

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
JUNE 30, 2018**

TURNBULL, HOOVER & KAHL, P.A.
Certified Public Accountants

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
TABLE OF CONTENTS**

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>	1 - 2
Independent Auditors' Report On Compliance For Each Major Program and on Internal Control over Compliance Required By The Uniform Guidance	3 - 6
Schedule of Expenditures of Federal Awards	7 - 9
Notes to Schedule of Expenditures of Federal Awards	10 - 11
Schedule of Findings and Questioned Costs	12 - 17

David W. Turnbull, CPA
Richard J. Hoover, CPA
Bernard B. Kahl, CPA



217 Glenn Street, Suite 200
Cumberland, Maryland 21502
Phone: 301.759.3270
www.thkcpas.com

Independent Auditors' Report on Internal Control Over Financial
Reporting and on Compliance and Other Matters
Based On An Audit Of Financial Statements Performed
In Accordance With *Government Auditing Standards*

To the Board of Allegany County Commissioners
Cumberland, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Allegany County, Maryland's basic financial statements, and have issued our report thereon dated July 29, 2019. Our report includes a reference to other auditors who audited the financial statements of Allegany County Board of Education and Allegany County Library System, as described in our report on Allegany County, Maryland's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "T. Kahl, P.C." or "Thomas J. Kahl, P.C." The signature is fluid and cursive, with "T." and "Kahl" being the most prominent parts.

Cumberland, Maryland
July 29, 2019

David W. Turnbull, CPA
Richard J. Hoover, CPA
Bernard B. Kahl, CPA



217 Glenn Street, Suite 200
Cumberland, Maryland 21502
Phone: 301.759.3270
www.thkcpas.com

**Independent Auditors' Report on Compliance for
Each Major Program and on Internal Control over
Compliance Required by the Uniform Guidance**

To the Board of Allegany County Commissioners
Cumberland, Maryland

Report on Compliance for Each Major Federal Program

We have audited Allegany County, Maryland's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Allegany County, Maryland's major federal programs for the year ended June 30, 2018. Allegany County, Maryland's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Allegany County, Maryland's basic financial statements include the operations of the Allegany County Board of Education and Allegany College of Maryland, which received \$14,184,910 and \$13,579,634 in federal awards, respectively, which is not included in Allegany County, Maryland's schedule of expenditures of federal awards during the year ended June 30, 2018. Our audit, described below, did not include the operations of the Allegany County Board of Education because the component unit engaged other auditors to perform an audit in accordance with the Uniform Guidance.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Allegany County, Maryland'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 Allegany County, Maryland'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 Allegany County, Maryland's compliance.

Opinion on Each Major Federal Program

In our opinion, Allegany County, Maryland, 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 items 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005. Our opinion on each major federal program is not modified with respect to these matters.

Allegany County, Maryland's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland'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 Allegany County, Maryland, 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 Allegany County, Maryland'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 Allegany County, Maryland's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph 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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2018-002, 2018-003, 2018-004 and 2018-005 to be significant deficiencies.

Allegany County, Maryland's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland'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 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 units, each major fund, and the aggregate remaining fund information of Allegany County, Maryland, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Allegany County, Maryland's basic financial statements. We issued our report thereon dated July 29, 2019, 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.

Purpose of this Report

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.

Tumull, Howard; Kahl, J.A.

