

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS**

**REPORT ON SINGLE AUDIT**

**YEAR ENDED JUNE 30, 2018**

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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**

Members of the Board of Education of  
Prince George's County, Maryland  
Upper Marlboro, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Prince George's County Public Schools (the School System), as of and for the year June 30, 2018, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements, and have issued our report thereon dated September 28, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School System'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 School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 that we consider to be a significant deficiency.

Members of the Board of Education of  
Prince George's County, Maryland

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School System's 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*.

### **Prince George's County Public Schools' Responses to Findings**

The School System's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Schools System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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 School System'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 School System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
September 28, 2018

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

Members of the Board of Education of  
Prince George's County, Maryland  
Upper Marlboro, Maryland

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

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

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the School System'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 School System'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 School System's compliance.

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

In our opinion, the School System 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 other 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 items 2018-002 and 2018-003. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Management of the School System 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 School System'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 School System's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies 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, as described in the accompanying schedule of findings and questioned costs as items 2018-002 and 2018-003 that we consider to be significant deficiencies.

The School System'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 School System's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on them.

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.

Members of the Board of Education of  
Prince George's County, Maryland

**Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the School System as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements. We issued our report thereon dated September 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying 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*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
December 3, 2018, except for the Schedule of  
Expenditures of Federal Awards which is dated September 28, 2018

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number /Grant Award Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Education</b>				
Direct Programs:				
PL-384 Federal Impact Aid	84.041	N/A	\$ -	\$ 37,596
<b>Pass-through Programs From Maryland State</b>				
<b>Department of Education:</b>				
Special Education (cluster):				
SPED Family Partnerships Grant	84.027	18043707	-	19,343
SPED Family Partnerships Grant	84.027	18043708	-	50,572
SPED Professional Learning Initiative	84.027	18043706	-	500
FY17 LAFF Part B-ECC	84.027	17027407	-	6,370
2018 SPED SFY Con line 1	84.027	18093101	-	90,121
2018 SPED SFY Con line 2	84.027	18093102	-	537
2018 SPED SFY Con line 3	84.027	18093103	-	15,998
2017 LAFF SE Citizens Advisory Committee	84.027	18043704	-	1,450
2016 LAFF Part B 611 Pass-through CEIS	84.027	16452203	-	7,379
2017 LAFF Part B 611 Pass-through	84.027	17027401	-	619,445
2017 LAFF Part B 611 Pass-through PPPSS	84.027	17027402	-	113,743
2017 LAFF Part B 611 Pass-through CEIS	84.027	17027403	-	27,628
2018 LAFF Part B 611 Pass-through	84.027	18043701	-	21,677,521
2018 LAFF Part B 611 Pass-through PPPSS	84.027	18043702	-	58,145
2018 LAFF Part B 611 Pass-through CEIS	84.027	18043703	-	2,830,634
2017 CLIG Part B 611 Discretionary Grant	84.027	17012101	-	9,454
2018 CLIG Part B 611 Discretionary Grant	84.027	18021301	-	295,022
2017 LAFF Local Priority Flexibility	84.027	17027405	-	28,705
2018 LAFF Local Priority Flexibility	84.027	18043706	-	210,747
2017 CLIG Part B 619 Discretionary	84.173	17021601	-	1,370
2018 CLIG Part B 619 Discretionary	84.173	18017701	-	7,339
2017 CLIG Part B 619 Extended Option	84.173	17021602	-	4,708
2018 CLIG Part B 619 Extended Option	84.173	18017702	-	25,813
2016 LAFF Part B 619 Preschool CEIS	84.173	16452503	-	7,913
2018 LAFF Part B 619 Preschool CEIS	84.173	18043601	-	3,917
2018 LAFF Part B 619 Preschool CEIS	84.173	18043602	-	484,757
2018 LAFF Part B 619 Preschool CEIS	84.173	18043603	-	85,227
2016 Infants & Toddlers -Medical Assistance	84.173	N/A	-	9,214
2017 Infants & Toddlers -Medical Assistance	84.173	N/A	-	46,206
2018 Infants & Toddlers -Medical Assistance	84.173	NA	-	470,668
Subtotal Special Education Cluster Passed through from Maryland State Department of Education			-	27,210,446
Infants & Toddlers -State Priority 2016 CLIG Part C	84.181	17024001	-	116,444
Infants & Toddlers -State Priority 2017 CLIG Part C	84.181	18031201	-	726,272
			-	842,716
IDEA Part D Personnel Development	84.323	17100302	-	14,071
Title I, Part A				
Title I Part A - FY 17	84.010	17092401	-	5,257,336
Title I Part A - FY 18	84.010	18069801	-	29,057,462
Title I School Improvement (SIG) 1003(a) Focus Grant	84.010	17131701	-	61,856
Title I School Improvement (SIG) 1003(a) Focus Grant	84.010	18130601	-	110,388
Title I Priority Schools Grant	84.010	18130001	-	469,284
Subtotal Title I, Part A			-	34,956,326
School Improvement Grant Cluster-ARRA				
Title I 1003(g) School Improvement Grant III Year 3	84.377	17083701	-	32,195



