

**THE BOARD OF EDUCATION OF  
MONTGOMERY COUNTY, MARYLAND**

**SINGLE AUDIT  
SUPPLEMENTAL FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2018**

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
TABLE OF CONTENTS  
YEAR ENDED JUNE 30, 2018**

<b>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 <i>GOVERNMENT AUDITING STANDARDS</i></b>	<b>1</b>
<b>INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE</b>	<b>3</b>
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>6</b>
<b>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>9</b>
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	<b>10</b>



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

Board of Education  
of Montgomery County, Maryland  
Rockville, 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 discretely presented component unit, each major fund, and the aggregate remaining fund information of The Board of Education of Montgomery County, Maryland operating as Montgomery County Public Schools (the Board), a component unit of Montgomery 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 26, 2018. The Board's financial statements include the operations of MCPS Educational Foundation, Inc. (Foundation), a discretely presented component unit. Our report, described below, did not include the operations of the Foundation because the Foundation (a component unit) engaged for its own separate audit in accordance with *Government Auditing Standards*.

**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 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.

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 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*.

**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 result 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 26, 2018



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES  
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education  
of Montgomery County Public Schools  
Rockville, Maryland

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

We have audited The Board of Education of Montgomery County, Maryland operating as Montgomery County Public Schools (the Board) compliance with the types of compliance requirements described in the *OMB Circular 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 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 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.

### ***Other Matters***

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

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

### **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 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 Board's internal control over compliance.

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

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

The Board's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Board'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 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, the business-type activities, the aggregate discretely presented component unit, 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 26, 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 18, 2018

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through/Program	CFDA Number	Pass-Through Grantor Number	MCPS Project Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>					
Distributed through Maryland State					
Department of Education:					
Child Nutrition Cluster:					
School Breakfast Program	10.553	food1	food1	\$ -	\$ 9,793,864
National School Lunch Program	10.555	food2	food2	-	23,823,867
Food Distribution	10.555	food5	food5	-	3,587,255
Free and Reduced Snack Program	10.555	food8	food8	-	180,455
Subtotal					<u>27,591,577</u>
Summer Food Service Program	10.559	food3	food3	-	1,295,526
Total Child Nutrition Cluster					<u>38,680,967</u>
Child and Adult Care Food Program	10.558	food4	food4	-	1,574,658
At Risk Supper Program	10.558	food7	food7	-	1,437,722
Subtotal					<u>3,012,380</u>
Team Nutrition Grant	10.574	180776-01	0803	-	17,062
Team Nutrition Grant	10.574	181054-01	0803	-	5,022
Subtotal					<u>22,084</u>
Child Nutrition Discretionary Grants					
Limited Availability	10.579	171196-01	0802	-	60,451
Fresh Fruit and Vegetable Program	10.582	food6	food6	-	96,789
Total U.S. Department of Agriculture					<u>41,872,671</u>
<b>U.S. Department of Education</b>					
Distributed through Maryland State					
Department of Education:					
Special Ed Cluster:					
Special Ed Cluster	84.027	170117-01	8702	-	3,486,646
Special Ed Cluster	84.027	170117-02	8715	-	7,832
Special Ed Cluster	84.027	170117-04	8704	-	137,629
Special Ed Cluster	84.027	170117-06	8703	-	13,142
Special Ed Cluster	84.027	171403-01	8757	-	322,915
Special Ed Cluster	84.027	180434-01	8802	-	25,548,509
Special Ed Cluster	84.027	180434-02	8815	-	665,984
Special Ed Cluster	84.027	180434-03	8806	-	2,500
Special Ed Cluster	84.027	180434-04	8804	-	218,664
Special Ed Cluster	84.027	180434-05	8805	-	500
Special Ed Cluster	84.027	180434-06	8803	-	20,000
Special Ed Cluster	84.027	180434-07	8814	-	47,574
Special Ed Cluster	84.027	180930-01	8857	-	124,850
Special Ed Cluster	84.027	180930-02	8858	-	2,447
Special Ed Cluster	84.027	181237-01	8863	-	3,433
Special Ed Cluster	84.027	181470-01	8877	-	15,660
Distributed through Towson University:					
Special Ed Cluster	84.027	17158780	8780	-	1,359
Distributed through Montgomery County, Maryland:					
Special Ed Cluster	84.027	180345-01	8809	-	642,770
Subtotal					<u>31,262,414</u>
Distributed through Maryland State					
Department of Education:					
Special Ed Cluster	84.173	170261-01	8708	-	9,230
Special Ed Cluster	84.173	170261-02	8722	-	10,679
Special Ed Cluster	84.173	180334-01	8808	-	678,165
Special Ed Cluster	84.173	180334-02	8822	-	17,952
Special Ed Cluster	84.173	181387-01	8874	-	3,596
Subtotal					<u>719,622</u>
Total Special Ed Cluster					31,982,036

