

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
Upper Marlboro, Maryland

REPORT ON SINGLE AUDIT
June 30, 2016

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Prince George's County Public Schools (the School System), as of and for the year June 30, 2016, and the related notes to the financial statements, which collectively comprise the School System's basic financial statements, and have issued our report thereon dated September 30, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School System's internal control. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2016-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Prince George’s County Public Schools’ Responses to Findings

The School System’s response to the audit finding reported in the schedule of findings and questioned costs was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the School System’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School System’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
December 12, 2016

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

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

Report on Compliance for Each Major Federal Program

We have audited the Prince George's County Public School (the School System) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School System's major federal programs for the year ended June 30, 2016. The School System's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the School system's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School System's compliance.

Opinion on Each Major Federal Program

In our opinion, the School System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-002 and 2016-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

Management of the School System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School System's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School System's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs, as items 2016-002 and 2016-003 that we consider to be significant deficiencies.

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

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

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, each major fund, and the aggregate remaining fund information of the School System as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School System’s basic financial statements. We issued our report thereon dated September 30, 2016, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CliftonLarsonAllen LLP

Baltimore, Maryland

December 12, 2016, except for the Schedule of Expenditures of Federal Awards which is dated September 30, 2016

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number /Grant Award Number	Federal Expenditures
U.S. Department of Education			
Direct Programs:			
PL-384 Federal Impact Aid	84.041	N/A	\$ 71,670
Gear Up - Federal Steps	84.334	03CH3454-02-00	<u>29,097</u>
Subtotal Direct Programs			<u>100,767</u>
Pass-through Programs From Maryland State			
Department of Education:			
Special Education (cluster):			
2012 State Passthrough/Part B State Grants	84.027	12425801	641
2014 State Pass-through/Part B CEIS	84.027	14427203	1,614
2014 IDEA Part B-Preschool CEIS	84.173	14427206	1,756
Local Priority Flexibility	84.027	14427208	6,580
2015 State Pass-through/Part B Pass-through	84.027	15420801	11,690
2015 State Pass-through/Part B PPPSS	84.027	15420802	85,838
2015 State Pass-through/Part B CEIS	84.027	15420803	483,258
2015 IDEA Part B-Preschool CEIS	84.173	15420806	40,256
SE Citizens Advisory	84.027	15420807	525
Local Priority Flexibility	84.027	15420808	206,287
Spec Ed - MSDE Personnel Assignments	84.027	MSDE Contract	49,300
IDEA Part B NCSC Assessment	84.027	15552401	56,600
R4K Preschool Part B 611 Discretionary	84.027	15536001	111
R4K Preschool Part B 619 Discretionary	84.173	15536002	11,750
2016 LAFF Part B 611 Pass-through	84.027	16452201	20,535,330
2016 LAFF Part B 611 Pass-through PPPSS	84.027	16452202	54,487
2016 LAFF Part B 611 Pass-through CEIS	84.027	16452203	3,567,339
2016 LAFF SE Citizens Advisory Committee	84.027	16452204	2,499
2016 LAFF Local Priority Flexibility	84.027	16452205	278,505
2016 One Time Supplemental Grant (3-21)	84.027	16452301	13,341
2016 NASDSE	84.027	16452302	600
2016 One Time Supplemental Grant (3 to K) 619	84.173	16452401	106,690
2016 LAFF Part B 619 Preschool Pass-through	84.173	16452501	485,546
2016 LAFF Part B 619 Preschool CEIS	84.173	16452502	2,284
2016 LAFF Part B 619 Preschool CEIS	84.173	16452503	71,291
FY2016 CLIG Part B 611 Discretionary Grant	84.027	16473401	358,800
2016 CLIG Part B 619 Discretionary	84.173	16473501	8,372
2016 CLIG Part B 619 Extended Option	84.173	16473502	30,347
Infants & Toddlers -State Medical Assistance	84.173	N/A	544,951
Infants & Toddlers	84.027	15451602	2,725
2016 One Time Supplemental Discretionary (611) (w/CLIG)	84.027	16473601	<u>135,170</u>
Subtotal Special Education Cluster Passed through from Maryland State Department of Education			<u>27,154,483</u>
Infants & Toddlers -State Priority 2016 CLIG Part C	84.181	16473301	702,909
IDEA Part D Personnel Development	84.323	14536301	30,463
IDEA Part D Personnel Development	84.323	16488802	<u>77,423</u>
Subtotal IDEA Part D Personnel Development			<u>107,886</u>