**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Career and Technical Education				
Title IC Program Improvement-CTE	84.048	17053201	\$ -	\$ 113,424
Title IC Program Improvement-CTE	84.048	18073901	-	1,019,555
Subtotal Career and Technical Education			-	1,132,979
Education for Homeless Children and Youth Cluster				
Educating Homeless Children & Youth Program	84.196	17107602	-	51,891
Educating Homeless Children & Youth Program	84.196	18135201	-	35,210
Subtotal Education for Homeless Children and Youth Cluster			-	87,101
Education Research, Development and Dissemination	84.305A	R305A170411	-	52,429
English Language Acquisition-FY 17 Title III	84.365	17050402	-	5,944
English Language Acquisition-FY 18 Title III	84.365	18041302	-	320
English Language Acquisition-FY 16 Title III-	84.365	16430401	-	449,247
English Language Acquisition-FY 17 Title III-	84.365	17050401	-	1,329,961
English Language Acquisition-FY 18 Title III-	84.365	18041301	-	1,581,637
Subtotal English Language Acquisition			-	3,367,109
FY 16 Improving Teacher Quality-Title II	84.367	16527501	-	1,616,847
FY 17 Improving Teacher Quality-Title II	84.367	17122101	-	2,412,458
FY 18 Improving Teacher Quality-Title II	84.367	18125101	-	1,020,661
FY 18 Improving Teacher Quality-Title II	84.367	18080401	-	15,000
Subtotal Improving Teacher Quality			-	5,064,966
The Washington Principal Ambassador Fellows	84.000	USDE Agreement	-	8,684
Preschool Development Grant	84.419	17093401	-	110,386
Preschool Development Grant	84.419	18068801	-	1,129,017
Subtotal Race to the Top-Early Learning Challenge			-	1,239,403
Student Support & Academic Enrichment Grants	84.424A	18112601	-	154,572
Great Teachers, Great Leaders, Great Schools	84.374A	U374A170024	-	552,516
Open Ed Resources	84.372	18067101	-	541
Total U.S. Department of Education			-	74,753,650
Pass-through Programs From Maryland State Department of Education				
Child Nutrition Cluster:				
Food Commodities	10.555	N/A	-	5,222,800
School Breakfast Program	10.553	N/A	-	15,294,251
National School Lunch Program	10.555	N/A	-	37,211,975
Summer Food Service	10.559	N/A	-	1,063,055
Total Child Nutrition Cluster			-	58,792,081
Child & Adult Care Food Program	10.558	N/A	-	3,576,574
Fresh Fruits & Vegetables	10.582	N/A	-	641,112
Total U.S. Department of Agriculture			-	63,009,767

