

**BOARD OF EDUCATION OF  
CARROLL COUNTY, MARYLAND  
Carroll County, Maryland**

**REPORT ON SINGLE AUDIT  
June 30, 2009**

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**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Members of the Board of  
Education of Carroll County  
Westminster, Maryland

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board of Education of Carroll County (the Board) as of and for the year ended June 30, 2009, which collectively comprise the Board's basic financial statements and have issued our report thereon dated September 25, 2009. We conducted our audit in accordance with 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.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Board of Education of Carroll County in a separate letter dated September 25, 2009.

This report is intended solely for the information and use of the Board, audit committee, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Gunderson LLP*

Baltimore, Maryland  
September 25, 2009

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

Members of the Board of  
Education of Carroll County  
Westminster, Maryland

### **Compliance**

We have audited the compliance of the Board of Education of Carroll County (the Board) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Board's management. Our responsibility is to express an opinion on the Board's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 09-01.

### **Internal Control Over Compliance**

The management of the Board is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Board's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 09-01 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

The Board's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board's response and, accordingly, we express no opinion on it.

#### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Board as of and for the year ended June 30, 2009, and have issued our report thereon dated September 25, 2009. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the audit committee, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Clifton Henderson LLP*

Baltimore, Maryland  
October 19, 2009, except for the Schedule  
of Expenditures of Federal Awards which  
is dated September 25, 2009

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2009**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Direct Programs:			
Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184B080025	\$ <u>157,882</u>
Passed through Maryland State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	800731-01	631,907
Title I Grants to Local Educational Agencies	84.010	900625-01	1,051,294
Title I Grants to Local Educational Agencies	84.010	901863-01	<u>14,028</u>
			<u>1,697,229</u>
Special Education Cluster			
Special Education - Grants to States	84.027	800158-01	2,269
Special Education - Grants to States	84.027	900302-01	4,859,983
Special Education - Grants to States	84.027	900778-01	80,000
Special Education - Grants to States	84.027	900634-01	37,268
Special Education - Grants to States	84.027	802229-01	14,362
Special Education - Grants to States	84.027	900302-02	21,398
Special Education - Grants to States	84.027	900302-03	18,500
Special Education - Grants to States	84.027	900302-04	67,690
Special Education - Grants to States	84.027	800183-01	4,380
Special Education - Grants to States	84.027	900315-01	28,349
Special Education - Grants to States	84.027	800195-01	7,558
Special Education - Grants to States	84.027	900633-01	19,125
Special Education - Grants to States	84.027	800188-01	2,227
Special Education - Grants to States	84.027	900311-01	15,000
Special Education - Grants to States	84.027	900777-01	55,000
Special Education - Grants to States	84.027	900478-02	28,851
Special Education - Grants to States	84.027	900286-01	39,319
Special Education - Grants to States	84.027	800242-05	577
Special Education - Grants to States	84.027	800298-01	730
Special Education - Grants to States	84.027	900771-01	67,959
Special Education - Grants to States	84.027	800158-01	399,460
Special Education - Preschool Grants	84.173	900302-05	177,614
Special Education - Preschool Grants	84.173	900478-03	7,000
Special Education - Preschool Grants	84.173	901267-02	23,513
Special Education - Preschool Grants	84.173	800968-02	<u>9,835</u>
			<u>5,987,967</u>
Career and Technical Education - Grants to States	84.048	900840-01	165,745
Career and Technical Education - Grants to States	84.048	900896-01	5,063
Career and Technical Education - Grants to States	84.048	900936-01	55,000
Career and Technical Education - Grants to States	84.048	900936-02	<u>23,775</u>
			<u>249,583</u>

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2009**  
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Education (Continued)</b>			
Special Education - Grants for Infants and Families	84.181	900478-01	\$ <u>182,458</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	800401-01	34,771
Safe and Drug-Free Schools and Communities - State Grants	84.186	900415-02	<u>52,820</u>
			<u>87,591</u>
Rehabilitation Services Demonstration and Training Programs	84.235	802134-01	<u>37,755</u>
Tech-Prep Education	84.243	900840-02	18,781
Tech-Prep Education	84.243	701785-01	8,546
Tech-Prep Education	84.243	801994-01	<u>1,754</u>
			<u>29,081</u>
Twenty-First Century Community Learning Centers	84.287	800905-01	7,445
Twenty-First Century Community Learning Centers	84.287	800904-01	17,730
Twenty-First Century Community Learning Centers	84.287	802023-01	170,324
Twenty-First Century Community Learning Centers	84.287	900589-01	47,426
Twenty-First Century Community Learning Centers	84.287	900589-03	<u>268,749</u>
			<u>511,674</u>
State Grants for Innovative Programs	84.298	700617-01	<u>898</u>
Education Technology State Grants	84.318	800950-01	2,795
Education Technology State Grants	84.318	900806-01	1,306
Education Technology State Grants	84.318	via Montgomery Co.	5,952
Education Technology State Grants	84.318	via Montgomery Co.	<u>14,205</u>
			<u>24,258</u>
English Language Acquisition Grants	84.365	900542-02	163
English Language Acquisition Grants	84.365	800569-01	21,307
English Language Acquisition Grants	84.365	900542-01	25,255
English Language Acquisition Grants	84.365	700352-01	5,714
English Language Acquisition Grants	84.365	800569-02	<u>5,367</u>
			<u>57,806</u>
Improving Teacher Quality State Grants	84.367	900578-01	429,226
Improving Teacher Quality State Grants	84.367	800783-01	189,402
Improving Teacher Quality State Grants	84.367	800757-02	<u>26,166</u>
			<u>644,794</u>
<b>Total U.S. Department of Education</b>			<u>\$ 9,668,976</u>

