

**THE BOARD OF EDUCATION  
OF WICOMICO COUNTY**

**COMPLIANCE REPORT**

**JUNE 30, 2009**

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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*

The Board of Education of Wicomico County  
Salisbury, Maryland

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 Board of Education of Wicomico County, as of and for the year ended June 30, 2009, which collectively comprise The Board of Education of Wicomico County's basic financial statements and have issued our report thereon dated September 29, 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 of Education of Wicomico County's internal control over financial reporting as a basis for designing our auditing procedures 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 Board of Education of Wicomico County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of The Board of Education of Wicomico County'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 Board of Education of Wicomico County'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 Board of Education of Wicomico County's financial statements that is more than inconsequential will not be prevented or detected by The Board of Education of Wicomico County'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 Board of Education of Wicomico County'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 of Education of Wicomico County'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 other matters that we reported to management of The Board of Education of Wicomico County in a separate letter dated September 29, 2009.

This report is intended solely for the information and use of the board of directors, 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.

  
Salisbury, Maryland  
September 29, 2009



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Education of Wicomico County  
Salisbury, Maryland

Compliance

We have audited the compliance of The Board of Education of Wicomico County 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 of Education of Wicomico County's major federal programs are identified in the summary of auditors' 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 of Education of Wicomico County's management. Our responsibility is to express an opinion on The Board of Education of Wicomico County'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 of Education of Wicomico County'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 on The Board of Education of Wicomico County's compliance with those requirements.

In our opinion, The Board of Education of Wicomico County 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 are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 09-01.

### Internal Control Over Compliance

The management of The Board of Education of Wicomico County 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 of Education of Wicomico County'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 of Education of Wicomico County's internal control over compliance.

*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.

*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.

Our consideration of the internal control over compliance 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 compliance that we consider to be material weaknesses, as defined above.

The Board's responses to the findings identified in our audit are 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, the business-type activities, each major fund, and the aggregate remaining fund information of The Board of Education of Wicomico County, as of and for the year ended June 30, 2009, and have issued

our report thereon dated September 29, 2009. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise The Board of Education of Wicomico County'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 management, the board, 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.

*IHM Group LLC*  
Salisbury, Maryland  
September 29, 2009

**THE BOARD OF EDUCATION OF WICOMICO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009**

	<u>GRANT NUMBER</u>	<u>FEDERAL CATALOGUE NUMBER</u>	<u>EXPENDITURES</u>
<b>INDIRECT GRANTS</b>			
<b>DEPARTMENT OF AGRICULTURE</b>			
Indirect Grants Passed Through The Maryland State Department of Education:			
National School Breakfast Program	None	10.553	\$ 906,497
National School Lunch Program	None	10.555	2,608,356
After School Snacks	None	10.555	48,184
USDA Commodities	None	10.555	209,353
Sub-Total			<u>2,865,893</u>
Summer Food Service Program	None	10.559	110,437
Fresh Fruit and Vegetable Program	None	10.582	31,869
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 3,914,696</u>
<b>DEPARTMENT OF LABOR</b>			
Indirect Grants Passed Through The Tri-County Council of the Lower Eastern Shore			
Workforce Investment Act - Youth	P00B8200028-C	17.250	\$ 69,856
<b>DEPARTMENT OF EDUCATION</b>			
Indirect Grants Passed Through The Maryland State Department of Education:			
Adult Education & Literacy - Adult Basic	900371-04	84.002	\$ 81,026
Adult Education & Literacy - Adult Secondary	900371-05	84.002	10,178
Adult Education & Literacy - External Diploma	900371-06	84.002	26,023
Adult Education & Literacy - Family Literacy	900371-07	84.002	20,738
Adult Education & Literacy - Local Institutionalized	900371-08	84.002	3,605
Adult Education & Literacy - EL/Civics Carryover FY 08	900371-09	84.002	15,203
Adult Education & Literacy - Carryover FY 08	900371-10	84.002	2,740
Sub-Total			<u>159,513</u>
ECIA Title I	800746-01	84.010	37,158
ECIA Title I	802075-02	84.010	5,864
ECIA Title I	900609-01	84.010	3,826,059
Sub-Total			<u>3,869,081</u>
Education of The Handicapped - Part B	800167-01	84.027	59,238
Education of The Handicapped - Part B	800167-02	84.027	6,584
Education of The Handicapped - Part B	800167-03	84.027	11,536

