported on separately by those auditors. This report does not include the results of our testing of internal controls over financial reporting or compliance and other matters for Howard Housing Commission as we have issued separate reports for Howard Housing Commission.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Honorable Members of the County Council  
Howard County, Maryland

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
November 27, 2018



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

Honorable Members of the County Council  
Howard County, Maryland

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

We have audited Howard County, Maryland's (the County) 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 County's major federal programs for the year ended June 30, 2018. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements include the operations of Howard County Public School System, Howard County Library, Howard Community College, and Howard County Housing Commission, discretely presented component units. Federal awards received by these discretely presented component units are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2018. Our audit, described below, did not include the operations of these discretely presented component units because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County'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 County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Honorable Members of the County Council  
Howard County, Maryland

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 County's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the County 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.

### ***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2018-001. Our opinion on each major federal program is not modified with respect to this matter.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the County 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 County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as 2018-001 that we consider to be significant deficiencies.



Honorable Members of the County Council  
Howard County, Maryland

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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, the aggregate discretely presented component units, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 27, 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 accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
February 25, 2019



**HOWARD COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Program	CFDA Number	Contract/Grant ID Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Equal Employment Opportunity Commission</b>				
Fair Employment Practices Agency Contracts	30.001	EEC45016C0092P00002	\$ -	\$ 48,000
<b>Total Equal Employment Opportunity Commission</b>			-	<b>48,000</b>
<b>Environmental Protection Agency</b>				
<b>Pass-Through Maryland Department of Natural Resources</b>				
Historic Ellicott City Flood and Green Infrastructure Assessment	66.466	14-17-2175 CBG 6601	-	9,342
<b>Pass-Through National Fish and Wildlife Foundation</b>				
CleanScape Low Income Community Project FY16	66.466	0603.15.049743	-	8,349
<b>Total Environmental Protection Agency</b>			-	<b>17,691</b>
<b>U.S. Department of Agriculture</b>				
Emergency Watershed Protection Program	10.923	68-3B19-17-200	-	114,312
<b>Pass-Through Maryland Department of Human Resources</b>				
<b>Howard County Department of Social Services</b>				
Supplemental Nutrition Assistance Program	10.561	NA	-	974
<b>Total U.S. Department of Agriculture</b>			-	<b>115,286</b>
<b>U.S. Department of Health and Human Resources</b>				
<b>Pass-Through Maryland Department of Aging</b>				
<b>Aging Cluster</b>				
Special Programs for the Aging - Title III, Part B, Supportive Services and Senior Centers	93.044	17AAMDT3SS, 18AAMDT3SS	-	184,816
Special Programs for the Aging - Title III, Part C-1 & C-2 Nutrition Services - Congregate & Home Delivered Meals	93.045	17AAMDT3HD, 17AAMDT3CM, 18AAMDT3CM, 18AAMDT3HD	-	322,313