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Title I, Part A			
Title I Part A - FY15	84.010	15436601	8,200,937
Title I School Improvement (SIG) 1003(a) Focus Grant	84.010	15499901	215,885
Title I School Improvement Section 1003(a) Approaching Target Grant	84.010	15516201	326,116
Title I Part A - FY16	84.010	16510401	26,050,676
Title I School Improvement (SIG) 1003(a) Focus Grant	84.010	16524501	302,005
Subtotal Title I, Part A			35,095,619
School Improvement Grant Cluster-ARRA			
Title I 1003(g) School Improvement Grant II Year 3	84.377	14430401	42,986
Title I 1003(g) School Improvement Grant III Year 1	84.377	15469201	423,283
Title I 1003(g) School Improvement Grant	84.377	16526701	894,957
Subtotal School Improvement Grant Cluster-ARRA			1,361,226
Career and Technical Education			
Title IB Program Improvement-CTE	84.048	15513301	1,293
Title IC Program Improvement-CTE	84.048	15518401	726
Title IC Program Improvement-CTE	84.048	15518501	17,601
Title IC Program Improvement-CTE	84.048	16503301	22,041
Title IC Program Improvement-CTE	84.048	16503301	12,274
Title IC Program Improvement-CTE	84.048	16503301	2,061
Title IC Program Improvement-CTE	84.048	16503301	1,350
Title IC Program Improvement-CTE		16505701	1,078,216
Subtotal Career and Technical Education			1,135,562
Education for Homeless Children and Youth Cluster			
FY 15 Educating Homeless Children & Youth Program	84.196	15537101	16,429
FY 16 Educating Homeless Children & Youth Program	84.196	16524801	69,009
Subtotal Education for Homeless Children and Youth Cluster			85,438
English Language Acquisition: Formula Grant for Unaccompanied Children and Youth			
FY 12 Title III-English Language Acquisition	84.365	12429601	89
FY 14 Title III-English Language Acquisition	84.365	14458901	171,480
FY 15 Title III-English Language Acquisition	84.365	15443601	684,785
FY 15 Title III-English Language Acquisition	84.365	15443602	6,577
FY 16 Title III-English Language Acquisition	84.365	16430401	1,731,283
English Language Acquisition: Formula Grant for Unaccompanied Children and Youth			
	84.365	16446201	61,258
ESOL and Mathematics Collaboration Professional Development Grant			
	84.365	16507701	441
Subtotal English Language Acquisition			2,655,913
Improving Teacher Quality-Title II			
FY 14 Improving Teacher Quality-Title II	84.367	14477401	999,305
FY 15 Improving Teacher Quality-Title II	84.367	15494401	2,509,716
FY 16 Improving Teacher Quality-Title II	84.367	16527501	947,123
Subtotal Improving Teacher Quality			4,456,144