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2018  
(Continued)**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Passed Through to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. National Science Foundation</b>				
Minority Student Pipeline Math Science Partnership	47.076	University System of MD	\$ -	\$ 56,530
<b>U.S. Department of Labor</b>				
Pass-through Programs From Maryland State Department of Education				
Youth Career Connect	17.274	YC-25418-14-60-A-24	-	148,638
Youth Career Connect	17.274	YC-25418-14-60-A-24	-	471,915
Total Youth Career Connect			<u>-</u>	<u>620,553</u>
<b>National Aeronautics and Space Administration</b>				
NASA ESPSI	43.008	NNX14AQ80G	<u>-</u>	<u>50,479</u>
<b>U.S. Department of Defense</b>				
Direct Programs:				
JROTC	12.900	N/A	<u>-</u>	<u>1,064,982</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ -</u>	<u>\$ 139,555,961</u>

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Prince George's County Public Schools (the School System) for the year ended June 30, 2018.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all Federal grants to the School System 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*.

**NOTE 2 RELATION TO THE BASIC FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS**

Total expenditures per the Schedule of Expenditures of Federal Awards reconciles to the School System's basic financial statements as follows:

**Federal Revenues per the Statements of Revenues, Expenditures and Changes in Net Position**

Federal - General Funds	\$ 83,444,980
Federal - Special Revenue	57,786,967
Federal - Donated	5,222,800
Total Per Financial Statements	\$ 146,454,747
Expenditures of Federal Awards	\$ 139,555,961
Federal revenues included in the basic financial statements that are not required to be included in the schedule:	
Medicaid Funds	6,730,097
Revenues not Included on the Schedule	168,689
Total Per Financial Statements	\$ 146,454,747

**NOTE 4 SUBRECIPIENTS**

There were no awards provided to subrecipients for the year ended June 30, 2018.

**NOTE 5 INDIRECT COSTS**

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

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

**I. Summary of Independent Auditors' Results**

**Financial Statements**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ <u>X</u> _____	Yes	_____	None reported
Noncompliance material to financial statements noted?	_____	Yes	_____ <u>X</u> _____	No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified that are not considered to be material weaknesses	_____ <u>X</u> _____	Yes	_____	None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ <u>X</u> _____	Yes	_____	No
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<b>Identification of Major Programs</b>	<b>CFDA Number(s)</b>
<b><u>Name of Federal Program or Cluster</u></b>	<b><u>CFDA Number(s)</u></b>
Child Nutrition Cluster	10.553, 10.555, 10.559
English Language Acquisition State Grants	84.365
Preschool Development Grants	84.419

Dollar threshold used to distinguish between type A and type B programs: \$ 3,000,000

Auditee qualified as low-risk auditee?	_____ <u>X</u> _____	Yes	_____	No
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**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

**II. Financial Statement Findings**

**Finding Reference: 2018-001**

**Fixed Asset Accounting**

**Type of Finding:** Significant Deficiency in Internal Control

**Condition/Context**

The School System must maintain internal controls over capital asset expenditures to ensure the capital assets are properly included in the financial reports of the School System. The School System's existing process did not appropriately identify capital expenditures incurred during a previous fiscal year that should have been capitalized. As a result, adjustments to capital assets were necessary to include those fixed assets items that were incorrectly excluded. Failure to maintain proper accounting practices and internal controls may result in over or under reporting of capital assets. We recommend management continue their implementation of the policies and procedures for fixed asset reconciliations.

**Criteria**

Management is responsible for establishing and maintaining internal controls over financial reporting and for the fair presentation of the financial position, and results of operations, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP).

**Cause**

The School System improperly included fixed assets in its subsidiary ledger which were not supported by activity that caused errors to be included in the financial statements.

**Effect**

Adjustments to capital assets were necessary to include those items that were incorrectly excluded. Failure to maintain proper accounting practices and internal controls may result in over or under reporting of capital assets.