Nutrition Services Incentive Program	93.053	17AAMDNSIP, 18AAMDNSIP	-	54,031
<b>Aging Cluster Total</b>			-	<b>561,160</b>
Special Programs for the Aging - Title VII, Elder Abuse Prevention	93.041	18AAMDT7EA	-	4,166
Special Programs for the Aging - Title VII, Long Term Care Ombudsman Services	93.042	17AAMDT7OM, 18AAMDT7OM	-	16,319
Special Programs for the Aging - Title III, Part D, Disease Prevention and Health Promotion Services	93.043	17AAMDT3PH, 18AAMDT3PH	-	11,163
Special Programs for the Aging - Title IV and II Discretionary Projects - Senior Medical Patrol	93.048	90MP0227-03-00	-	3,630
National Family Caregiver Support - Title III, Part E	93.052	17AAMDT3FC, 18AAMDT3FC	-	69,395
Medicare Enrollment Assistance Program - MIPPA	93.071	14AAMDMSHI, 14AAMDMDR, 1701MDMISH-01, 1701MDMIAA-01, 1701MDMIDR-01	-	5,617
State Health Insurance Assistance Program	93.324	90SAPG0003-01-01	-	18,566
<b>Pass-Through Maryland Department of Human Resources</b>				
<b>Howard County Department of Social Services</b>				
<b>Medicaid Cluster</b>				
Medical Assistance Program	93.778	6540	-	27,073
<b>Medicaid Cluster Total</b>			-	<b>27,073</b>
Child Support Enforcement Services	93.563	NA	-	142,377
<b>Pass-Through Maryland Department of Human Resources</b>				
<b>Child Support Enforcement Administration</b>				
Child Support Enforcement/ Child Support Warrants and Summons	93.563	CSEA/CRA-17-048, CSEA/CRA-17-050 CSEA/CRA/18-000	-	137,061
<b>Pass-Through Maryland Family Network, Inc.</b>				
<b>CCDF Cluster</b>				
Child Care and Development Block Grant	93.575	G1701MDCCDF	-	130,258
<b>CCDF Cluster Total</b>			-	<b>130,258</b>
<b>Pass-Through Maryland Department of Human Resources</b>				
<b>Howard County Department of Social Services</b>				
Foster Care Program Title IV-E	93.658	NA	-	1,467
<b>Pass-Through Maryland Department of Health and Mental Hygiene</b>				
National Bio-Terrorism Hospital Preparedness Program	93.889	OPASS 17-17647 G	-	103,315
<b>Total Department of Health and Human Resources</b>			-	<b>1,231,567</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOWARD COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Program	CFDA Number	Contract/Grant ID Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Homeland Security</b>				
Assistance to Fire Fighters Grant Program - Fire Prevention and Safety	97.044	EMW-2015-FP-00745	-	82,426
<b>Pass-Through Maryland Emergency Management Agency</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	FEMA-4279-DR-MD	-	1,294,762
Hazard Mitigation Grant Program	97.039	FEMA-DR-4170-MD-0014	-	119,702
Emergency Management Performance Grant Program	97.042	EMW-2017-EP-00001-S01	-	90,418
Urban Area Security Initiative Grant Program/State Homeland Security Grant Program	97.067	EMW-2015-SS-00077/UASI EMW-2016-SS-00008/UASI EMW-2017-SS-00019-S01 EMW-2016-SS-00008-S01 EMW-2017-SS-00019-S01	-	582,638
<b>Total Department of Homeland Security</b>			-	<b>2,169,946</b>
<b>U.S. Department of Housing and Urban Development</b>				
<b>CDBG - Entitlement Grants Cluster</b>				
Community Development Block Grants/Entitlement Grants	14.218	B-09-UC-24-0012, B-10-UC-24-0012 B-15-UC-24-0012, B-16-UC-24-0012 B-17-UC-24-0012	\$ 1,037,216	\$ 1,095,130
Balance of Outstanding Loans as of 6/30/2017	14.218		-	1,129,409
<b>CDBG - Entitlement Grants Cluster Total</b>			<b>1,037,216</b>	<b>2,224,539</b>
Home Investment Partnerships Program	14.239	M14-UC240203, M15-UC240203 M16-UC240203, M17-UC240203	34,936	192,861
Balance of Outstanding Loans as of 6/30/2017	14.239		-	1,398,387
<b>Home Investment Partnership Program Total</b>			<b>34,936</b>	<b>1,591,248</b>
Continuum of Care Program	14.267	MD0239L3B041604, MD0272L3B041504 MD0366L3B041500, MD0116L3B041609 MD0118L3B041609, MD0366L3B041600	601,379	609,682
<b>Pass-Through Maryland Department of Housing and Community Development, Division of Neighborhood Revitalization</b>				
Emergency Solutions Grant Program	14.231	16-ESG-14-2015	80,443	80,443
<b>Total Department of Housing and Urban Development</b>			<b>1,753,974</b>	<b>4,505,912</b>
<b>Department of Justice</b>				