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through/Program	CFDA Number	Pass-Through Grantor Number	MCPS Project Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>					
<b>(Continued)</b>					
Distributed through Maryland State					
Department of Education (Continued):					
Title I, Part A:					
Title I, Part A	84.010	170926-01	8720	\$ -	\$ 5,857,074
Title I, Part A	84.010	171286-01	8724	-	28,596
Title I, Part A	84.010	171303-01	8765	-	58,617
Title I, Part A	84.010	180700-01	8820	-	19,153,003
Title I, Part A	84.010	181305-01	8865	-	546,785
Title I, Part A	84.010	181356-01	8824	-	92,226
Distributed through Prince George's					
County Public Schools:					
Title I, Part A	84.010	18158869	8869	-	44,222
Total Title I, Part A				-	25,780,523
Vocational Education	84.048	180741-01	8830	-	407,386
Vocational Education	84.048	180741-01	8831	-	358,201
Vocational Education	84.048	180741-01	8832	-	53,484
Vocational Education	84.048	180741-01	8833	-	251,631
Vocational Education	84.048	180741-01	8834	-	8,032
Vocational Education	84.048	180741-01	8835	-	107,764
Vocational Education	84.048	180741-01	8836	-	50,079
Vocational Education	84.048	180872-01	8855	-	2,554
Vocational Education	84.048	180872-01	8856	-	1,059
Vocational Education	84.048	180872-01	8866	-	6,284
Vocational Education	84.048	180872-01	8867	-	5,000
Total Vocational Education				-	1,251,474
Rehabilitation Services Vocational					
Rehabilitation Services					
Vocational Rehabilitation	84.126	171528-01	8758	-	65,123
Rehabilitation Services					
Vocational Rehabilitation	84.126	181413-02	8875	-	9,769
Total Rehabilitation Services					74,892
Vocational					
Education for Homeless Children and Youth	84.196	181346-01	8873	-	3,019
21st Century Community Learning Centers	84.287	170906-01	8754	-	42,468
21st Century Community Learning Centers	84.287	181148-01	8854	-	202,703
21st Century Community Learning Centers	84.287	181319-01	8852	-	23,957
Total 21st Century Community					269,128
Learning Centers					
English Language Acquisition	84.365	164303-01	8627	500	63,676
English Language Acquisition	84.365	170660-01	8727	3,243	291,422
English Language Acquisition	84.365	170969-01	8751	-	7,640
English Language Acquisition	84.365	180414-01	8827	28,515	3,092,663
Total English Language Acquisition					3,455,401
Improving Teacher Quality	84.367	171222-01	8707	-	24,344
Improving Teacher Quality	84.367	171222-01	8739	-	257
Improving Teacher Quality	84.367	181252-01	8807	73,710	693,049
Improving Teacher Quality	84.367	181252-01	8839	-	3,130,983
Total Improving Teacher Quality					3,848,633

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through/Program	CFDA Number	Pass-Through Grantor Number	MCPS Project Number	Pass-Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>					
<b>(Continued)</b>					
Distributed through Maryland State Department of Education (Continued):					
EAC-Kindergarten	84.368	181621-01	8883	\$ -	\$ 84,350
Statewide Longitudinal Data Systems	84.372	180876-01	8871	-	2,040
Statewide Longitudinal Data Systems	84.372	180972-02	8864	-	539
Total Statewide Longitudinal Data Systems					<u>2,579</u>
Race to the Top Preschool Development - ARRA	84.419	180667-01	8849	-	494,046
Student Support and Academic Enrichment	84.424	181123-01	8876	-	184,152
Direct Payments:					
Impact Aid Cluster	84.041	pl874	pl874	-	104,795
Indian Education	84.060	S060A170538	8826	-	<u>25,232</u>
<i>Total U.S. Department of Education</i>					67,560,260
<b>U.S. Department of Commerce</b>					
Direct Payments:					
Science, Technology, Business and/or Education Outreach	11.620	70NANB17H200	8763	-	10,000
Science, Technology, Business and/or Education Outreach	11.620	70NANB17H298	8853	-	<u>8,000</u>
Total Science, Technology, Business and/or Education Outreach				-	<u>18,000</u>
Total U.S. Department of Commerce					
<b>U.S. Department of Health and Human Services</b>					
Direct Payments:					
Research and Development Cluster:					
Child Health and Human Development Extramural Research	93.865	HHSN269201300124P	8716	-	185,564
Child Health and Human Development Extramural Research	93.865	HHSN269201300124P	8816	-	<u>48,236</u>
Total Research and Development Cluster				-	<u>233,800</u>
Distributed through Montgomery County, Maryland:					
Child Care Development Block Grant	93.596	165805-01	8746	-	102,757
Head Start	93.600	03CH9990/02	8828	-	3,804,425
Head Start	93.600	03CH9990/02	8829	-	<u>66,051</u>
Total Head Start				-	3,870,476
Total Distributed through Montgomery County, Maryland					<u>3,973,233</u>
<i>Total U.S. Department of Health and Human Services</i>					<u>4,207,033</u>
Total Direct Payments					<u>381,827</u>
Grand Total Expenditures of Federal Awards				<u>\$ 105,968</u>	<u>\$ 113,657,964</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Schedule of Expenditures of Federal Awards (the Schedule) relates only to federal programs administered by The Board of Education of Montgomery County, Maryland (the Board). It should be read in conjunction with the Board's basic financial statements and the accompanying notes. The federal programs are subject to the accounting policies and procedures of the Board, 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 the Board in the General and Enterprise funds. Expenditures represent direct costs of operating programs, principally personnel, capital projects, 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 the Board has charged to grant funds. In the event of final disallowance, the funds will be reimbursed to the federal government by the Board.