**Recommendation**

We recommend management continue their implementation of their policies and procedures for fixed asset reconciliations.

**Views of Responsible Management Official and Corrective Action Plan**

Over the last two fiscal years, Accounting & Financial Reporting has made significant improvements in our ongoing efforts to enhance the accuracy of the fiscal recording and reporting of our capital assets. Our accounting staff are meticulous in their efforts of assessing and streamlining processes for efficiency and effectiveness. In FY18, as a measure of monitoring and reviewing, we performed a self-audit of our construction in progress account. The outcome of this assessment resulted in us having to take corrective actions; however, it has been proven to be vital and resulted in us appropriately reporting our capital assets in the proper asset category.

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

**Views of Responsible Management Official and Corrective Action Plan (Continued)**

The overall improvement process consists of several measures, designed to strengthen the accuracy and reporting of capital assets as well as the capabilities of the fixed assets module: (1) Ongoing collaboration with our Information Technology Business Operations team members to assist with system customization and enhancements, (2) Continuing our coordination and communication with our Department of Capital Programs on cultivating their understanding on the significance of timeliness as well as relevance and reliability of data for the capitalization of projects, (3) Continuing our reconciliation process which is a comprehensive and detailed analysis of general ledger expenditures to capital assets in our fixed assets module as well as (4) Enhancing staff's knowledge and understanding on the functionality of our fixed assets module through intensive training as a means of expanding employee skills and expertise.

Our ongoing efforts are a commitment we have made to continuously strengthen and maintain our accounting practices to improve our internal controls and the fiscal reporting of capital assets.

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

**III. Federal Award Findings and Questioned Costs**

**Finding Reference: 2018-002**

Federal Agency:	U.S. Department of Education
Federal Program Title and CFDA Number:	Preschool Development Grant 84.419
Compliance Requirement:	Procurement, Suspension and Debarment
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance
Award Period:	July 1, 2016 to June 30, 2018

**Condition:**

The School System could not provide supporting documentation to verify that the Vendor had not been suspended, debarred, or otherwise excluded from participating in federal assistance programs.

**Criteria or specific requirement:**

In accordance with 2 CFR §180.220, subawards and contracts should not be made to parties listed on the Excluded Parties List System (EPLS) in the federal System for Award Management. Therefore, the School System should have policies and procedures in place to verify that subawards and contracts with vendors for goods and services costing more than \$25,000 are not awarded to parties who have been suspended, debarred, or otherwise excluded from or ineligible for participating in federal assistance programs or activities.

**Context:**

Total expenses charged to the grant for the Vendor for the fiscal year ended June 30, 2018 was \$168,800.

**Effect:**

The School System is at risk for not complying with the program's requirements for suspension and debarment and awarding contracts and making payments to suspended or debarred parties.

**Cause:**

Program personnel did not follow existing policies and procedures to maintain documentation that they checked the EPLS to verify the vendor had not been suspended, debarred, or otherwise excluded from participating in federal assistance programs prior to making payments to the vendor.

**Recommendation:**

We recommend that the School System follow its existing policies and procedures and maintain supporting documentation to support compliance with grant terms.

**Views of responsible officials:** See corrective action plan.

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2018**

**Finding Reference: 2018-003**

Federal Agency:	U.S. Department of Education
Federal Program Title and CFDA Number:	Preschool Development Grant 84.419
Compliance Requirement:	Eligibility
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance
Award Period:	July 1, 2016 to June 30, 2018

**Condition:**

The School System could not provide supporting documentation to verify that two participants met the income criteria for services.

**Criteria or specific requirement:**

Per the grant award, the purpose of this project is to expand access to high quality prekindergarten education and increase the number of children who enter kindergarten fully ready to learn. The project will improve the quality of education services that are available to low-income families by providing prekindergarten education services to 4-year-olds from families with household incomes at or below 200 percent of the Federal Poverty Guidelines.

**Context:**

Supporting documentation could not be provided to support that income criteria was met for two of the forty individuals selected for testing.