Cumberland, Maryland
July 29, 2019

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

	Federal CFDA#	Federal Grant Number	Pass-Through Grantor's Number	Program Award Date	Program Award Amount	Federal Expenditures	Pass Through to Subrecipients
U.S. Department Of Agriculture							
Direct:							
Rural Development:							
Creek Road Water Project	10.760	USDA Grant	00-48	6/30/2016	715,000	333,362	
Sunnyside Water Project	10.760	USDA Loan	00-48	4/27/2017	102,000	102,000	
Sunnyside Water Project	10.760	USDA Grant	00-48	4/27/2017	854,000	854,000	
Pond Circle	10.760	USDA Loan	00-48	5/10/2017	100,000	100,000	
Pond Circle	10.760	USDA Grant	00-48	5/10/2017	72,500	72,500	
Locust Grove	10.760	USDA Grant	00-48	2018	41,000	41,000	
Wright's Crossing Pump Station\Bd Road Phase 5	10.760	USDA Grant	00-48	6/30/2015	732,000	158,289	
Total U.S. Department Of Agriculture						\$ 1,661,151	\$ -
U.S. Department of Housing and Urban Development							
Indirect:							
Pass-Through Md Dept of Housing and Community Development							
Community Development Block Grant-Bowling Green Drainage	14.228	CDBG Grant	MD-18-CD-22	11/30/2017	780,000	384,701	
Emergency Solutions Grant	14.231	N/A	18-ESG-01-2015	12/17/2015	112,305	3,189	3,189
Emergency Solutions Grant	14.231	N/A	17-ESG-01-2016	12/17/2016	118,630	56,317	56,317
Emergency Solutions Grant	14.231	N/A	18-ESG-01-2017	12/17/2017	128,000	19,531	19,531
Pass-Through Maryland Dept of Housing and Community Development							
Section 8 Voucher-Part of Housing Voucher Cluster	14.871	P-3507V	MD06-V020	7/1/2017	N/A	949,255	949,255
Total U.S. Department of HUD						\$ 1,412,993	\$ 1,028,292

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

U.S. Department of Justice

Indirect:

Maryland State Police

JAG Grant	16.738	N/A	BJAG-2015-0016	7/1/2017	17,518	17,518	
JAG Grant	16.738	N/A	BJAG-2014-0059	7/1/2017	31,000	31,000	
Total U.S. Department Of Justice					48,518	48,518	-

U.S. Department of Transportation

Indirect:

Urban Mass Trans Admin:

Passed Through Maryland Dept of Transp							
Operating Preventive Maint-Part of Federal Transit Cluster	20.507	N/A	MD-90-4118	10/1/2017	808,837	737,437	
Capital-Part of Federal Transit Cluster	20.507	N/A	MD-90-4118	10/1/2017	544,000	365,044	
Transit Cluster							

Highway Administration

Passed-Through Maryland Dept of

Transportation

Unified Planning Work Program 13	20.505	N/A	FY17 UPWP	7/1/2017	N/A	70,092	
Maryland Motor Vehicle Admin-Part of Highway Safety Cluster	20.600	N/A	LE 17-027	1/1/2017	N/A	1,483	
Maryland Motor Vehicle Admin	20.608	N/A	LE 17-027	1/1/2017	N/A	1,892	
Maryland Motor Vehicle Admin-Part of Highway Safety Cluster	20.616	N/A	LE 17-027	1/1/2017	N/A	1,462	

Total U.S. Department Of Transportation

\$ 1,177,410 \$ -

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018

U.S. Department of Health and Human Services

Family Support Administration:

Pass Through Maryland Dept of Human Resources	93,563	N/A	CSEA/CR 06-003	10/1/2017	40,250	40,250
Master's Program	93,556	N/A		7/1/2017	101,648	101,648
Promoting Safe and Stable Families						
Total U.S. Department of Health and Human Services					\$ 141,898	\$ 101,648

Federal Emergency Management

Indirect:

Passed Through Maryland Emergency Management Agency	97,083	N/A	FY2017	11/17/2017	76,384
SAFER Grant	97,042	N/A	FY2017	7/1/2017	7,000
Hazardous Materials Emergency					
Civil Defense	97,042	N/A	FY2017	7/1/2017	83,273
Total Federal Emergency Management					\$ 166,657

U.S. Department of Homeland Security

Indirect:

Passed Through Maryland Emergency Management Agency	97,067	15SHSP836	SHSP-2017	7/1/2017	50,792
State Domestic Preparedness-2018 Expenditures					
Total U.S. Department of Homeland Security					\$ 50,792

Grand Total

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Note 1.

