

Montgomery County Public Schools  
Rockville, Maryland

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**OMB CIRCULAR A-133  
SUPPLEMENTAL FINANCIAL REPORT**

Year Ended June 30, 2010

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**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**OMB Circular A-133 Supplemental Financial Report**  
**Table of Contents**  
**Year Ended June 30, 2010**

	<i>Page</i>
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 <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133	3
Schedule of Expenditures of Federal Awards	6
Notes to Schedule of Expenditures of Federal Awards	11
Schedule of Findings and Questioned Costs	12
Schedule of Prior Year Findings	15

**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***

Board of Education  
of Montgomery County, Maryland  
Rockville, Maryland

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund and the aggregate remaining fund information of Montgomery County Public Schools' (MCPS) as of and for the year ended June 30, 2010 and the budgetary comparison for the general fund for the year ended June 30, 2010, and have issued our report thereon dated September 28, 2010. We conducted our audit in accordance with 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.

***Internal Control Over Financial Reporting***

In planning and performing our audit, we considered MCPS' internal control over financial reporting as a basis for designing our auditing procedures 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 MCPS' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MCPS' internal control over financial reporting.

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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether MCPS' financial statements are free of 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*.

This report is intended solely for the information and use of the audit committee, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Baltimore, Maryland  
September 28, 2010

**Independent Auditor's Report on Compliance With Requirements That Could  
Have a Direct and Material Effect on Each Major Program and on Internal  
Control Over Compliance in Accordance With OMB Circular A-133**

Board of Education  
of Montgomery County, Maryland  
Rockville, Maryland

***Compliance***

We have audited the compliance of Montgomery County Public Schools (MCPS) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. MCPS' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of MCPS' management. Our responsibility is to express an opinion on MCPS' compliance based on our audit.

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 MCPS' 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. Our audit does not provide a legal determination of MCPS' compliance with those requirements.

In our opinion, MCPS complied, in all material respects, with the 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, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with the suspension and debarment requirement, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying schedule of findings and questioned costs as item 2010-01.

### ***Internal Control Over Compliance***

The management of the MCPS is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the MCPS' internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance 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 MCPS' 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2010-01. A significant deficiency in internal control over compliance is a deficiency, or 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.

### ***Schedule of Expenditures of Federal Awards***

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Montgomery County Public Schools (MCPS) as of and for the year ended June 30, 2010, and have issued our report thereon dated September 28, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the MCPS' 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 has been subjected to the auditing procedures applied in the audit of the basic

financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

MCPS' response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit MCPS' response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of the Audit Committee, the members of the Board of Education of Montgomery County, Maryland, management, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gundersen LLP*

Baltimore, Maryland

December 10, 2010, except for our report on the Schedule of  
Expenditures of Federal Awards which is September 25, 2010