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2009**  
(Continued)

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Grant Number	Federal Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Maryland State Department of Education:			
Child Nutrition Cluster			
School Breakfast Program	10.553	n/a	\$ 210,372
National School Lunch Program	10.555	n/a	<u>1,954,424</u>
			<u>2,164,796</u>
<b>Total U.S. Department of Agriculture</b>			<u>\$ 2,164,796</u>
<b>U.S. Department of Health and Human Services</b>			
Passed through the Maryland State Department of Education:			
Preventive Health and Health Services Block Grant	93.991	801627-01	\$ 4,306
Preventive Health and Health Services Block Grant	93.991	901889-01	<u>11,533</u>
<b>Total U.S. Department of Health and Human Services</b>			<u>\$ 15,839</u>
<b>U.S. Department of Interior</b>			
Passed through the Maryland Department of Natural Resources:			
Sport Fish Restoration Program	15.605	K00P8201457	\$ 553
Sport Fish Restoration Program	15.605	K00P9200995	<u>1,952</u>
<b>Total U.S. Department of Interior</b>			<u>\$ 2,505</u>
<b>National Science Foundation</b>			
Passed through Community Colleges of Baltimore County			
Education and Human Resources	47.076	CCBC - Time Center	<u>\$ 2,879</u>
<b>Total National Science Foundation</b>			<u>\$ 2,879</u>
<b>U.S. Corporation for National and Community Service</b>			
Passed through the Maryland State Department of Education:			
Learn and Serve America - School and Community Based Programs	94.004	900764-01	\$ 15,000
Learn and Serve America - School and Community Based Programs	94.004	900764-03	154
Learn and Serve America - School and Community Based Programs	94.004	802132-01	<u>1,639</u>
<b>Total U.S. Corporation for National and Community Service</b>			<u>\$ 16,793</u>
<b>Total Federal Expenditures</b>			<u>\$ 11,871,788</u>

**BOARD OF EDUCATION OF CARROLL COUNTY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2009**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Board of Education of Carroll County for the year ended June 30, 2009.

**Basis of Accounting**

The accompanying Schedule of Expenditures of Federal Awards has been prepared using the modified accrual basis of accounting. This basis of accounting is fully described in Note 1 to the Board's basic financial statements.

**NOTE 2 – RELATION TO FINANCIAL STATEMENTS AND FEDERAL FINANCIAL REPORTS**

The following schedule reconciles the amounts per the financial statements to the amounts per the Schedule of Expenditures of Federal Awards for the year ended June 30, 2009:

	<b>Food Service Fund</b>	<b>General Fund</b>	<b>Total</b>
<b>REVENUE</b>			
<b>BALANCE PER FINANCIAL STATEMENTS</b>			
Federal revenues	\$ 2,164,783	\$ 10,758,422	\$ 12,923,205
<b>PLUS</b>			
Miscellaneous adjustments	-	174,396	174,396
<b>LESS</b>			
Medical assistance revenue	-	(1,225,813)	(1,225,813)
<b>TOTAL PER SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	<b>\$ 2,164,783</b>	<b>\$ 9,707,005</b>	<b>\$ 11,871,788</b>

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u>X</u>	Yes	___	No
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**Identification of Major Programs:**

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027, 84.173	Special Education Cluster
84.367	Improving Teacher Quality State Grants
84.287	21 <sup>st</sup> Century Community Learning Centers

Dollar threshold used to distinguish between type A and type B programs	<u>\$ 356,154</u>
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Auditee qualified as low-risk auditee?	<u>X</u>	Yes	___	No
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**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS**

A. Material Weakness in Internal Control

None.

B. Compliance Findings

None.

**III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**Finding Number:** 09-01

**Federal Program(s):** 84.027, 84.173 Special Education Cluster  
84.287 Twenty-First Century Community Learning Centers

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

**Condition:** The Board of Education of Carroll County (the Board) did not properly verify that vendors were not suspended or debarred from receiving federal funds.

**Criteria:** Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. "Covered transactions" include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR Section 180.300).

**Cause:** The Board did not include verification of suspension and debarment of potential award vendors as part of its procurement process.

**Effect:** The Board is not in compliance with federal suspension and debarment requirements for procurement contracts for goods and services.

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

**Questioned Costs:** There are no questioned costs. None of the vendors selected for testing were on the EPLS based on our audit procedures.

**Recommendation:** We recommend that the Board implement policies and procedures to ensure that the required suspension and debarment verifications are performed for vendors with contracts that are expected to equal or exceed the \$25,000 threshold. In addition, we also recommend that the Board review all currently open vendor contracts to ensure that vendors are not included on the EPLS as suspended or debarred.

**Management's  
Response:**

The Purchasing Department has designed a procedure to review any potential bid award vendor's status for suspension, debarment, or other exclusion prior to recommendation to the Board of Education for bid award when any federal funds are used to pay the expenditures related to the bid award. This procedure was implemented in September 2009. Furthermore, all currently open vendor contracts over \$25,000 including federal funds have been reviewed and no awards were found to have been made to suspended, debarred, or otherwise excluded firms.

**BOARD OF EDUCATION OF CARROLL COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2009**

NO PRIOR YEAR AUDIT FINDINGS