

**ALLEGANY COUNTY, MARYLAND
SINGLE AUDIT REPORT
JUNE 30, 2023**

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

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

To the 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 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, 2023, 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 8, 2024. Our report includes a reference to other auditors who audited the financial statements of Allegany County Board of Education, Allegany County Library System, and Allegany College of Maryland, 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.

Report on 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) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 that we consider to be a material weakness.

Report on 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 financial statements. 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*.

Allegany County, Maryland's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Allegany County, Maryland's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 dark ink, appearing to read "T. M. Kahl, P.C.", is written over a faint, illegible printed name.

Cumberland, Maryland
July 8, 2024

David W. Turnbull, CPA
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Bernard B. Kahl, CPA



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**Independent Auditors' Report on Compliance for
Each Major Federal Program, Internal Control over
Compliance, and Schedule of Expenditures of Federal
Awards Required by the Uniform Guidance**

To the Board of Allegany County Commissioners
Cumberland, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Allegany County, Maryland's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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 expended \$21,269,481 and \$10,525,486 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, 2023. Our audit, described below, did not include the operations of the Allegany County Board of Education and Allegany College of Maryland, because these component units engaged other auditors to perform an audit in accordance with the Uniform Guidance.

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, 2023.

Basis for Opinion on Each Major Federal Program

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).

Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Allegany County, Maryland and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Allegany County, Maryland's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Allegany County, Maryland's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Allegany County, Maryland's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Allegany County, Maryland's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Allegany County, Maryland's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Allegany County, Maryland's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Allegany County, Maryland's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2023-002 and 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Allegany County, Maryland's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness and a significant deficiency.

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 2023-003 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 deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-002 to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Allegany County, Maryland's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Allegany County, Maryland's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the 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, 2023, 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 8, 2024, which contained unmodified opinions on those financial statements. Our audit was performed 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.

Turnbull, Hoover, Kahl, P.C.

Cumberland, Maryland
July 8, 2024

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Federal Assistance Listing	Federal Grant Number	Pass-Through Grantor's Number	Program Award Date	Program Award Amount	Federal Expenditures	Pass Through to Subrecipients
U.S. Department of Housing and Urban Development							
Indirect:							
Passed-Through MD Dept of Housing and Community Development							
	14.228	CDBG Grant	CV-1-1		223,750	67,224	-
COVID-19 CDBG Covid Round 1			MD-19-CD-31	1/1/2019	2,675,000	37,824	-
CDBG - Locust Grove	14.228	CDBG Grant					
CDBG - Garden City Mobile Home Park Partial Acquisition	14.228	CDBG Grant	MD-20-CD-7	1/16/2020	700,000	336,907	-
Assistance Listing #14.228 Total						441,955	-
	14.231		HSP-2021-CCAllegCo-00476		236,900	133,666	133,666
Emergency Solutions Grant SFY-2021/FFY-2020					236,900	204,368	204,368
Emergency Solutions Grant SFY-2022/FFY-2021	14.231		HSP-2020-CCAllegCO-00120		179,000	764	764
COVID-19-1 Emergency Solutions Grant SFY-2020/FFY-2019-CV-1	14.231		ESG-CV2-2021-CCAllegCo-00878		207,519	37,594	37,594
COVID-19-2 Emergency Solutions Grant CV-2	14.231						
Assistance Listing #14.231 Total						376,392	376,392
Housing Voucher Cluster:							
	14.871					900,483	900,483
Section 8 Voucher						900,483	900,483
Total Housing Voucher Cluster							
Total U.S. Department of HUD						\$ 1,718,830	\$ 1,276,875
Office of National Drug Control Policy							
Indirect:							
Passed-Through Washington/Baltimore High Intensity Drug Trafficking Area							
2022 High Intensity Drug Trafficking Areas Program	95.001		G22WB0004A	4/20/2023	14,260	2,984	-
Total Office of National Drug Control Policy						\$ 2,984	\$ -
U.S. Department of Justice							
Indirect:							
Passed-Through MD Governor's Office of Crime Control Prevention							
BJAG Assistance Grant - Sort Leadership Team Leader Development	16.738		BJAG-2020-0024	9/8/2022	5,248	5,248	-
BJAG Assistance Grant - Elections Safety and Security Upgrades	16.738		BJAG-2021-0014	12/15/2022	44,228	3,250	-
Passed-Through City of Cumberland							
BJAG Assistance Grant - Local Solicitation	16.738					12,759	-
Assistance Listing #16.738 Total						21,257	-
Total U.S. Department Of Justice						\$ 21,257	\$ -