Equitable Sharing Program	16.922	MD0140100	-	166,300
State Criminal Alien Assistance Program	16.606	2015-AP-BX-0733, 2016-AP-BX-0363	-	17,417
Edward Byrne Justice Assistance Grant Program	16.738	2014-DJ-BX-0472, 2015-DJ-BX-0286 2016-DJ-BX-0964	-	80,668
<b>Pass-Through Governor's Office of Crime Control and Prevention</b>				
Edward Byrne Justice Assistance Grant Program	16.738	BJAG-2014-0034, BJNT-2014-0003, BJAG-2015-0018 BJAG-2015-0028, BJAG-2014-0066	-	88,992
Crime Victim Assistance Grant Program	16.575	VOCA-2016-0012, VOCA-2016-0033	-	180,457
Violence Against Women Grant Program	16.588	VAWA-2016-0006, VAWA-2017-0010	-	53,249
Residential Substance Abuse Treatment for State Prisoners - Medication Assisted Treatment	16.593	RSAT-2016-0003, RSAT-2017-0004	-	43,702
<b>Pass-Through National Children's Alliance</b>				
Improving the Investigation and Prosecution of Child Abuse Program - Maryland Children's Alliance CY17	16.758	2015-CI-FX-K001	-	7,228
<b>Total Department of Justice</b>			-	<b>638,013</b>
<b>U.S. Department of Labor</b>				
<b>Pass-Through State of Maryland Department of Labor, Licensing and Regulation</b>				
<b>WIA/WIOA Cluster</b>				
Workforce Innovation and Opportunity Act - Adult Program	17.258	P00P74-MM-FY17-A, P00P74-MM-PY16-A P00P84-MM-PY17-A, P00P84-MM-FY18-A P00P84-MM-CP	303,295	670,781
Workforce Innovation and Opportunity Act - Youth Program	17.259	P00P74-MM-PY16-Y, P00P84-MM-PY17-Y	209,848	681,936
Workforce Innovation and Opportunity Act - Dislocated Worker Program	17.278	P00P74-MM-PY16-D, P00P74-MM-FY17-D P00P84-MM-PY17-D, P00P84-MM-FY18-D	584,235	1,510,355
<b>WIA/WIOA Cluster Total</b>			<b>1,097,378</b>	<b>2,863,072</b>
<b>Total Department of Labor</b>			<b>1,097,378</b>	<b>2,863,072</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOWARD COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Program	CFDA Number	Contract/Grant ID Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>Department of Transportation</b>				
<b>Highway Planning and Construction Cluster</b>				
<b>Pass-Through Maryland Department of Transportation/ Baltimore Metropolitan Council</b>				
Highway Planning and Construction Program	20.205	NA	-	27,156
<b>Highway Planning and Construction Cluster Total</b>			<u>-</u>	<u>27,156</u>
<b>Pass-Through Maryland Department of Transportation/ Baltimore Metropolitan Council</b>				
Metropolitan Transportation Planning Program	20.505	NA	-	202,548
<b>Pass-Through Maryland Department of Transportation/ Maryland Transit Administration</b>				
<b>Federal Transit Cluster</b>				
Federal Transit Program - Ridesharing/Commuter Assistance Program	20.507	ZC0207	-	130,461
<b>Federal Transit Cluster Total</b>			<u>-</u>	<u>130,461</u>
Capital Assistance Program - Greenhouse Gas and Energy Reduction	20.523	MD-88-0001, HO03CMAQC2016	-	322,576
<b>Pass-Through Maryland Highway Safety Office</b>				
<b>Highway Safety Cluster</b>				
State and Community Highway Safety Program - Aggressive and Distracted Driving/Occupant Protection	20.600	LE-HOWARD C-2017-008, LE-HOWARD CO PD-2018-072 LE-HOWARD CO PD-2018-073, LE-HOWARD CO PD-2018-074	-	21,176
National Priority Safety Program - Impaired Driving	20.616	LE-HOWARD CO PD-2018-071	-	33,114
<b>Highway Safety Cluster Total</b>			<u>-</u>	<u>54,290</u>
<b>Pass-Through Maryland Emergency Management Agency</b>				
Hazardous Materials Emergency Preparedness Grant Program	20.703	HM-HMP-0546-16-01-00	-	6,499
<b>Total Department of Transportation</b>			<u>-</u>	<u>743,530</u>
<b>Total Federal Awards Expended</b>			<u>\$ 2,851,352</u>	<u>\$ 12,333,017</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**HOWARD COUNTY, MARYLAND**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all Federal grants to the County that had activity during the fiscal year ended June 30, 2018. The Schedule was prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the schedule presents only a selected portion of the operations of Howard County, Maryland (the County), it is not intended to and does not present the financial position, changes in net assets or cash flows of the County.

