

PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS

REPORT ON SINGLE AUDIT

YEAR ENDED JUNE 30, 2017

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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, 2017, 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 29, 2017.

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 have not been 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 certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2017-001 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 6, 2017

**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, 2017. 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, 2017.

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 item 2017-002. 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2017-002 that we consider to be a significant deficiency.

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, 2017, 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 29, 2017, 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

CliftonLarsonAllen LLP

Baltimore, Maryland

December 6, 2017, except for the Schedule of

Expenditures of Federal Awards which is dated September 29, 2017

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number /Grant Award Number	Passed Through to Subrecipients	Federal Expenditures
U.S. Department of Education				
Direct Programs:				
PL-384 Federal Impact Aid	84.041	N/A	\$ -	\$ 47,318
Pass-through Programs From Maryland State				
Department of Education:				
Special Education (cluster):				
2015 State Pass-through/Part B Pass-through	84.027	15420801	-	92
2015 State Pass-through/Part B PPPSS	84.027	15420802	-	47,734
2015 State Pass-through/Part B CEIS	84.027	15420803	-	1,676
2015 IDEA Part B-Preschool CEIS	84.173	15420806	-	418
2016 LAFF Part B 611 Pass-through PPPSS	84.027	16452202	-	2,481
2016 LAFF Part B 611 Pass-through CEIS	84.027	16452203	-	67,639
2016 LAFF Local Priority Flexibility	84.027	16452205	-	140,791
2016 One Time Supplemental Grant (3-21)	84.027	16452301	-	213,619
2016 One Time Supplemental Grant (3 to K) 619	84.173	16452401	-	28,892
2016 LAFF Part B 619 Preschool CEIS	84.173	16452503	-	6,884
2016 CLIG Part B 611 Discretionary Grant	84.027	16473401	-	12,092
2016 CLIG Part B 619 Discretionary	84.173	16473501	-	594
2017 CLIG Part B 611 Discretionary Grant	84.027	17012101	-	370,227
2017 CLIG Part B 619 Discretionary	84.173	17021601	-	7,630
2017 CLIG Part B 619 Extended Option	84.173	17021602	-	26,226
2017 LAFF Part B 619 Preschool Pass-through	84.173	17027301	-	485,636
2017 LAFF Part B 619 Preschool CEIS PPPSS	84.173	17027302	-	2,194
2017 LAFF Part B 619 Preschool CEIS	84.173	17027303	-	86,088
2017 LAFF Part B 611 Pass-through	84.027	17027401	-	20,616,302
2017 LAFF Part B 611 Pass-through PPPSS	84.027	17027402	-	98,934
2017 LAFF Part B 611 Pass-through CEIS	84.027	17027403	-	3,649,203
2017 LAFF SE Citizens Advisory Committee	84.027	17027404	-	2,500
2017 LAFF Local Priority Flexibility	84.027	17027405	-	246,697
2017 LAFF Part B-ECC	84.027	17027407	-	50,463
2016 Infants & Toddlers -State Medical Assistance	84.173	N/A	-	42,500
2017 Infants & Toddlers -State Medical Assistance	84.173	N/A	-	565,366
2017 One Time Supplemental Discretionary (611) (w/CLIG)	84.027	16473601	-	34,016
Subtotal Special Education Cluster Passed through from Maryland State Department of Education			-	26,806,894
Infants & Toddlers -State Priority 2016 CLIG Part C	84.181	16473301	-	90,248
Infants & Toddlers -State Priority 2017 CLIG Part C	84.181	17024001	-	725,460
			-	815,708
IDEA Part D Personnel Development	84.323	16488802	-	30,426
IDEA Part D Personnel Development	84.323	17100302	-	98,644
Subtotal IDEA Part D Personnel Development			-	129,070
Title I, Part A				
Title I Part A - FY 13	84.010	13440201	-	(872)
Title I Part A - FY 16	84.010	16510401	-	4,189,266
Title I School Improvement (SIG) 1003(a) Focus Grant 2015-2016	84.010	16524501	-	241,528
Title I Part A - FY 14	84.010	16560301	-	16,722
Title I Part A - FY 17	84.010	17092401	-	31,129,110
Title I School Improvement (SIG) 1003(a) Focus Grant 2016-2017	84.010	17131701	-	151,492
Subtotal Title I, Part A			-	35,727,246
School Improvement Grant Cluster-ARRA				
Title I 1003(g) School Improvement Grant	84.377	16526701	-	115,220
Title I 1003(g) School Improvement Grant III Year 3	84.377	17083701	-	1,029,584
Subtotal School Improvement Grant Cluster-ARRA			-	1,144,804