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**

<b>Federal Grantor/Pass-through/Program</b>	<b>CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>MCPS Project Number</b>	<b>Federal Expenditures</b>
<b>Department of Agriculture</b>				
Distributed through Maryland State Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	food1	food1	\$ 4,124,456
National School Lunch Program	10.555	food2	food2	15,073,868
At Risk Supper Program	10.555	food7	food7	128,452
Food Distribution	10.555	food5	food5	2,426,383
Summer Food Service Program	10.559	food3	food3	878,413
Total Child Nutrition Cluster				22,631,572
Child and Adult Care Food Program	10.558	food4	food4	1,089,718
Child Nutrition Discretionary Grants - Recovery Act	10.579	902097-01	7353	72,305
Fresh Fruit and Vegetable Program	10.582	food6	food6	145,239
Total distributed through Maryland State Department of Education				23,938,834
Total Department of Agriculture				23,938,834
<b>National Science Foundation</b>				
Distributed through University of Maryland:				
National Science Foundation Act	47.076	3157525	7525	45,780
Total distributed through University of Maryland				45,780
Total National Science Foundation				45,780
<b>Department of Education</b>				
Distributed through Maryland State Department of Education:				
Special Education Cluster:				
Special Ed Cluster	84.027	104240-01	7369	126,948
Special Ed Cluster	84.027	104241-01	7357	300,761
Special Ed Cluster	84.027	104394-01	7361	13,965
Special Ed Cluster	84.027	104507-01	7302	23,960,717
Special Ed Cluster	84.027	104507-02	7314	998,053
Special Ed Cluster	84.027	104507-02	7316	2,591,325
Special Ed Cluster	84.027	104507-02	7317	196,753
Special Ed Cluster	84.027	104507-03	7304	26,839
Special Ed Cluster	84.027	104507-04	7305	2,358
Special Ed Cluster	84.027	104507-05	7306	814
Special Ed Cluster	84.027	104507-06	7303	5,961
Special Ed Cluster	84.027	104507-07	7318	108,305
Special Ed Cluster	84.027	104851-01	7360	24,987
Special Ed Cluster	84.027	104852-02	7356	54,331
Special Ed Cluster	84.027	104853-01	7375	36,299
Special Ed Cluster	84.027	105508-01	7354	52,176
Special Ed Cluster	84.027	900291-01	7202	21,757
Special Ed Cluster	84.027	900291-02	7214	15,921
Special Ed Cluster	84.027	900291-02	7216	16,926
Special Ed Cluster	84.027	900291-02	7217	90,345
Special Ed Cluster	84.027	900291-03	7203	2,134
Special Ed Cluster	84.027	900291-04	7205	803
Special Ed Cluster	84.027	900291-05	7218	212,880
Special Ed Cluster	84.027	900291-06	7206	1,249



**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**  
**(Continued)**

<b>Federal Grantor/Pass-through/Program</b>	<b>CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>MCPS Project Number</b>	<b>Federal Expenditures</b>
<b>Department of Education (Continued)</b>				
Distributed through Maryland State Department of Education (Continued):				
Special Ed Cluster	84.027	900291-09	7204	\$ 44,860
Special Ed Cluster	84.027	900518-01	7275	7,929
Special Ed Cluster	84.027	900519-01	7274	15,648
Special Ed Cluster	84.027	900599-01	7269	10,392
Special Ed Cluster	84.027	900712-01	7260	5,889
Special Ed Cluster	84.027	901126-01	7254	8,075
Special Ed Cluster	84.027	901492-01	7256	27,015
Special Ed Cluster	84.027	901570-01	7257	94,699
Special Ed Cluster	84.173	104507-08	7308	650,745
Special Ed Cluster	84.173	104507-09	7319	114,837
Special Ed Cluster	84.173	104827-03	7367	27,887
Special Ed Cluster	84.173	104962-01	7374	13,641
Special Ed Cluster	84.173	901274-02	7267	17,659
Special Ed Cluster - Recovery Act	84.391	104401-01	7334	11,666,966
Special Ed Cluster - Recovery Act	84.391	104401-02	7341	2,229,628
Special Ed Cluster - Recovery Act	84.391	104401-02	7342	109,094
Special Ed Cluster - Recovery Act	84.392	104401-03	7335	215,230
Special Ed Cluster - Recovery Act	84.392	104401-04	7343	<u>80,976</u>
Total Special Ed Cluster				<u>44,203,777</u>
Title I, Part A Cluster:				
Title I, Part A Cluster	84.010	104775-01	7324	143,747
Title I, Part A Cluster	84.010	104803-01	7300	69,278
Title I, Part A Cluster	84.010	104803-01	7320	17,524,878
Title I, Part A Cluster	84.010	105878-01	7388	32,000
Title I, Part A Cluster	84.010	900616-01	7200	933
Title I, Part A Cluster	84.010	900616-01	7220	2,218,087
Title I, Part A Cluster	84.010	901928-01	7224	6,986
Title I, Part A Cluster - Recovery Act	84.389	105066-01	7323	5,895,562
Title I, Part A Cluster - Recovery Act	84.389	105765-01	7376	<u>19,759</u>
Total Title I, Part A Cluster				<u>25,911,230</u>
Education of Homeless Children and Youth Cluster:				
Education of Homeless Children and Youth Cluster	84.196	105563-01	7389	49,754
Education of Homeless Children and Youth Cluster	84.196	900916-01	7289	15,501
Education of Homeless Children and Youth Cluster - Recovery Act	84.387	104927-01	7390	<u>14,540</u>
Total Education of Homeless Children and Youth Cluster				<u>79,795</u>