**Effect:**

The School System may have provided services to ineligible participants.

**Cause:**

The School System omitted information from the participant file, which was not identified during their review procedures.

**Recommendation:**

We recommend that the School System follow its existing policies and procedures and maintain supporting documentation to support compliance with grant terms.

**Views of responsible officials:** See corrective action plan.





PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED JUNE 30, 2018

Prince George's County Public Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2018.

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

**FINDINGS—FINANCIAL STATEMENT AUDIT**

**2017 – 001 Fixed Asset Accounting**

**Condition:** The School System must maintain internal controls over capital asset expenditures to ensure the capital assets are properly included in the financial reports of the School System. The School System improperly included fixed assets in its subsidiary ledger which were not supported by activity which caused errors to be included in the financial statements. In addition, the School System's existing process did not appropriately identify a construction project that should have been placed in service during fiscal year 2015.

**Status:** See current year finding 2018-001.

**Reason for finding's recurrence:** During the past fiscal year, Accounting & Financial Reporting has made immense progress towards improving the efficiency and effectiveness of procedures for fixed assets by making enhancements where necessary to policies and procedures. This was initiated when the accounting staff recognized the need to make revisions to the process of how transactions were being recorded in the fixed assets module in order to ensure that all expenditures were being captured appropriately. This reconciliation process includes a comprehensive and detailed analysis of all general ledger expenses and compares it to the fixed asset module.

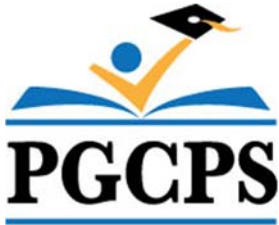
**Corrective Action:** As an ongoing effort, established procedures will be monitored and strengthened to make sure the accounting practices and internal controls effectively capture and report all fixed assets in the financial reports of the School System.

**FINDINGS— FEDERAL AWARD PROGRAMS AUDITS**

**2017 – 002 Supporting documentation for costs charged to the program**

**Condition:** The School system could not provide supporting documentation to ensure that 10% of the funded enrollment was filled by children eligible for service under the Individuals with Disabilities Education act. In addition management could not provide supporting documentation to ascertain that monthly financial information was reviewed by program governance.

**Status:** Corrected. Since Prince George's County Public Schools' designation as a Head Start grantee was terminated, the grant was officially ended on September 30, 2016. Therefore, no corrective action is necessary.



**Finding Reference: 2018-001**

**Fixed Asset Accounting**

**Type of Finding:** Significant Deficiency in Internal Control

**Recommendation**

We recommend management continue their implementation of their policies and procedures for fixed asset reconciliations.

**Views of Responsible Management Official and Corrective Action Plan**

Over the last two fiscal years, Accounting & Financial Reporting has made significant improvements in our ongoing efforts to enhance the accuracy of the fiscal recording and reporting of our capital assets. Our accounting staff are meticulous in their efforts of assessing and streamlining processes for efficiency and effectiveness. In FY18, as a measure of monitoring and reviewing, we performed a self-audit of our construction in progress account. The outcome of this assessment resulted in us having to take corrective actions; however, it has been proven to be vital and resulted in us appropriately reporting our capital assets in the proper asset category.

The overall improvement process consists of several measures, designed to strengthen the accuracy and reporting of capital assets as well as the capabilities of the fixed assets module; (1) Ongoing collaboration with our Information Technology Business Operations team members to assist with system customization and enhancements, (2) Continuing our coordination and communication with our Department of Capital Programs on cultivating their understanding on the significance of timeliness as well as relevance and reliability of data for the capitalization of projects, (3) Continuing our reconciliation process which is a comprehensive and detailed analysis of general ledger expenditures to capital assets in our fixed assets module as well as (4) Enhancing staff's knowledge and understanding on the functionality of our fixed assets module through intensive training as a means of expanding employee skills and expertise.