*See Accompanying notes to Schedule of Expenditures of Federal Awards*



**THE BOARD OF EDUCATION OF WICOMICO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009**

	<u>GRANT NUMBER</u>	<u>FEDERAL CATALOGUE NUMBER</u>	<u>EXPENDITURES</u>
Education of The Handicapped - Part B	802291-01	84.027	\$ 8,572
Education of The Handicapped - Part B	900202-01	84.027	2,628,703
Education of The Handicapped - Part B	900202-02	84.027	81,300
Education of The Handicapped - Part B	900202-03	84.027	13,023
Education of The Handicapped - Part B	900202-04	84.027	40,370
Education of The Handicapped - Part B	900214-01	84.027	9,170
Education of The Handicapped - Part B	900439-01	84.027	31,941
Education of The Handicapped - Part B	900491-02	84.027	15,291
Sub-Total			<u>2,905,728</u>
 Vocational Education - Title IIC- Program	 900854-01	 84.048	 <u>188,036</u>
Education of The Handicapped - Part B	800690-02	84.173	3,735
Education of The Handicapped - Part B	900202-05	84.173	79,649
Education of The Handicapped - Part B	900491-03	84.173	7,000
Education of The Handicapped - Part B	901283-02	84.173	13,137
Sub-Total			<u>103,521</u>
 Education of The Handicapped - Part C	 900491-01	 84.181	 <u>128,692</u>
Alcohol & Drug - Part II	800417-01	84.186	58,430
Alcohol & Drug - Part II	900431-02	84.186	28,816
Sub-Total			<u>87,246</u>
 McKinney-Vento: Educating Homeless Children & Youth Program	 902064-01	 84.196A	 <u>33,343</u>
 Title II Tech Prep Education	 801509-02	 84.243	 <u>23,108</u>
21st Century Community Centers	800923-01	84.287	2,843
21st Century Community Centers	900449-02	84.287	411,947
21st Century Community Centers	901356-01	84.287	426,518
Sub-Total			<u>841,308</u>
 ECIA Chapter V - Block Grant	 800773-01	 84.298	 <u>8,272</u>
Enhancing Education Through Technology	800899-01	84.318	2,972
Enhancing Education Through Technology	800934-01	84.318	4,297
Enhancing Education Through Technology	900822-01	84.318	31,840
Enhancing Education Through Technology	901412-01	84.318	35,832
Sub-Total			<u>74,941</u>
 Advanced Placement Project NEXUS	 800683-01	 84.330	 44,789
Advanced Placement Project NEXUS	901723-01	84.330	12,664
Sub-Total			<u>57,453</u>
 Gear Up II-Focus on Mathematics	 800957-01	 84.334A	 65,553
Gear Up II-Focus on Mathematics	900510-01	84.334A	101,468
Sub-Total			<u>167,021</u>

*See Accompanying notes to Schedule of Expenditures of Federal Awards*

**THE BOARD OF EDUCATION OF WICOMICO COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2009**

	<b><u>GRANT NUMBER</u></b>	<b><u>FEDERAL CATALOGUE NUMBER</u></b>	<b><u>EXPENDITURES</u></b>
English Language Acquisition	800562-01	84.365A	\$ 52,791
English Language Acquisition	900557-01	84.365A	11,190
English Language Acquisition	900557-02	84.365A	282
Sub-Total			<u>64,263</u>
Math & Science Partnership Grant	701862-02	84.366B	100,178
Math & Science Partnership Grant	701996-02	84.366B	19,383
Math & Science Partnership Grant	801937-02	84.366B	221,384
Math & Science Partnership Grant	900560-01	84.366B	132,741
Math & Science Partnership Grant	901368-01	84.366B	118,384
Math & Science Partnership Grant	901368-02	84.366B	28,079
Sub-Total			<u>620,149</u>
Title II Improving Teacher Quality	801944-01	84.367	3,508
Title II Improving Teacher Quality	801946-02	84.367	26,507
Title II Improving Teacher Quality	900562-01	84.367	576,862
Sub-Total			<u>606,877</u>
Sexual Harassment/Assault Prevention	801636-01	93.991	414
Sexual Harassment/Assault Prevention	902067-01	93.991	1,263
Sub-Total			<u>1,677</u>
Serve America	900736-01	94.004	<u>7,103</u>
Indirect Grants Passed Through			
Montgomery County			
Student Tech Literacy	None	84.999	<u>28,571</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b><u>\$ 9,975,903</u></b>
<b>GOVERNOR'S OFFICE OF CRIME CONTROL &amp; PREVENTION</b>			
HotSpots - East Salisbury	None	16.579	\$ 8,447
HotSpots- Wicomico Middle	None	16.579	<u>3,000</u>
<b>TOTAL GOVERNOR'S OFFICE OF CRIME CONTROL &amp; PREVENTION</b>			<b><u>\$ 11,447</u></b>
<b>NATIONAL SCIENCE FOUNDATION</b>			
Indirect Grant Passed Through Wor-Wic Community College: Junior High School Technology Summer Camp Grant	None	47.076	<u>\$ 3,946</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<b><u>\$ 13,975,848</u></b>