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**  
**(Continued)**

<b>Federal Grantor/Pass-through/Program</b>	<b>CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>MCPS Project Number</b>	<b>Federal Expenditures</b>
<b>Department of Education (Continued)</b>				
Distributed through Maryland State Department of Education (Continued):				
Educational Technology State Grants Cluster:				
Educational Technology State Grants Cluster	84.318	104410-01	7355	\$ 105,250
Educational Technology State Grants Cluster	84.318	105008-01	7337	152,627
Educational Technology State Grants Cluster	84.318	105769-01	7382	132,787
Educational Technology State Grants Cluster	84.318	800941-01	7837	29,024
Educational Technology State Grants Cluster	84.318	801787-01	7856	337,780
Educational Technology State Grants Cluster	84.318	900815-01	7237	7,682
Educational Technology State Grants Cluster	84.318	901371-01	7251	69,168
Educational Technology State Grants Cluster	84.318	901372-01	7282	<u>442,525</u>
Total Educational Technology State Grants Cluster				<u>1,276,843</u>
State Fiscal Stabilization Fund Cluster:				
State Fiscal Stabilization Fund Cluster - Recovery Act	84.394	104345-01-05	7322	<u>27,844,286</u>
Vocational Education				
Vocational Education	84.048	105611-01	7330	109,812
Vocational Education	84.048	105611-01	7331	105,602
Vocational Education	84.048	105611-01	7332	95,272
Vocational Education	84.048	105611-01	7333	532,099
Vocational Education	84.048	105611-01	7336	46,904
Vocational Education	84.048	105611-01	7338	112,015
Vocational Education	84.048	105909-01	7364	20,000
Vocational Education	84.048	105909-01	7371	3,885
Vocational Education	84.048	105909-01	7372	9,750
Vocational Education	84.048	105909-01	7373	7,850
Vocational Education	84.048	105909-02	7378	<u>13,502</u>
Total Vocational Education				1,056,691
Safe and Drug-Free Schools	84.186	104296-01	7325	371,127
Safe and Drug-Free Schools	84.186	900424-02	7225	<u>46,090</u>
Total Safe and Drug-Free Schools				417,217
Tech Prep Education	84.243	105611-02	7311	<u>112,970</u>
Twenty-First Century Community Learning Centers	84.287	105890-01	7385	4,336
Twenty-First Century Community Learning Centers	84.287	901358-01	7258	<u>320,644</u>
Total Twenty-First Century Community Learning Centers				324,980
Innovative Programs	84.298	800766-01	7835	<u>114,821</u>
Advanced Placement Program	84.330	104942-01	n/a	<u>23,848</u>
Reading First	84.357	104644-01	7395	409,151
Reading First	84.357	901131-01	7295	<u>512,029</u>
Total Reading First				921,180
English Language Acquisition	84.365	104627-01	7327	3,134,744
English Language Acquisition	84.365	104627-02	7301	39,301
English Language Acquisition	84.365	104627-03/04	7370	13,196
English Language Acquisition	84.365	900550-01	7227	<u>21,040</u>
Total English Language Acquisition				3,208,281