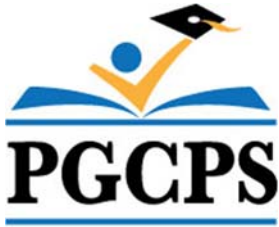
Our ongoing efforts is a commitment we have made to continuously strengthen and maintain our accounting practices to improve our internal controls and the fiscal reporting of capital assets.

**Name of the contact person responsible for corrective action:**

Department of Financial Services:

J. Michael Dougherty, Esq., CPA, Director of Financial Services

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



**2018 - 002**

Federal Agency:

U.S. Department of Health and Human Services

Federal Program Title and CFDA Number:

Preschool Development Grant 84.419

**Recommendation:**

We recommend that the School System follow its existing policies and procedures and maintain supporting documentation to support compliance with grant terms.

**Action taken in response to finding:**

The Purchasing Department will continue to ensure that current procedures are enforced to screen and document vendors for debarment or suspension status as noted in the current Purchasing Manual. All individual Buyers within the Purchasing Department will verify that the selected vendor is not on the suspended or debarred vendor list before a contract award is reviewed and executed by the Director of Purchasing. The administrative secretary to the Director of Purchasing, along with the Director, will flag and note any contractual items involving grant funding to ensure review and documented evidence of a check against debarment lists has been done. Print outs of searches will be added to the files/records. The Federal and State suspension and debarment check is to be performed to the following links:

- [www.sam.gov](http://www.sam.gov)
- [www.bpw.state.md.us/procurement/debarments.asp](http://www.bpw.state.md.us/procurement/debarments.asp)

Documentation will be placed in the vendor file to verify that vendor status for suspension and debarment was performed.

**Name(s) of the contact person(s) responsible for corrective action:**

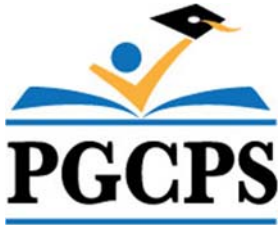
Department of Purchasing and Supply Services:

Barry L. Stanton, Chief Operating Officer  
Robert Johnson, Esq. Director of Purchasing and Supply Services  
Johnna Smarr, Supervisor, Purchasing Services

Grants Financial Management Office:

Darrell M. Haley, Supervising Grants Budget Analyst  
Claire Taylor, Restricted Funds Supervisor  
Gwen Deskins, Grants Accountant  
Crystal King, Grants Fiscal Analyst

**Planned completion date for corrective action plan:** December 13, 2018.



**2018 - 003**

Federal Agency:  
Federal Program Title and CFDA Number:

U.S. Department of Health and Human Services  
Preschool Development Grant 84.419

**Recommendation:**

We recommend that the School System follow its existing policies and procedures and maintain supporting documentation to support compliance with grant terms.

**Action taken in response to finding:**

As an on-going effort, the established school registration process and procedures will be closely monitored to ensure student records are located and accessible in their attended school. The current internal controls will be strengthened to ensure supporting documentation for pre-school eligibility is captured in the student files by implementing the following:

- Train all registrars each year on registration document handling; eligibility determination; and registration record retention within the school building for 5 years;
- Create and implement a Pre-K records sign-off sheet to identify which student documents are available at school year-end and the location of the Pre-K application and supporting documentation from the student file;
- Conduct random sampling records review of student files and Pre-K sites;
- Provide technical assistance procedure training to schools that are found out of compliance.

**Name(s) of the contact person(s) responsible for corrective action:**

Department of Curriculum & Instruction:

Dr. Gladys Whitehead, Director of Early Learning  
Andreia Searcy, Instructional Supervisor  
Area Office Staff/School - Based Office Personnel

Grants Financial Management Office:

Darrell M. Haley, Supervising Grants Budget Analyst  
Claire Taylor, Restricted Funds Supervisor  
Gwen Deskins, Grants Accountant  
Crystal King, Grants Fiscal Analyst

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