**NOTE 2 INDIRECT COSTS**

The County did not elect to use the 10% de Minimis cost rate for indirect costs.

**NOTE 3 LOAN PROGRAM**

The County has a loan program to provide low-interest loans to businesses to provide housing for low to moderate income persons. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County. The loans were disbursed under CFDA 14.218 and CFDA 14.239 and the outstanding loan balances as of June 30, 2018 were \$1,109,898 and \$1,472,884, respectively.

**HOWARD COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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

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***Financial Statements***

- |   |            |                       |
|---|------------|-----------------------|
| 1. Type of auditors’ report issued:   | Unmodified |                       |
| 2. Internal control over financial reporting:   |            |                       |
| • Material weakness(es) identified?   | _____ yes  | ___x___ no            |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____ yes  | ___x___ none reported |
| 3. Noncompliance material to financial statements noted?                                      | _____ yes  | ___x___ no            |

***Federal Awards***

- |   |             |                     |
|---|-------------|---------------------|
| 1. Internal control over major programs:  |             |                     |
| • Material weakness(es) identified?   | _____ yes   | ___x___ no          |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)?         | ___x___ yes | _____ none reported |
| 2. Type of auditors’ report issued on compliance for major federal programs:                          | Unmodified  |                     |
| 3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | ___x___ yes | _____ no            |

***Identification of Major Programs***

<b><u>Name of Federal Program or Cluster</u></b>	<b><u>CFDA Number(s)</u></b>
WIA/WIOA Cluster	17.WIOA

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>750,000</u>	
Auditee qualified as low-risk auditee?	___x___ yes	_____ no

**HOWARD COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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**Section II – Financial Statement Findings**

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There were no audit findings required to be reported in relation to the financial statements for the year ended June 30, 2018.

**HOWARD COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

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**Section III – Findings and Questioned Costs for Federal Awards**

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**Finding Reference: 2018-001**

Federal Agency:	Department of Labor
Federal Program Title and CFDA Number:	WIA/WIOA Cluster
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control over Compliance, Non-compliance
Award Period:	July 1, 2016 to March 31, 2020

***Criteria or Specific Requirement:***

Per 2 CFR section 200.331(d) – Requirements for Passed Through Entities, the pass through entity should monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the sub recipient must include: (1) reviewing financial and programmatic reports required by the pass-through entity, (2) following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means, (3) issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by section 200.521 Management decision.

***Condition:***

During our testing, we noted that for 1 of 1 subrecipients tested, the required monitoring procedures were either not performed or appropriately documented in accordance with 2 CFR section 200.331(d).

***Questioned Costs:***

None

***Context:***

Howard County did not recognize Carroll County, Maryland as a subrecipient of the federal funds and did not have all of the necessary procedures documented to adequately address the sub-recipient monitoring requirements. Howard and Carroll counties entered into a consortium agreement with the State of Maryland whereby they would be recognized as Workforce Region for WIA/WOIA purposes. Howard County was the designated grantee under the grant agreement and provided funding to Carroll County under the agreement.

***Cause:***

The Department's current monitoring procedures do not meet all the requirements noted in 2 CFR section 200.331(d).

***Effect:***

Improper use of federal funds by the subrecipient.



**HOWARD COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**JUNE 30, 2018**

***Recommendation:***

We recommend that Howard County review their current policies and monitoring procedures and make necessary changes to ensure they meet all the sub-recipient monitoring requirements under Uniform Guidance and that appropriate documentation is maintained to support their monitoring procedures.

***Views of Responsible Officials:***

The County agrees with the finding and recommendation. Management will comply with the monitoring requirements of the Uniform Guidance.

The Governor designated Howard and Carroll counties as the Mid-Maryland Workforce Development Area for WIOA purposes. The counties have a consortium agreement outlining each county's responsibilities. Carroll County has been monitored by the state of Maryland, and has had a single audit performed. There was not an improper use of federal funds.



# HOWARD COUNTY DEPARTMENT OF FINANCE

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## HOWARD COUNTY, MARYLAND SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED JUNE 30, 2018

U.S. Department of Labor

Howard County, Maryland respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

Audit period: 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**

#### **Finding 2017 – 001 – Pooled Cash Unreconciled Difference**

**Condition:** The County maintains its cash, cash equivalents and investments in a pooled cash and investment fund (Fund 999) for efficiency and to maximize earnings. As of June 30, 2017, the pooled account contained unreconciled differences. In addition, the total amount reported for the cash and investment pool was not properly allocated between the funds that have an ownership interest in the pool.

**Finding:** An unreconciled difference was noted between Equity in Pooled Cash Fund (Fund 999) general ledger balance and the bank balances.

**Status:** The correction action was taken to ensure the pooled cash account at the financial statement fund level reconciles to the balance in the pooled cash fund on a periodic basis.

#### **Finding 2017 – 002 – Adjustment to Deferred Inflows for Water and Sewer Assessments**

**Condition:** In prior years, the County recorded a deferred inflow related to the interest receivable portion of the water and sewer assessments, which is not in accordance with Generally Accepted Accounting Principles (GAAP).