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
ARRA Race To The Top	84.395	11575301	12,948
RTTT Physical Activity	84.395	12542401	63
RTTT LEA Assessment System Project 17/32	84.395	15463301	380,415
RTTT Supplemental Sub Grant	84.395	15507701	15,331
RTTT 2015 College & Career Readiness Conferences	84.395	15563601	43,427
Subtotal Race to the Top-ARRA			<u>452,184</u>
RTTT ELC	84.412	14516301	50,332
RTTT/Early Learning	84.412	15541301	9,230
Judy P. Hoyer Early Care and Education Enhancement Grant	84.412	15507201	16,857
Judy P. Hoyer Early Care and Education Enhancement Grant	84.412	15507202	86,679
FY15 R4K Preschool Grant	84.412	15536003	17,602
Subtotal Race to the Top-Early Learning Challenge			<u>180,700</u>
RTTT Preschool Development Grant	84.419	16460901	7,336
RTTT Preschool Development Grant	84.419	16464901	662,865
Subtotal Race to the Top-Early Learning Challenge			<u>670,201</u>
Total U.S. Department of Education			<u>74,159,032</u>
U.S. Department of Agriculture			
Pass-through Programs From Maryland State			
Department of Education			
Child Nutrition Cluster:			
Food Commodities	10.555	N/A	3,442,865
School Breakfast Program	10.553	N/A	15,155,237
National School Lunch Program	10.555	N/A	34,923,012
Summer Food Service	10.559	N/A	1,176,708
Total Child Nutrition Cluster			<u>54,697,822</u>
Healthy Hunger Free Kids Act Training & Marketing Plan	10.560	16417601	1,257
2013 Team Nutrition (Non-competitive)	10.574	14536801	1,184
2014 Equipment Assistance Grant for LEAs	10.579	15547401	11,704
Child & Adult Care Food Program	10.558	N/A	3,896,055
Fresh Fruits & Vegetables	10.582	N/A	914,704
Total U.S. Department of Agriculture			<u>59,522,726</u>

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2016
(Continued)

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. National Science Foundation			
Minority Student Pipeline Math Science Partnership	47.076	University System of MD	15,728
U.S. Department of Health and Human Services			
Direct Programs:			
Head Start	93.600	03CH3454/01	876
Head Start	93.600	03CH3454-02-00	<u>6,304,575</u>
Total Head Start			<u>6,305,451</u>
Sexual Harassment/Assault Prevention	93.136	16477901	2,646
DHMH STI YC Grant	93.940	DHMH MOU	<u>3,681</u>
Total U.S. Department of Health and Human Services			<u>6,311,778</u>
U.S. Department of Labor			
Pass-through Programs From Maryland State Department of Education			
Youth Career Connect	17.274	YC-25418-14-60-A-24	78,014
Youth Career Connect	17.274	YC-25418-14-60-A-24	<u>291,212</u>
Total Youth Career Connect			<u>369,226</u>
National Aeronautics and Space Administration			
NASA ESPSI	43.008	NNX14AQ80G	<u>14,509</u>
U.S. Department of Defense			
Direct Programs:			
JROTC	12.900	N/A	1,573,345
2015 Star talk Chinese STEM and Culture Immersion Summer Academ	12.900	H98230-15-1-0147	<u>37,677</u>
			<u>1,611,022</u>
U.S. Department of Justice			
Close Up Foundation	16.726	NNX14AQ80G	<u>265,659</u>
Total Expenditures of Federal Awards			<u>\$ 142,269,680</u>

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs of the Prince George's County Public Schools (the School System) for the year ended June 30, 2016.

Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes all Federal grants to the School System that had activity during the fiscal year ended June 30, 2016. The Schedule was prepared on the modified accrual basis of accounting. The information in this schedule is presented in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

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

Federal Revenues per the Statements of Revenues, Expenditures and Changes in Net Position	
Federal - General Funds	\$ 86,809,309
Federal - Special Revenue	56,075,751
Federal - Donated	<u>3,442,865</u>
Total Per Financial Statements	<u>\$ 146,327,925</u>
Expenditures of Federal Awards	\$ 142,269,680
Federal revenues included in the basic financial statements that are not required to be included in the schedule:	
Medicaid funds	6,395,985
Revenues not included on the schedule	(2,347,786)
Increase in USDA Commodities on hand at 6/30/16	<u>10,046</u>
Total Per Financial Statements	<u>\$ 146,327,925</u>

Note 4 – Subrecipients

There were no awards provided to subrecipients for the year ended June 30, 2016.