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, 2018, the fair market value of commodities consumed was \$3,587,255.

**NOTE 2 INDIRECT COST**

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

**NOTE 3 RECONCILIATION OF FEDERAL EXPENDITURES**

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

General Fund Federal Expenditures	\$ 98,100,600
Capital Fund Federal Expenditures	1,705,821
Enterprise Fund Federal Expenditures	<u>41,872,671</u>
Total Federal Expenditures per the CAFR	141,679,092
Less:	
Funds not included on the Schedule:	
Medical Assistance	(5,117,501)
ERATE	(1,705,821)
Infants and Toddlers - MA	
Medicare Part D	<u>(21,197,806)</u>
Total Reported per Single Audit	<u><u>\$ 113,657,964</u></u>

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2018**

---

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

---

**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? \_\_\_\_\_ yes        x   none reported
3. Noncompliance material to financial statements noted? \_\_\_\_\_ yes        x   no

**Federal Awards**

1. Internal control over major federal programs:
- Material weakness(es) identified? \_\_\_\_\_ yes        x   no
  - Significant deficiency(ies) identified?   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 Federal Programs**

<b>CFDA Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.010	Title I
84.367	Supporting Effective Instructions State Grant, formerly Title II
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$ 3,000,000</u>
Auditee qualified as low-risk auditee?	<u>  x  </u> yes      _____ no

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

---

***Section II – Financial Statement Findings***

---

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

---

***Section III – Findings and Questioned Costs – Major Federal Programs***

---

**Reference Number:** 2018-001  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Education  
**Federal Program:** Supporting Effective Instructions State Grant, formerly Title II  
**CFDA Number:** 84.367

**Award Number and Year:**  
**Compliance** 181252- Fiscal Year 2018  
**Requirement:** Allowable Cost and Activity- Time and Effort  
**Type of Finding:** Significant deficiency and Noncompliance

**Criteria or specific requirement:**

Control: Per 2 CFR section 200.303 - internal controls must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

Compliance: For an employee who works in part on the consolidated administrative cost objective and in part on a Federal program, a SEA or LEA must maintain time and effort distribution records in accordance with 2 CFR section 200.430(i)(1)(vii) that support the portion of time and effort dedicated to:

1. The consolidated cost objective, and
2. Each program or other cost objectives supported by non-federal funds or other revenue sources.

**Condition:**

The Board established a mentor program to support new educators for their first three years of employment. The mentors’ salary is, in-part, supported by Title II funds, which requires documentation of the mentor’s time and effort in relation to the federal program. The Board did not provide time and effort documentation to support the mentor teachers’ salary charged to the Title II program.

**Context:**

We noted that time and effort certification for 21 out of 40 employees selected for testing was not provided.

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**Questioned costs:**

Undetermined. Due to the lack of time and effort certification, the allocation of time spent on federal program objectives was not readily determinable.

**Cause:**

The mentors receive a stipend in lieu of hourly/salary wages. The stipend is charged to the grant as payroll costs. The mentor's position was not identified as a position requiring time and effort certification.

**Effect:**

The Board is not compliant with federal allowable cost and activity requirement for time and effort.

**Recommendation:**

We recommend that the Board review current time and effort policy to ensure that all positions supported by federal funds (whole or in-part) are documented in accordance with the federal requirement.

**Views of responsible officials:** There is no disagreement with the audit finding. The Board has begun a thorough review of the current time and effort policy.

**THE BOARD OF EDUCATION OF MONTGOMERY COUNTY, MARYLAND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED JUNE 30, 2018**

**Reference Number:** 2018-002  
**Prior Year Finding:** No  
**Federal Agency:** U.S. Department of Education  
**Federal Program:** Title I  
**CFDA Number:** 84.010

**Award Number and Year:**  
**Compliance** 8820, Fiscal Year 2018  
**Requirement:** Period of Performance  
**Type of Finding:** Significant deficiency

**Criteria or specific requirement:**

Control: Per 2 CFR section 200.303 - internal controls must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework," issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) to ensure compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards.

**Condition:**

We noted that employee reimbursement for mileage for June 2017 was recorded to the grant prior to the beginning period of performance; the grant award the period of performance began July 1, 2017.

**Context:**

We noted that 8 out of 8 transactions selected from grants beginning within the audit period were recorded before the grant's period of performance.

**Questioned costs:**

None noted

**Cause:**

The grant was incorrectly charged due to an error and not identified during the review process.

**Effect:**

The Board incorrectly charged a grant prior to the period of performance and was not compliant with federal requirements.

**Recommendation:**

We recommend that the Board review current procedures and determine if procedures related to grant cut-off should be enhanced.

**Views of responsible officials:**

There is no disagreement with the audit finding. The Board is in the process of reviewing current grant cut-off procedures.