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**  
**(Continued)**

<b>Federal Grantor/Pass-through/Program</b>	<b>CFDA Number</b>	<b>Pass-through Grantor Number</b>	<b>MCPS Project Number</b>	<b>Federal Expenditures</b>
<b>Department of Education (Continued)</b>				
Distributed through Maryland State Department of Education:				
Improving Teacher Quality	84.367	104605-01	7307	\$ 442,420
Improving Teacher Quality	84.367	104605-01	7339	3,596,158
Improving Teacher Quality	84.367	900569-01	7207	<u>79,520</u>
Total Improving Teacher Quality				4,118,098
Learn and Serve America	94.004	104372-01	7379	3,328
Learn and Serve America	94.004	105701-01	7359	20,000
Learn and Serve America	94.004	900912-01	7253	<u>4,578</u>
Total Learn and Serve America				<u>27,906</u>
Total Distributed through Maryland State Department of Education				<u>109,641,923</u>
Direct Payments:				
Impact Aid Cluster	84.041	pl874	pl874	229,218
Indian Education	84.060	S060A080538	7226	10,802
Indian Education	84.060	S060A090538	7326	10,949
Safe and Drug-Free Schools	84.184	Q184B070273	7852	151,419
Fund for the Improvement of Education	84.215	U215K080026	7277	122,109
Fund for the Improvement of Education	84.215	U215K090057	7387	143,000
Fund for the Improvement of Education	84.215	U215X060034	7745	496,872
Fund for the Improvement of Education	84.215	V215L052020	7365	29,174
Fund for the Improvement of Education	84.215	V215L052020	7677	244,095
Fund for the Improvement of Education	84.215	V215L052020	7678	<u>122,767</u>
Total Direct Payments				<u>1,560,405</u>
Total Department of Education				<u>111,202,328</u>
<b>Department of Health and Human Services</b>				
Distributed through Montgomery County, Maryland:				
Special Ed Cluster	84.027	10157309	7309	226,526
Early Intervention Services Cluster	84.181	10157310	7310	196,233
Early Intervention Services Cluster - Recovery Act	84.393	10157377	7377	36,391
Head Start Cluster	93.600	10157328	7328	3,316,506
Head Start Cluster	93.600	10157329	7329	57,823
Head Start Cluster - Recovery Act	93.708	10157366	7366	<u>258,715</u>
Total distributed through Montgomery County, Maryland				<u>4,092,194</u>
Total Department of Health and Human Services				<u>4,092,194</u>
<b>Environmental Protection Agency</b>				
Direct Payment:				
National Clean Diesel Emissions Reduction Program	66.039	9157255	7255	<u>699,501</u>
Distributed through Maryland Department of the Environment:				
State Clean Diesel Grant Program - Recovery Act	66.040	10157386	7386	<u>85,728</u>
Total Environmental Protection Agency				<u>785,229</u>

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2010**  
**(Continued)**

<u>Federal Grantor/Pass-through/Program</u>	<u>CFDA Number</u>	<u>Pass-through Grantor Number</u>	<u>MCPS Project Number</u>	<u>Federal Expenditures</u>
<b>National Security Agency</b>				
Direct Payments:				
Mathematical Sciences Grants Program	12.901	10157393	7393	\$ 1,477
Mathematical Sciences Grants Program	12.901	10157396	7396	<u>28,398</u>
Total National Security Agency				<u>29,875</u>
<b>Grand Total Expenditures of Federal Awards</b>				<u>\$ 140,094,240</u>

**MONTGOMERY COUNTY PUBLIC SCHOOLS**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended June 30, 2010**

**1. Summary of Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards (the Schedule) relates only to federal programs administered by Montgomery County Public Schools (MCPS). It should be read in conjunction with MCPS' basic financial statements and the accompanying notes. The federal programs are subject to the accounting policies and procedures of MCPS, which conform to accounting principles generally accepted in the United States for governmental entities.

The federal grant programs account for the expenditure of funds by MCPS in the General and Enterprise funds. Expenditures represent direct costs of operating programs, principally personnel and fringe benefit costs. Expenditures of grant funds are made for the purposes specified by the grantor, which include certain restrictions. The grantor may ultimately disallow certain expenditures which MCPS has charged to grant funds. In the event of final disallowance, the funds will be reimbursed to the federal government by MCPS.