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Allegany County, Maryland under programs of the federal government for the year ended June 30, 2018. The information in this schedule is presented in accordance with the 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). Because the schedule presents only a selected portion of the operations of Allegany County, Maryland, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Allegany County, Maryland.

The accompanying Schedule of Expenditures of Federal Awards includes all financial activity of Allegany County Primary Government Unit only. The Financial Statements for the Allegany County Reporting Entity include the following component units in accordance with Governmental Accounting Standards Board (“GASB”) Statement 14 who are responsible for administering their own Federal programs and submitting their own Single Audit reports, if necessary.

- Allegany County Board of Education
- Allegany County Library System
- Allegany College of Maryland
- LaVale Sanitary Commission

Note 2.

Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3.

Oversight Agency

The United States Department of Agriculture has been designated as the oversight audit agency for Allegany County, Maryland.

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

Note 4. Pass-Through to Subrecipients
Allegany County, Maryland provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Provided</u>
Emergency Solutions Grant	14.231	\$ 79,037
Section 8 Housing Voucher	14.871	949,255
Promoting Safe and Stable Families	93.556	101,648
	Total	<u>\$1,129,940</u>

Note 5. Indirect Cost Rate
Allegany County, Maryland has elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 6. Loans/Loan Guarantees
The balance of the loans guaranteed by the United States Department of Agriculture was \$200,219 as of June 30, 2018.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? _____ Yes No

Significant deficiency identified not considered to be a material weakness? _____ Yes None reported

Noncompliance material to financial statements noted? _____ Yes No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes _____ No

Significant deficiency identified not considered to be a material weakness? Yes _____ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes _____ No

Identification of Major Federal Programs:

<u>Federal CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
----------------------------	---

14.871	<u>Housing Voucher Cluster:</u> Section 8 Voucher
--------	--

20.507	<u>Federal Transit Cluster:</u> Federal Transit Formula Grants
--------	---

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ Yes No

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

2018-001 Uniform Guidance Compliance

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) requires all nonfederal entities to adopt written policies relative to all federal awards.

Condition: The County does not have written policies as required by the Uniform Guidance.

Context: During the course of our single audit testing procedures, we noted the County had not developed and adopted the required written policies. No questioned costs were noted.

Cause: The County did not develop and adopt written policies as required by the Uniform Guidance.

Effect: Federal funds could be expended that do not meet Uniform Guidance requirements.

Auditor's Recommendation: We recommend that the County 1) develop and adopt written policies in compliance with the Uniform Guidance, and 2) incorporate ongoing grant training for personnel to stay current with all federal grant requirements including Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: Allegany County recently hired a grants manager to assist with the grant process. One of the objectives for this new position is to generate a set of written policies governing our federal awards. We anticipate this being fully implemented by June 30, 2020.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT - CONTINUED**

2018-002 Failure to Timely File Fiscal Year 2017 Data Collection Form

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) requires the Data Collection Form to be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. For the County, nine months after the end of the audit period is March 31.

Condition: The County did not submit the fiscal year 2017 Data Collection Form by the due date required in the Uniform Guidance.

Context: As the prior year auditor, we were aware that the fiscal year 2017 Data Collection Form was not filed by the due date required in the Uniform Guidance. No questioned costs were noted.

Cause: This was an oversight on the part of Allegany County after a component unit caused the audit to be delayed significantly.

Effect: The County is not considered a low-risk auditee for fiscal year 2018 and must meet the 40% coverage rule for testing federal expenditures under the Uniform Guidance requirements.

Auditor's Recommendation: We recommend that the County develop specific procedures for specific staff for filing of the Data Collection Form which will better ensure that the Data Collection Form is filed by the due date required in the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: Allegany County will develop a checklist and assign this duty to specific staff to ensure that there is a timely filing of the Data Collection Form.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT - CONTINUED**

2018-003 Schedule of Expenditures of Federal Awards Reporting

Federal Program: United States Department of Transportation; Federal Transit Formula Grants; CFDA No. 20.507

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) requires all nonfederal entities to report accurate, current, and complete disclosure of the financial results of each Federal award or program.