Note 5 – Indirect Costs

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

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

I. Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ <u>X</u> _____	Yes	_____	No
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Identification of Major Programs	CFDA Number(s)
Name of Federal Program or Cluster	CFDA Number(s)
Child Nutrition Cluster	10.553,10.555,10.559
Title II	84.367
Fresh Fruits & Vegetables	10.582
Career and Technical Education	84.048

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

Auditee qualified as low-risk auditee?	_____	Yes	_____ <u>X</u> _____	No
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PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016

II. Financial Statement Findings

Finding Reference: 2016-001

Fixed Asset Accounting

Type of Finding: Significant Deficiency in Internal Control

Condition/Context

The School System's existing process did not appropriately identify capital expenditures incurred during the prior fiscal year that should have been capitalized. In addition, we noted the School System did not properly track and identify financial activity including retainages, and we noted several projects where expenditures incurred were either omitted from the project costs or overstated.

Criteria

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

Cause

The School System's management did not identify capital expenditures and retainage payable during their year-end closing process.

Effect

Failure to maintain proper accounting practices and internal controls may result in over or under reporting of capital assets.

Recommendation

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

Views of Responsible Management Official and Corrective Action Plan

Accounting will continue to implement its policies and procedures for fixed asset reconciliations, which have already commenced. This was initiated when Accounting Staff recognized the need to make revisions to the process that records transactions in the Fixed Assets module, to ensure that all appropriate expenditures were being recorded in every instance. This reconciliation process is a comprehensive and detailed analysis of all general ledger expenses compared to the fixed asset module financial activity for each fixed asset. This includes those assets currently in the "Construction-in-Progress" account, as well as other major capital projects already capitalized.

This process also incorporates the expenditures related to the tracking of retainage expense, and will ensure that all expenditures are properly included in the project costs. Additionally, a monthly supervisory review will be incorporated to ensure that the reconciliation process effectively captures and properly reports all capital assets in the financial reports of the School System.

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016**

III. Federal Award Findings and Questioned Costs

Finding Reference: **2016-002**

Federal Agency:	U.S. Department of Education
Federal Program Title and CFDA Number:	Improving Teacher Quality State Grants 84.367
Compliance Requirement:	Allowable Costs/Cost Principles
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance
Award Period:	7/1/13 - 9/30/15

Condition:

The School system could not provide support for professional development costs charged to the program.

Criteria or specific requirement:

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

Basic Guidelines identified in OMB Circular A-87 requires that costs be determined in accordance with generally accepted accounting principles and be adequately documented.

Context:

Professional development costs in the amount of \$6,483 were charged to the program and could not be supported by the School District.

Effect:

The School System could receive reimbursement for expenses for which it was not entitled.

Cause:

The individual processing the invoice for a transaction transposed a balance which caused an inaccurate payment.

Recommendation:

The School System should evaluate its internal controls around reimbursement of invoices.

Views of responsible officials and planned corrective actions: Management concurs with the finding and will implement additional controls. See Corrective Action Plan for full response..

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2016**

Finding Reference: 2016-003

Federal Agency:	U.S. Department of Education
Federal Program Title and CFDA Number:	Improving Teacher Quality State Grants 84.367
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance
Award Period:	7/1/14-6/30/16

Condition

The School System filed its final Annual Financial Report (AFR) after the required due date noted in the grant award document.

Criteria or specific requirement

The School System is responsible for submitting financial reports for awards on a quarterly, semi-annual, annual or final basis, in accordance with specific sponsoring agency requirements. Per the Grant Award #14477401, the Final AFR was due November 30, 2015.

Questioned Costs

Not applicable.

Context

The Final Annual Financial Report was submitted on December 11, 2015, however, it was due on November 30, 2015.

Effect

The School System was not in compliance with the grant terms, which could result in disallowed costs.

Cause

The report was not prepared or reviewed timely enough to meet the reporting deadline.

Recommendation:

We recommend that the School System obtain waivers from the Grantor for any reports expected to be submitted late or complete the reports within the required timeframe.

Views of responsible officials and planned corrective actions: Management concurs with the finding and will implement additional controls. See Corrective Action Plan for full response..

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2016

Finding Reference: 2015-001: Fixed Asset Accounting

Corrective Action Plan

Management will continue tracking capital projects within the general ledger by establishing a separate account number for funding source as well as project type. This particular case was a one-time occurrence in which management had to readily identify an alternative funding source, as a temporary measure, in order to pay the contractor. Moving forward, we will work more collaboratively with the County to ensure the School Board communicates its fiscal needs in a timely manner and are granted authorization in the period funds are requested.