The federal share of the Enterprise funds is commingled with state and local funding, as well as revenues provided from user charges. Expenditures are assumed to be paid first from the federal revenues for purposes of the Schedule. Commodities received from the U.S. Department of Agriculture are valued at fair market value and recorded as expenditures when used. During the fiscal year ended June 30, 2010, the fair market value of commodities consumed was \$2,426,383.

MCPS provided \$352,278 to subrecipients from federal awards distributed through the Maryland State Department of Education; and \$1,089,718 for the Child and Adult Care Food Program.

**2. Reconciliation of Federal Expenditures**

Federal expenditures in the MCPS Comprehensive Annual Financial Report (CAFR) reconcile to the Schedule of Expenditures of Federal Awards as follows:

General fund federal expenditures	\$ 125,610,476
Enterprise funds federal expenditures	<u>23,866,529</u>
Total federal expenditures per the CAFR	149,477,005
Plus: Advanced Placement Test Free Program	23,848
Child Nutrition Discretionary Grants - Recovery Act	72,305
Less: Medical assistance funds not included on the Schedule	(4,873,505)
Medicare Part D	<u>(4,605,413)</u>
Total federal expenditures per the Schedule	<u>\$ 140,094,240</u>

This information is an integral part of the accompanying schedule.

**MONTGOMERY COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Part I—Summary of Auditor’s Results**

**Financial Statement Section**

Type of auditor’s report issued: Unqualified

	<u>Yes</u>	<u>No</u>
Internal control over financial reporting:		
Material weakness(es) identified?		X
Significant Deficiency (ies) identified not considered to be material weaknesses?		X
Noncompliance material to financial statements noted?		X

**Federal Awards Section**

	<u>Yes</u>	<u>No</u>
Material weakness(es) identified?		X
Significant Deficiency(ies) identified not considered to be material weaknesses?	X	

Type of auditor’s report on compliance for major programs: Unqualified

	<u>Yes</u>	<u>No</u>
Any audit findings disclosed that are required to be reported in accordance with Circular A-133 (section .510(a))?	X	

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553, 555, 559, 579, 582	Child Nutrition Cluster
84.027, 173, 391, 392	Special Education Cluster
84.010, 389	Title I
84.394	State Fiscal Stabilization Fund
93.600, 708	Head Start

Dollar threshold used to determine Type A programs: \$3,000,000

	<u>Yes</u>	<u>No</u>
Auditee qualified as low-risk auditee?		X

**MONTGOMERY COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Part II—Financial Statement Findings Section**

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

There were no findings identified during the audit for the year ended June 30, 2010.

**Part III—Federal Award Findings and Questioned Costs Section**

**2010-01                      Lack of adequate suspension and debarment procedures  
(Internal control and compliance)**

**Federal Program:**    Child Nutrition Cluster:  
CFDA #: 10.553, 555, 559, 579, 582

All Programs subject to suspension and debarment requirements.

**Condition:**            The Board did not maintain adequate documentation to support vendor’s suspension and debarment status.

**Criteria:**                Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR section 180.300).

**Cause:**                    The Board’s current suspension and debarment procedures met the minimum requirements under OMB Circular A102; however the Board’s oversight agency, Maryland State Department of Education (MSDE), required the Board to have a certification statement in lieu of the current procedures.

**Effect:**                    The Board was not in compliance with suspension and debarment requirements.

**MONTGOMERY COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2010**

**Context:** 7 out of 7 vendors tested did not have adequate documentation to support the vendor's suspension and debarment status.

**Questioned Costs:** None noted. None of the vendors were suspended or debarred via the Excluded Parties List System (EPLS)

**Recommendation:** The Board should incorporate MSDE's suspension and debarment documentation requirements.

**Management**

**Response:** The Board has adopted a policy and has implemented procedures that assure a vendor's suspension and debarment status is verified and documented during the procurement process.



**MONTGOMERY COUNTY PUBLIC SCHOOLS  
SCHEDULE OF PRIOR YEAR FINDINGS  
For the Year Ended June 30, 2010**

There were no prior year findings identified for the year ended June 30, 2009.