*See Accompanying notes to Schedule of Expenditures of Federal Awards*

THE BOARD OF EDUCATION OF WICOMICO COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2009

**Note 1. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Board of Education of Wicomico County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**Note 2. Reconciliation of Federal Awards**

Restricted Federal awards/expenditures per statement of revenues, expenditures and changes in fund balances – governmental funds	\$11,028,683
Restricted Federal awards/expenditures per statement of revenues, expenses and changes in fund net assets – proprietary fund	3,914,696
Less revenue/expenses included in federal awards but not included on schedule of expenditures of federal awards	
JR ROTC	(30,129)
Medicaid Payments	<u>(937,402)</u>
	<u>(967,531)</u>
	<u>\$13,975,848</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

**A. Summary of Auditors' Results**

1. The auditors' report expresses an unqualified opinion on the financial statements of The Board of Education of Wicomico County.
2. No significant deficiencies in internal control relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of The Board of Education of Wicomico County were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award programs for The Board of Education of Wicomico County expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Board of Education of Wicomico County that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The programs tested as major programs include:

Special Education cluster - CFDA #84.027 & #84.173

Title II - Improving Teacher Quality - CFDA #84.367

8. The threshold for distinguishing Type A and B programs was \$419,275.
9. The Board of Education of Wicomico County was considered a low-risk auditee.

**B. Findings - Financial Statement Audit**

None

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2009

(Continued)

**C. Findings and Questioned Costs- Major Federal Award Programs Audit**

09-01 Special Education – CFDA #84.027 & #84.173

Statement of Condition: Annual Financial Reports (AFRs) were not filed in a timely manner.

Criteria: Annual AFRs for grants ending on dates other than June 30 should be filed within 60 days of the grant ending date.

Effect: Funding may be disallowed.

Cause of Condition: The Board had a new grant accountant as well as other changes within the finance department and the reports were missed for several months.

Recommendation: Implement procedures to ensure that grants are closed out and all paperwork is filed in a timely fashion.

Management Response: In subsequent year, final AFRs will be filled within 60 days after the grant ending date.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS  
Year Ended June 30, 2009

08-01 Title I - CFDA#84.010

Statement of Condition: Multiple special education teachers who work in self contained classrooms and are considered teachers of record do not have an elementary education certification. Furthermore, one special education teacher has an elementary education certification however does not have the special education certification required.

Recommendation: Implement procedures to ensure that all teachers who could potentially meet the criteria of a teacher of record are highly qualified in their respective field.

Current Status: In the prior year there were five teachers without elementary education certifications. Of these teachers, one is no longer in a self contained classroom and one is no longer a teacher; the remaining three still work in self contained classrooms and are considered teachers of record however do not have an elementary education certification. Letters were sent home to the parents of these three teachers. The one teacher without the required special education certification did not work in a self contained classroom this year.

08-02 Title I - CFDA#84.010

Statement of Condition: Documentation of highly qualified status is not maintained for one paraprofessional and for long term substitutes; therefore it cannot be determined whether they are in compliance with the highly qualified requirements.

Recommendation: Implement procedures to ensure that documentation is obtained for highly qualified status of teachers and substitutes meeting the requirements.

Current Status: Documentation of highly qualified status was obtained for the paraprofessional and is now obtained for long term substitutes who are highly qualified. Letters were sent home to the parents of children taught by long term substitutes who were not highly qualified.

08-03 Title I - CFDA#84.010

Statement of Condition: Half day pre-k students were counted as a whole student rather than a half student for full-time equivalency (FTE) calculations for funding purposes.

Recommendation: Implement procedures to ensure that all requirements are fully understood prior to completing grant requirements. If requirements are not understood, further research or assistance should be obtained.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

Year Ended June 30, 2009

(continued)

08-03 Title I – CFDA#84.010 (continued)

Current Status: The Board is implementing procedures recommended by MSDE to correct the calculation.