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Career and Technical Education				
Title IC Program Improvement-CTE	84.048	16503301	-	727
Title IC Program Improvement-CTE	84.048	16503301	-	200
Title IC Program Improvement-CTE	84.048	16505701	-	30,782
Title IC Program Improvement-CTE	84.048	17053201	-	1,123,790
Title IC Program Improvement-CTE	84.048	17071501	-	8,584
Subtotal Career and Technical Education			-	1,164,083
Education for Homeless Children and Youth Cluster				
FY 16 Educating Homeless Children & Youth Program	84.196	16524801	-	19,078
FY 17 Educating Homeless Children & Youth Program	84.196	17107602	-	46,700
Subtotal Education for Homeless Children and Youth Cluster			-	65,778
English Language Acquisition				
FY 15 Title III-English Language Acquisition (LEP)	84.365	15443601	-	43,244
FY 16 Title III-English Language Acquisition (LEP)	84.365	16430401	-	766,497
FY 16 Title III-English Language Acquisition (Immigrant)	84.365	16430402	-	4,524
English Language Acquisition: Formula Grant for Unaccompanied C	84.365	16446201	-	82,721
FY 17 Title III-English Language Acquisition (LEP)	84.365	17050401	-	1,700,039
FY 17 Title III-English Language Acquisition (Immigrant)	84.365	17050402	-	8,718
Subtotal English Language Acquisition			-	2,605,743
Improving Teacher Quality				
FY 14 Improving Teacher Quality-Title II	84.367	14477401	-	826
FY 15 Improving Teacher Quality-Title II	84.367	15494401	-	1,343,642
FY 16 Improving Teacher Quality-Title II	84.367	16527501	-	2,084,178
FY 17 Improving Teacher Quality-Title II	84.367	16476301	-	1,674
FY 17 Improving Teacher Quality-Title II	84.367	17122101	-	1,007,121
Subtotal Improving Teacher Quality			-	4,437,441
The Washington Principal Ambassador Fellows				
	84.000	USDE Agreement	-	144,424
Race to the Top-Early Learning Challenge				
RTTT Preschool Development Grant	84.419	16464901	-	278,974
RTTT Preschool Development Grant	84.419	17083701	-	885,987
Subtotal Race to the Top-Early Learning Challenge			-	1,164,961
Total U.S. Department of Education				
			-	74,253,470
Pass-through Programs From Maryland State Department of Education				
Child Nutrition Cluster:				
Food Commodities	10.555	N/A	-	4,005,389
School Breakfast Program	10.553	N/A	-	15,141,707
National School Lunch Program	10.555	N/A	-	35,920,796
Summer Food Service	10.559	N/A	-	1,162,334
Total Child Nutrition Cluster			-	56,230,226
Healthy Hunger Free Kids Act Training & Marketing Plan	10.560	16417601	-	6,674
2017 Equipment Assistance Grant for LEAs	10.579	17120501	-	37,354
Child & Adult Care Food Program	10.558	N/A	-	3,569,316
Fresh Fruits & Vegetables	10.582	N/A	-	893,276
Total U.S. Department of Agriculture			-	60,736,846

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017
(Continued)**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
U.S. National Science Foundation				
Minority Student Pipeline Math Science Partnership	47.076	University System of MD	-	9,825
U.S. Department of Health and Human Services				
Direct Programs:				
Head Start	93.600	03CH3454-03-00	-	798,585
Head Start	93.600	03CH3454-02-00	-	9,706
Total Head Start			<u>-</u>	<u>808,291</u>
Sexual Harassment/Assault Prevention	93.136	17105701	-	2,761
Total U.S. Department of Health and Human Services			<u>-</u>	<u>811,052</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	-	306,193
Youth Career Connect	17.274	YC-25418-14-60-A-24	-	75,487
Total Youth Career Connect			<u>-</u>	<u>381,680</u>
National Aeronautics and Space Administration				
NASA ESPSI	43.008	NNX14AQ80G	-	28,426
National Endowment for the Arts				
Teaching Artist Institute	45.024	16-5100-7140	-	30,000
U.S. Department of Defense				
Direct Programs:				
JROTC	12.900	N/A	-	1,458,007
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 137,709,306</u>

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017**

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, 2017.

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, 2017. 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	\$ 83,696,491
Federal - Special Revenue	56,687,837
Federal - Donated	<u>4,005,389</u>
Total Per Financial Statements	<u>\$ 144,389,717</u>
Expenditures of Federal Awards	\$ 137,709,306
Federal revenues included in the basic financial statements that are not required to be included in the schedule:	
Medicaid funds	6,686,603
Revenues not included on the schedule	<u>(6,192)</u>
Total Per Financial Statements	<u>\$ 144,389,717</u>

NOTE 4 – SUBRECIPIENTS

There were no awards provided to subrecipients for the year ended June 30, 2017.