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

U.S. Department of the Treasury					
Direct:					
COVID-19 - Coronavirus State and Fiscal Recovery Funds	21.027			13,677,483	6,409,429
COVID-19 - Local Assistance and Tribal Consistency Fund	21.032			100,000	50,000
Indirect:					
Passed-Through Maryland Department of Transportation					
COVID-19 - Coronavirus Relief Fund	21.019	AL20CARES11O2020/ AL20CARES07O2020			1,477,189
Passed-Through Maryland Department of Housing and Community Development					
COVID-19 - Emergency Rental Assistance Program	21.023	ERA0386	ERAP-2021-CCAllegCo-00868	3,389,068	248,012
COVID-19 - Homeowners Assistance Fund Grant	21.026		1/25/2021		80,868
Total U.S. Department of the Treasury				\$ 8,265,498	\$ 248,012
U.S. Department of Transportation					
Indirect:					
Urban Mass Trans Admin:					
Passed-Through Maryland Department of Transportation					
Federal Transit Cluster					
Operating Preventive Maintenance	20.507	AL205307O2023/ AL205311O2023		528,837	243,334
Capital	20.507	AL205307O2023		280,000	-
Total Federal Transit Cluster				523,334	-
National Highway Traffic Safety Administration:					
Passed-Through MDOT Motor Vehicle Administration:					
Highway Safety Cluster					
Stop Problems By Eliminating Excessive Driving	20.600		LE 22-280	1,432	-
Total Highway Safety Cluster				1,432	-
Federal Transit Administration:					
Passed-Through Maryland Department of Transportation					
Transportation Enhancement Program	20.205			148,211	102,414
Unified Planning Work Program	20.505	N/A		34,979	-
Total U.S. Department Of Transportation				\$ 662,159	\$ 102,414
Appalachian Region Commission					
Indirect:					
Passed-Through U.S. Department of Treasury:					
ARC Grant - Elevating the Outdoors: A Regional Approach to Growing Western Maryland's Outdoor Economy	23.002	MD-20554-2022		75,000	75,000
Total Appalachian Region Commission				\$ 75,000	\$ -

ALLEGANY COUNTY, MARYLAND
PRIMARY GOVERNMENT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

U.S. Department of Health and Human Services									
Indirect:									
Administration for Children and Families:									
Passed-Through Maryland Department of Human Services									
Child Support Enforcement 2022	93.564		CSA/CRA/22-054	6/4/2021	127,011	31,992			
Child Support Enforcement 2023	93.564		CSA/CRA/23-054	1/25/2023	138,183	102,434			
Assistance Listing #93.564 Total						134,426			
Master's Program SFY2022-2024									
COVID-19 - Low Income Household Water Assistance Program	93.563		S22CRA01251		143,428	43,837			
Substance Abuse and Mental Health Services Administration:	93.499					69,677			
Passed-Through MD Dept of Health Behavioral Health Administration and									
Allegany County Health Department:									
Opioid Misuse Prevention Program	93.959		F870N		3,000	400			
Total U.S. Department of Health and Human Services						\$ 248,340	\$		
U.S. Department of Homeland Security									
Indirect:									
Federal Emergency Management Agency:									
Passed-Through Maryland Emergency Management Agency									
2021 Emergency Management Performance Grant	97.042	EMP-2021-EP-00003-S01	21EMPG836	10/7/2021	82,819	27,528			
2022 Emergency Management Performance Grant	97.042	EMP-2022-EP-00001-S01	22-SR 8836-01		93,730	56,341			
Assistance Listing #97.042 Total						83,869			
2020 State Homeland Security Grant Program									
2021 State Homeland Security Grant Program	97.067	EMW-2020-SS-00010 SHSP	20-SR 8836-03	9/3/2020	120,331	47,550			
Assistance Listing #97.067 Total	97.067	EMW-2021-SS-00047 SHSP	21-SR 8836-03	10/8/2021	111,111	1,335			
						48,885			
Total U.S. Department of Homeland Security						\$ 132,754	\$		
U.S. Department of Commerce									
Indirect:									
Economic Development Administration									
Passed-Through Tri-County Council for Western Maryland									
Economic Development Cluster									
COVID-19 - Economic Adjustment Assistance - TCCWMD 2020 Planning	11.307				30,000	30,000			
Grant									
Total Economic Development Cluster						30,000			
Total U.S. Department of Commerce						\$ 30,000	\$		
Grand Total						\$ 11,156,822	\$	1,627,301	

ALLEGANY COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2023

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, 2023. 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 Treasury 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, 2023

Note 4. Pass-Through to Subrecipients

Allegany County, Maryland provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal Assistance Listing</u>	<u>Amount Provided</u>
Emergency Solutions Grant	14.231	\$ 376,392
Section 8 Housing Voucher	14.871	900,483
Emergency Rental Assistance Program	21.023	248,012
Transportation Enhancement Program	20.205	102,414
	Total	<u>\$ 1,627,301</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.

**ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? X Yes No

Significant deficiency identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? X Yes No

Significant deficiency identified? X 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)? X Yes No

Identification of Major Federal Programs:

Federal Assistance Listing

Name of Federal Program or Cluster

21.027

Coronavirus State and Local Fiscal Recovery Funds

**ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

A. SUMMARY OF AUDITORS' RESULTS – CONTINUED

Dollar threshold used to distinguish between
Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

X

Yes

No

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

2023-001 Material Adjustments to the Financial Statements were Required

Criteria: Management is responsible for the preparation and fair presentation, as well as the accuracy of its financial statements, including the disclosures in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Condition: Material adjustments to Allegany County, Maryland's financial statements were required during the course of its fiscal year 2023 audit. Management determined that a material lease agreement was not recorded in the financial statements that should have been recorded with the implementation of GASB Statement No. 87, *Leases*, during the year ended June 30, 2022. These errors were corrected with a prior period adjustment in the June 30, 2023 financial statements.

Cause: There was a communication failure between economic development, legal, and finance departments in regards to this lease agreement, which originated over 20 years ago. This is largely due to the fact that these department heads, the attorney, and management of the County which were aware of the details of the lease and were employed at the lease inception, are no longer employees of the County or involved in County business, attributing to this error in the financial statements.

Effect: The County's financial statements would be materially misstated and could have improperly influenced the users of the financial statements, if the adjusting journal entries were not corrected and posted by management.

Context: There were financial statement accounts that were not accurate and were either under or overstated by a materially significant amount after the audit began.

Auditor's Recommendation: An important element of internal controls over financial reporting is for management to identify adjustments necessary for financial statements to be fairly stated. Therefore, we recommend management strengthen its controls over communication between County departments and ultimately finance, to ensure all transactions can be evaluated and appropriately reflected in the financial statements.

**ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT – CONTINUED

Views of Responsible Officials and Planned Corrective Actions: All County departments are now aware of the necessity to inform the finance department of all future lease arrangements, as soon as the arrangements are known, in order for the agreements to be evaluated on a timely basis and recorded, as necessary, in the financial statements of Allegany County, Maryland.

Identification of a Repeat Finding: This finding was not a finding in FY 22.

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

2023-002 Reporting Compliance

Federal Program: United States Department of Treasury; Coronavirus State and Local Fiscal Recovery Funds; Federal Assistance Listing 21.027

Criteria: The *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* at 2 CFR 200 (Uniform Guidance) requires all nonfederal entities to submit quarterly financial reports within 30 days after quarter-end.

Condition: The County did not submit the financial report for the third quarter 2022 by the due date required in the Uniform Guidance.

Cause: The third quarter 2022 financial report was filed late due to the finance department being unable to obtain the required information from various departments in a timely manner.

Effect: The County is not in compliance with the reporting requirements as stipulated in the Uniform Guidance.

Context: During the course of our single audit testing procedures, we noted the County's quarterly financial reporting that was due on October 31, 2022 for the period of July 1 through September 30, 2022 was submitted on November 1, 2022.

Auditors' Recommendation: We recommend management communicate effectively with all staff to emphasize the importance of promptly submitting financial information to the finance department in a timely manner. This will ensure that the required quarterly financial reports are filed timely as stipulated by the Uniform Guidance.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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

Views of Responsible Officials and Planned Corrective Actions: We have developed an improved procedure to ensure financial reports are submitted within the due date. The plan includes discussions with department heads in order to better improve and understand the complex reporting process that is required by the funding agency. Also, finance staff will contact the departments well in advance of the due date of the report to receive the necessary information. This procedure was implemented after discovery of the late filing of the quarterly financial reporting that was due on October 31, 2022.

Identification of a Repeat Finding: This is a repeat finding from the immediate previous audit, 2022-001.

2023-003 Failure to Timely File Fiscal Year 2023 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 2023 Data Collection Form by the due date required in the Uniform Guidance.

Cause: During the course of the fiscal year 2023 financial statement audit, an old lease was discovered that needed to be recorded in the financial statements, according to GASB Statement No. 87, *Leases*. It took an extensive amount of time to research the lease agreement, obtain all of the necessary information from the parties and agencies involved, and prepare the calculations. This delayed the completion of the financial and single audits, including the data collection form, and the release of both the financial audit and single audit reports.

Effect: The County will not be considered a low-risk auditee for fiscal year 2024 and must meet the 40% coverage rule for testing federal expenditures under the Uniform Guidance requirements.

Context: As the current year auditor, we were aware that the fiscal year 2023 Data Collection Form was not filed by the due date required in the Uniform Guidance. No questioned costs were noted.

ALLEGANY COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

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

Auditor's Recommendation: We recommend that the County finance department reach out to other departments well in advance of audit deadlines for information needed and communicate with all other departments 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: All County departments are now aware of the necessity to inform the finance department of all future lease arrangements, as soon as the arrangements are known, in order for the agreements to be evaluated on a timely basis and recorded, as necessary, in the financial statements of Allegany County, Maryland. Therefore, the financial and single audits can be completed on a timely basis, and the Data Collection Form filed by the required due date.

Identification of a Repeat Finding: This finding was not a finding in FY 22.