

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

**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 Federal Program, Internal Control over Compliance, and Schedule of Expenditures of Federal Awards 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 - 16

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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 black ink, appearing to read "Timbrell, Hoover & Kahl, P.C." The signature is cursive and somewhat stylized, with "Timbrell" and "Hoover" on the first line and "Kahl, P.C." on the second line.

Cumberland, Maryland

July 8, 2024

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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.

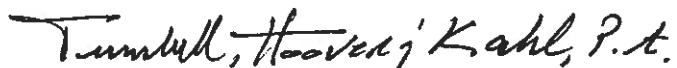
Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

*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.

A handwritten signature in black ink that reads "Turnbull, Hoover, & Kahl, P.C." The signature is cursive and appears to be a professional accounting firm name.

Cumberland, Maryland  
July 8, 2024

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

U.S. Department of Housing and Urban Development	Federal Assistance Listing	Federal Grant Number	Pass-Through Grantor's Number	Program Award Date	Program Award Amount	Federal Expenditures	Pass Through to Subrecipients
<b>Indirect:</b>							
Passed-Through MD Dept of Housing and Community Development							
COVID-19 CDBG Covid Round 1	14.228	CDBG Grant	CY-1-1	2/23/2019	223,750	67,224	
CDBG - Locust Grove	14.228	CDBG Grant	MD-19-CD-31	1/1/2019	2,675,000	37,824	
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		
Emergency Solutions Grant SFY-2021/FFY-2020	14.231		HSP-2021-CCAllegCo-00476	236,900	133,666	133,666	
Emergency Solutions Grant SFY-2022/FFY-2021	14.231			236,900	204,368	204,368	
COVID-19-1 Emergency Solutions Grant SFY-2020/FFY-2019-CV-1	14.231		HSP-2020-CCAllegCo-00120	179,000	764	764	
COVID-19-2 Emergency Solutions Grant CV-2	14.231		ESG-CV2-2021-CCAllegCo-00878	207,519	37,594	37,594	
Assistance Listing #14.231 Total				376,392	376,392		
Housing Voucher Cluster:							
Section 8 Voucher	14.871						
Total Housing Voucher Cluster							
<b>Total U.S. Department of HUD</b>					<b>\$ 1,718,830</b>	<b>\$ 1,276,875</b>	
<b>Office of National Drug Control Policy</b>							
<b>Indirect:</b>							
Passed-Through Washington/Baltimore High Intensity Drug Trafficking Area							
2022 High Intensity Drug Trafficking Areas Program							
<b>Total Office of National Drug Control Policy</b>					<b>14,260</b>	<b>2,984</b>	
<b>U.S. Department of Justice</b>							
<b>Indirect:</b>							
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		
<b>Total U.S. Department Of Justice</b>					<b>\$ 21,257</b>	<b>\$</b>	

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

<b>U.S. Department of the Treasury</b>						
Direct:						
COVID-19 - Coronavirus State and Fiscal Recovery Funds					13,677,483	6,409,429
COVID-19 - Local Assistance and Tribal Consistency Fund	21,027	100,000				50,000
Indirect:						
Passed-Through Maryland Department of Transportation	21,032					
COVID-19 - Coronavirus Relief Fund	21,019	AL20CARES11O2020/ AL20CARES07O2020			3,389,068	1,477,189
Passed-Through Maryland Department of Housing and Community Development	21,023	ERA0386	ERAP-2021-CCAllegCo-00868	1/25/2021	3,389,068	248,012
COVID-19 - Emergency Rental Assistance Program	21,026				80,868	248,012
COVID-19 - Homeowners Assistance Fund Grant						
<b>Total U.S. Department of the Treasury</b>					<b>\$ 8,265,498</b>	<b>\$ 248,012</b>
U.S. Department of Transportation						
Indirect:						
Urban Mass Trans. Admin:						
Passed-Through Maryland Department of Transportation						
Federal Transit Cluster		AL205307O2023/ AL205311O2023				
Operating & Preventive Maintenance	20,507				528,837	243,334
Capital	20,507	AL205307C2023			280,000	523,334
Total Federal Transit Cluster						
National Highway Traffic Safety Administration:						
Passed-Through MDOT Motor Vehicle Administration:						
Highway Safety Cluster		LE 22-280				
Stop Problems By Eliminating Excessive Driving	20,600					
Total Highway Safety Cluster					1,432	1,432
Federal Transit Administration:						
Passed-Through Maryland Department of Transportation						
Transportation Enhancement Program	20,205				102,414	102,414
Unified Planning Work Program	20,505	N/A			34,978	
Total U.S. Department Of Transportation					<b>\$ 662,159</b>	<b>\$ 102,414</b>
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
<b>Total Appalachian Region Commission</b>					<b>\$ 75,000</b>	<b>\$ -</b>

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
Child Support Enforcement 2023	93,564
Assistance Listing #93,564 Total	

Master's Program SFY2022-2024

COVID-19 - Low Income Household Water Assistance Program

93,563
93,499

Substance Abuse and Mental Health Services Administration:

Passed-Through MD Dept of Health Behavioral Health Administration and Allegany County Health Department:

Opioid Misuse Prevention Program

**Total U.S. Department of Health and Human Services**

**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	21EMPGG386	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
97,067	EMW-2021-SS-00047 SHSP	21-SR 8836-03	10/8/2021	111,111	1,335
Assistance Listing #97,067 Total				48,885	

**Total U.S. Department of Homeland Security**

**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

Grant

Total Economic Development Cluster

**Total U.S. Department of Commerce**

**Grand Total**

CSA/CRA/22-054	6/4/2021	127,011	31,992
CSA/CRA/23-054	1/25/2023	138,183	102,434
			134,426
S22CRA01251		143,428	43,837
		69,677	
		3,000	400
		\$ 248,340	\$

**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	<u>102,414</u>
		Total <u><u>\$ 1,627,301</u></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:	<u>Unmodified</u>	
Internal control over financial reporting:		
Material weakness identified?	<u>X</u>	Yes
Significant deficiency identified?	<u>      </u>	Yes
Noncompliance material to financial statements noted?	<u>      </u>	Yes
	<u>X</u>	No

**Federal Awards**

Internal control over major programs:		
Material weakness identified?	<u>X</u>	Yes
Significant deficiency identified?	<u>X</u>	Yes
Type of auditors' report issued on compliance for major programs:	<u>Unmodified</u>	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u>X</u>	Yes
Identification of Major Federal Programs:		

<u>Federal Assistance Listing</u>	<u>Name of Federal Program or Cluster</u>
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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:	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	<u>X</u> Yes <u>      </u> 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.