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, 2017**

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)
<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Child and Adult Care Food Program	10.558
Title I	84.010
Special Education	84.027/84.173
Head Start	93.600

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, 2017**

II. Financial Statement Findings

Finding Reference: 2017-001

Fixed Asset Accounting

Type of Finding: Significant Deficiency in Internal Control

Condition/Context

The School System must maintain internal controls over capital asset expenditures to ensure the capital assets are properly included in the financial reports of the School System. The School System improperly included fixed assets in its subsidiary ledger which were not supported by activity which caused errors to be included in the financial statements. In addition, the School System's existing process did not appropriately identify a construction project that should have been placed in service during fiscal year 2015.

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 improperly included fixed assets in its subsidiary ledger which were not supported by activity that caused errors to be included in the financial statements. In addition, the School System's existing process did not appropriately identify a construction project that should have been placed in service during fiscal year 2015.

Effect

Adjustments to capital assets were necessary to include those items that were incorrectly excluded. 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

During the past fiscal year, Accounting & Financial Reporting has made immense progress towards improving the efficiency and effectiveness of procedures for capital assets, by making enhancements where necessary to policies and procedures. This was initiated when accounting staff recognized the need to make revisions to the process of how transactions were being recorded in the fixed assets module to ensure all expenditures were being captured appropriately. 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.

As an ongoing effort, established procedures will be monitored and strengthened to maintain accounting practices and internal controls related to all capital assets in the financial reports of the School System. As a safe measure all adjustments in the subsidiary ledger will be reviewed and tracked to ensure the proper exclusion from the financial statements, as well as timely capitalization of projects.

**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

III. Federal Award Findings and Questioned Costs

Finding Reference: 2017-002

Federal Agency:	U.S. Department of Health and Human Services
Federal Program Title and CFDA Number:	Head Start 93.600
Compliance Requirement:	Earmarking/Special Tests and Provisions
Type of Finding:	Significant Deficiency in Internal Control, Noncompliance
Award Period:	8/1/14 - 7/31/19

Condition:

The School system could not provide supporting documentation to ensure that 10% of the funded enrollment was filled by children eligible for service under the Individuals with Disabilities Education act. In addition management could not provide supporting documentation to ascertain that monthly financial information was reviewed by program governance.

Criteria or specific requirement:

45 CFR 1302.14 (b) states that a program must ensure at least 10 percent of its total funded enrollment is filled by children eligible for services under IDEA, unless the responsible HHS official grants a waiver.

42 USC 9837 (d)(2) states that each Head Start agency shall ensure the sharing of accurate and regular information for use by the governing body and the policy council, about program planning, policies, and Head Start agency operations, including

- a) monthly financial statements, including credit card expenditures;
- b) monthly program information summaries;
- c) program enrollment reports, including attendance reports for children whose care is partially subsidized by another public agency;
- d) monthly reports of meals and snacks provided through programs of the Department of Agriculture;
- e) the financial audit;
- f) the annual self-assessment, including any findings related to such assessment;
- g) the communitywide strategic planning and needs assessment of the Head Start agency, including any applicable updates;
- h) communication and guidance from the Secretary; and
- i) the program information reports.

Context:

Documentation could not be provided to support compliance. Total expenses for the program were \$808,291.

Effect:

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

Cause:

Program management received notification that the grant award was terminated from the U.S. Department of Health and Human Services.

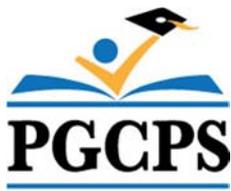
**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017**

Recommendation:

We recommend the School System maintain supporting documentation to support compliance with grant terms.

Views of responsible officials and planned corrective actions:

Since Prince George's County Public Schools' designation as a Heat Start grantee was terminated, the grant was officially ended on September 30, 2016. Therefore, no corrective action is necessary.



PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017

Prince George's County Public Schools respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2017.

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2016 – 001 Fixed Asset Accounting

Condition: 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.

Status: See current year finding 2017-001.

Reason for finding's recurrence: During the past fiscal year, Accounting & Financial Reporting has made immense progress towards improving the efficiency and effectiveness of procedures for fixed assets by making enhancements where necessary to policies and procedures. This was initiated when the accounting staff recognized the need to make revisions to the process of how transactions were being recorded in the fixed assets module in order to ensure that all expenditures were being captured appropriately. This reconciliation process includes a comprehensive and detailed analysis of all general ledger expenses and compares it to the fixed asset module.