**Finding:** Deferred inflows of \$10,977,438 related to water and sewer assessments was improperly recorded in the prior year.

**Status:** The corrective action was taken. Management continues to review all accounting methods to ensure compliance with current GAAP as new accounting standards are adopted.



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

#### **2017 – 003 Suspension and Debarment**

**Condition:** There was no documentation maintained to support the County's review or contract language to ensure vendors were not suspended or debarred before entering into contract with them.

**Finding:** The County did not sufficiently monitor vendor reviews or maintain documentation to support the County's review of vendors to ensure they were not suspended or debarred before entering into contract with them.

**Status:** The corrective action was taken to ensure that documentation of the review of vendors' suspension and debarment status prior to entering into a contract is retained.

#### **2017 – 004 Earmarking**

**Condition:** The County did not meet the 90% compliance requirement as noted above. Per review of the HOME Summary of Accomplishments for Program Year 2016, the County provided tenant-based rental assistance to four families, only two of which did not exceed the threshold of 60% of the area's median family income.

**Finding:** The County's controls were insufficient to ensure the earmarking requirement was met.

**Status:** The corrective action was taken, including updates to the County's HOME Program Policy Manual, Updates to the language in all future HOME Loan Agreements for Rental Projects and a revision of the HOME Program Request for Proposals (RFPs) Application to include the earmarking requirements.

If the U. S. Department of Labor has questions regarding this schedule, please call Lori Buchman at 410-313-4051.



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### HOWARD COUNTY, MARYLAND CORRECTIVE ACTION PLAN YEAR ENDED JUNE 30, 2018

Howard County respectfully submits the following corrective action plan for the year ended June 30, 2018.

#### **Audit Period: 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—FEDERAL AWARD PROGRAMS AUDITS**

##### **Finding Reference: 2018-001**

Federal Agency:	Department of Labor
Federal Program Title and CFDA Number:	WIA/WIOA Cluster
Compliance Requirement:	Subrecipient Monitoring
Type of Finding:	Significant Deficiency in Internal Control Over Compliance, Non-compliance
Award Period:	July 1, 2016 to March 31, 2020

##### ***Criteria or Specific Requirement:***

Per 2 CFR section 200.331(d) – Requirements for Passed Through Entities, the pass-through entity should monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the sub recipient must include: (1) reviewing financial and programmatic reports required by the pass-through entity, (2) following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means, (3) issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by section 200.521 Management decision.

##### ***Condition:***

During our testing, we noted that for 1 of 1 subrecipients tested, all of the required monitoring procedures were either not performed or appropriately documented in accordance with 2 CFR section 200.331(d).

##### ***Questioned Costs:***

None

**Context:**

Howard County did not recognize Carroll County, Maryland as a subrecipient of the federal funds and did not have all of the necessary procedures documented to adequately address the sub-recipient monitoring requirements. Howard and Carroll counties entered into a consortium agreement with the State of Maryland whereby they would be recognized as Workforce Region for WIA/WOIA purposes. Howard County was the designated grantee under the grant agreement and provided funding to Carroll County under the agreement.

**Cause:**

The Department's current monitoring procedures do not meet all the requirements noted in 2 CFR section 200.331(d).

**Effect:**

Improper use of federal funds by the subrecipient.

**Recommendation:**

We recommend that Howard County review their current policies and monitoring procedures and make necessary changes to ensure they meet all the sub-recipient monitoring requirements under Uniform Guidance. Additionally, the County should maintain appropriate documentation maintained to support their monitoring procedures.

**Views of Responsible Officials:**

The County agrees with the finding and recommendation. Management will comply with the monitoring requirements of the Uniform Guidance.

The Governor designated Howard and Carroll counties as the Mid-Maryland Workforce Development Area for WIOA purposes. The counties have a consortium agreement outlining each county's responsibilities. Carroll County has been monitored by the state of Maryland, and has had a single audit performed. There was not an improper use of federal funds.

**Action taken in response to the finding:**

The County will work with applicable parties to make any necessary changes to ensure all elements of the monitoring occur, are documented appropriately, and comply with the Uniform Guidance.

We will continue to provide copies of the grant award to Carroll County. We will document our review of Carroll County's single audit report and document our review of the State's monitoring report of Carroll County as related to WIOA.

Name of Contact Person: Francine Trout

Planned Completion date for the corrective action plan: June 30, 2019