Condition: The County should strengthen its communication between departments and with awarding agencies to ensure all federal expenditures are accurately known and reported as required by the Uniform Guidance.

Context: During the course of our single audit testing procedures, we noted the County failed to record a federal expenditure of \$56,666 for the purchase of a transit bus. No questioned costs were noted.

Cause: There was lack of communication of approved expenditures between departments of the County, and also lack of communication between the County and the awarding agency with regards to the agency providing timely documentation to the County to evidence purchase of the transit bus.

Effect: Federal funds could be expended that are not accurately reported.

Auditor's Recommendation: We recommend that the County 1) strengthen its policies and procedures over communication between departments, and 2) strengthen its communication with awarding agencies to ensure that federal expenditures reported on the Schedule of Expenditures of Federal Awards are complete and accurate.

Views of Responsible Officials and Planned Corrective Actions: This was the result of an invoice that was not received until well after the fiscal year regarding the purchase of the bus, and was simply an oversight. We have now hired a grants manager who will assist us in reconciling any federal/state assets received with the correct accounting information, by having constant contact with our operating departments.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT - CONTINUED**

2018-004 Earmarking Compliance

Federal Program: United States Department of Transportation; Federal Transit Formula Grants; CFDA No. 20.507

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) limits nonfederal entities operating under the 5307 transit program to spend no more than 0.5 percent of federal funds on expenditures for human resources and workforce development activities, including training.

Condition: The County does not have internal controls in place for this earmarking requirement under the transit program to ensure continuing compliance with this requirement.

Context: During the course of our single audit testing procedures, we noted the County received reimbursement of federal funds for training expenditures over 0.5 percent of total expenditures in the amount of \$2,375 for the fiscal year 2018.

Cause: Procedures to ensure compliance with Earmarking requirements related to training expenditures under the Federal Transit Formula Grants program are not in place.

Effect: The excess training expenditures over 0.5 percent of total expenditures reimbursed with federal funds are questioned costs.

Auditor's Recommendation: We recommend that the County 1) develop more stringent procedures to ensure internal controls are developed to make sure all compliance requirements are met as outlined in the Uniform Guidance, and 2) incorporate ongoing grant training for personnel to stay current with all federal grant requirements including Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: We have hired a grants manager who will be tasked with developing procedures to ensure that we are complying with the terms of all grant programs. The grants manager will also be developing internal control procedures over grant funding.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS
AUDIT - CONTINUED**

2018-005 Failure to Timely File Fiscal Year 2018 Data Collection Form

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) requires the Data Collection Form to be submitted within the earlier of 30 calendar days after receipt of the auditor's report(s), or nine months after the end of the audit period. For the County, nine months after the end of the audit period is March 31.

Condition: The County did not submit the fiscal year 2018 Data Collection Form by the due date required in the Uniform Guidance.

Context: As the current year auditor, we were aware that the fiscal year 2018 Data Collection Form was not filed by the due date required in the Uniform Guidance. No questioned costs were noted.

Cause: The Fiscal Year 2018 data collection form was filed late due to one of our component units, the Allegany County Board of Education, not completing their audit in a timely manner.

Effect: The County will not be considered a low-risk auditee for fiscal year 2019 and must meet the 40% coverage rule for testing federal expenditures under the Uniform Guidance requirements.

Auditor's Recommendation: We recommend that the County communicate with all of their component units the importance of having the annual financial statement audit and single audit, as applicable, completed in a timely manner which will better ensure that the Data Collection Form is filed by the due date required in the Uniform Guidance.

Views of Responsible Officials and Planned Corrective Actions: Allegany County is communicating with component units and has already taken action to ensure that this does not occur during future reporting periods.