Corrective Action: As an ongoing effort, established procedures will be monitored and strengthened to make sure the accounting practices and internal controls effectively capture and report all fixed assets in the financial reports of the School System.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

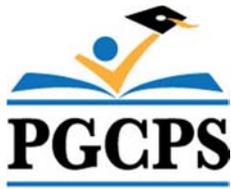
2016 – 002 Supporting documentation for costs charged to the program

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

Status: Corrected. There were several measures taken that strengthened internal controls when entering payroll data before the processing and posting of data to the general ledger. A peer review process was implemented and this on-going method is making sure that all manually entered payroll data is verified before entering the information in the payroll system.

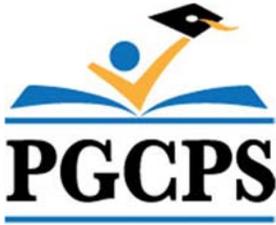
2016 – 003 Reporting

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



**PRINCE GEORGE'S COUNTY PUBLIC SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2017**

Status: Corrected. Using Oracle flex-fields to create reporting reminder alerts have worked very well to ensure that all reporting, including MSDE AFR reporting, is prepared and submitted within specified due dates. Grant reporting alerts are launched on 90, 60, 30, and 15 day intervals. Also, the Grants Financial Management Office has been added to the Enterprise Performance Management Office task calendar that sends notification emails to grant program managers and finance staff when any type of grant report is due. This has added an additional layer of accountability to the reporting process. Collaborating with the EPMO Office has been a great benefit to ensure that all reporting is completed and timely filed with the grantor and all grant guidelines and reporting requirements are met.



Finding Reference: 2017-001

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.

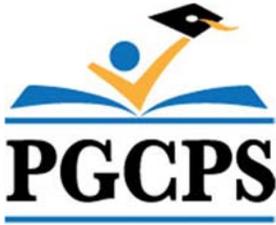
Views of Responsible Management Official and Corrective Action Plan

During the past fiscal year, Accounting & Financial Reporting has made immense progress towards improving the efficiency and effectiveness of procedures for capital assets, by making enhancements where necessary to policies and procedures. This was initiated when accounting staff recognized the need to make revisions to the process of how transactions were being recorded in the fixed assets module; to ensure all expenditures were being captured appropriately. 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.

As an ongoing effort, established procedures will be monitored and strengthened to maintain accounting practices and internal controls related to all capital assets in the financial reports of the School System. As a safe measure all adjustments in the subsidiary ledger will be reviewed and tracked to ensure the proper exclusion from the financial statements, as well as timely capitalization of projects.

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

Planned completion date for corrective action plan: June 30, 2018



2017 - 002

Federal Agency:

U.S. Department of Health and Human Services

Federal Program Title and CFDA Number:

Head Start 93.600

Recommendation:

We recommend the School System maintain supporting documentation to support compliance with grant terms.

Action taken in response to finding:

The Head Start Grant was officially terminated on August 12, 2016, just 12 days into the start of year 3 of the grant. Therefore, no supporting documentation is available to support the Head Start program requirements of 45 CFR 1302.14(b) and 42 USC 9837 (d)(2). Once the termination became effective, the business of Head Start was taken over by Prince George's County Public Schools' Offices of the Deputy Superintendent for Teaching and Learning and General Counsel in conjunction with the Prince George's County Board of Education ("Board"). The Board approved a transition plan to continue services for eligible children and families impacted by the sudden Head Start program termination by creating the Early Start Program, effective October 1, 2016, to continue service coordination to eligible children and families. Head Start federal resources were authorized from August 1, 2016 to September 30, 2016 to support salary and fringe benefits for staff serving and supporting the Head Start Program during the termination transition period. Documentation that supported the program termination transition period, the allowable costs period, and the final grant close out procedures were provided to the field auditor.

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

Department of Curriculum & Instruction:

Dr. Monica Goldson, Deputy Superintendent of Teaching & Learning
Dr. Gladys Whitehead, Executive Director of Early Childhood Programs
Stephanie Eugene, (former Fiscal Analyst – Head Start Program)

Grants Financial Management Office:

Darrell M. Haley, Supervising Grants Budget Analyst
Gwen Deskins, Grants Accountant
Crystal King, Grants Fiscal Analyst

Planned completion date for corrective action plan:

Since Prince George's County Public Schools' designation as a Head Start grantee was terminated, the grant was officially ended on September 30, 2016. Therefore, no corrective action is necessary.