Current status: **Partially completed**, there were no audit findings related to revenue recognition for fixed asset, however there were current year adjustments related to fixed asset tracking, see finding 2016-001.

Finding Reference: 2015-002: Leave Liability Calculation

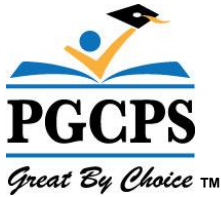
Current status: Fully corrected. The corrective measures have been put in place.

Finding Reference: 2015-003: SEFA Preparation

Current status: Fully corrected. The corrective measures have been put in place.

Finding Reference: 2015-004 Cash Management

Current status: Fully corrected. The corrective measures have been put in place.



Finding Reference: 2016-001

Fixed Asset Accounting

Type of Finding: Significant Deficiency in Internal Control

Recommendation

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

Views of Responsible Management Official and Corrective Action Plan

Accounting will continue to implement its policies and procedures for fixed asset reconciliations, which have already commenced. This was initiated when Accounting Staff recognized the need to make revisions to the process that records transactions in the Fixed Assets module, to ensure that all appropriate expenditures were being recorded in every instance. This reconciliation process is a comprehensive and detailed analysis of all general ledger expenses compared to the fixed asset module financial activity for each fixed asset. This includes those assets currently in the "Construction-in-Progress" account, as well as other major capital projects already capitalized.

This process also incorporates the expenditures related to the tracking of retainage expense, and will ensure that all expenditures are properly included in the project costs. Additionally, a monthly supervisory review will be incorporated to ensure that the reconciliation process effectively captures and properly reports all capital assets in the financial reports of the School System.

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

Planned completion date for corrective action plan: June 30, 2017

2016 - 002

Federal Agency: U.S. Department of Education
Federal Program Title and CFDA Number: Improving Teacher Quality State Grants 84.367

Recommendation:

The School should evaluate its internal controls around reimbursement of invoices.

Action taken in response to finding: Concur. Transactions to compensate PDS Internship Mentors are manually entered into the Oracle Payroll System by the Payroll Systems Supervisor or designee twice during the fiscal year and are paid as a flat rate on a semester basis. In the attempt to ensure data entry accuracy, there will be an additional internal control implemented to verify data entered into the payroll system before processing and posting to the general ledger. These additional controls include, but not limited to a peer review by another payroll staff member to ensure the accuracy of the data from the source document and generating a data entry report to be reviewed to verify the accuracy of manually entered data before processing the live payroll file.

Name(s) of the contact person(s) responsible for corrective action: Terri Burstein; Darrell Haley

Planned completion date for corrective action plan: January 31, 2017.

2016 - 003

Federal Agency: U.S. Department of Education
Federal Program Title and CFDA Number: Improving Teacher Quality State Grants 84.367

Recommendation:

We recommend that the School System obtain waivers from the Grantor for any reports expected to be submitted late or complete the reports within the required timeframe.

Action taken in response to finding: Concur. The Grants Financial Management Office (GFMO), will explore using the Oracle flexfiles to create a reminder alert that will notify the assigned Grant Accountant, Analyst, and Program Manager when the AFR Reporting is due. We intend to set the notification cycle to launch on a 60, 30, and 15 day basis from the due date of the report. Utilizing the oracle flexfield process allows an email notification to be sent with the reporting information including due date directly to staff assigned to grant. Also, GFMO staff will be added to the Enterprise Performance Management task calendar reporting notifier which appries pertinent staff of grant program content reporting that will also assist to ensure reporting requirements are fully met. All GFMO staff will be added to this reporting task calendar. If for any reason staff are unable to submit the grant AFR Reporting by the required due date, an extension will be requested to the Maryland State Department of Education grant program monitor.

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

Grants Financial Management Office (GFMO) – Darrell Haley; Mark Dyce; Quenetta Lawrence; Claire Taylor; Information Technology Department (TBD).

Planned completion date for corrective action plan: March 15, 2017.