

**THE BOARD OF EDUCATION
OF WICOMICO COUNTY**

COMPLIANCE REPORT

JUNE 30, 2021

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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*

The Board of Education of Wicomico County
Salisbury, Maryland

We have audited, 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, 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, 2021, and the related notes to the financial statements, which collectively comprise The Board of Education of Wicomico County's basic financial statements, and have issued our report thereon dated September 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Board of Education of Wicomico County'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 Board of Education of Wicomico County's internal control. Accordingly, we do not express an opinion on the effectiveness of The Board of Education of Wicomico County'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 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. 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.

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*.

Purpose of this Report

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

A handwritten signature in black ink that reads "YPM Group LLC". The signature is written in a cursive, flowing style.

Salisbury, Maryland
September 30, 2021

Herbert J. Geary III
Roy J. Geiser
Chris A. Hall
Ronald W. Hickman
Mark A. Welsh



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education of Wicomico County
Salisbury, Maryland

Report on Compliance for Each Major Federal Program

We have audited The Board of Education of Wicomico County's 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 Board's major federal programs for the year ended June 30, 2021. The Board of Education of Wicomico County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Board'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of The Board of Education of Wicomico County's compliance.

Opinion on Each Major Federal Program

In our opinion, The Board of Education of Wicomico County, 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, 2021.

Report on Internal Control over Compliance

Management of The Board of Education of Wicomico County 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 Board of Education of Wicomico County's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Board of Education of Wicomico County'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 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 the 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, material weaknesses may exist that have not been identified.

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 Board of Education of Wicomico County, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements. We issued our report thereon dated September 30, 2021, 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.



Salisbury, Maryland
September 30, 2021, except for the Schedule of
Expenditures of Federal Awards, which is
dated December 31, 2021.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

	<u>GRANT NUMBER</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>EXPENDITURES TO SUBRECIPIENTS</u>
DEPARTMENT OF AGRICULTURE				
Indirect Grants Passed Through The Maryland State Department of Education:				
Commodity Supplemental Food Program (noncash assistance)	None	10.555	\$ 488,682	\$ -
Summer Food Service Program	None	10.559	3,118,215	-
Total Child Nutrition Cluster		10.553/555/559	3,606,897	-
Fresh Fruit and Vegetable Program	None	10.582	75,835	-
TOTAL DEPARTMENT OF AGRICULTURE			\$ 3,682,732	\$ -
DEPARTMENT OF DEFENSE				
Direct Programs:				
JROTC	None	12.002	84,461	-
TOTAL DEPARTMENT OF DEFENSE			\$ 84,461	\$ -
DEPARTMENT OF THE TREASURY				
Indirect Grants Passed Through The Maryland State Department of Education:				
COVID-19 - CARES ACT Tutoring	201928-01	21.019	2,761,846	-
COVID-19 - CARES ACT Technology	201964-01	21.019	1,546,532	-
COVID-19 - CARES ACT Broadband for Unserved Students	1MOUBBS1	21.019	112,125	-
Sub-Total			4,420,503	-
COVID-19 - ARPA Summer School	211819-01	21.027	30,508	-
TOTAL DEPARTMENT OF THE TREASURY			\$ 4,451,011	\$ -
DEPARTMENT OF EDUCATION				
Indirect Grants Passed Through The Maryland State Department of Education:				
ECIA Title I	200984-01	84.010	\$ 348,133	\$ -
ECIA Title I	211112-01	84.010	6,036,684	-
Sub-Total			6,384,817	-
Education of The Handicapped - Part B	190342-05	84.027	53,841	-
Education of The Handicapped - Part B	200267-03	84.027	101,119	-
Education of The Handicapped - Part B	201106-01	84.027	4,897	-
Education of The Handicapped - Part B	201106-02	84.027	21,177	-
Education of The Handicapped - Part B	201106-03	84.027	49,011	-
Education of The Handicapped - Part B	210283-01	84.027	35,584	-
Education of The Handicapped - Part B	210735-01	84.027	2,593,250	-
Education of The Handicapped - Part B	211461-01	84.027	4,620	-
Education of The Handicapped - Part B	211461-02	84.027	83,640	-
Education of The Handicapped - Part B	211461-03	84.027	9,972	-
Sub-Total			2,957,111	-
Education of The Handicapped - Part B	210428-01	84.173	50,702	-
Total Special Education Cluster (IDEA)		84.027/173	3,007,813	-

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2021

	<u>GRANT NUMBER</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>EXPENDITURES TO SUBRECIPIENTS</u>
Vocational Education - Title IIC- Program	200663-01	84.048	\$ 28,011	\$ -
Vocational Education - Title IIC- Program	210939-01	84.048	256,929	-
Sub-Total			<u>284,940</u>	<u>-</u>
MD Seamless Transition Collaboration	FY216SF1	84.126	<u>9,565</u>	<u>-</u>
Education of The Handicapped - Part C	210305-01	84.181	<u>90,552</u>	<u>-</u>
McKinney-Vento: Educating Homeless Children & Youth Program	201419-01	84.196	68,093	-
McKinney-Vento: Educating Homeless Children & Youth Program	211314-01	84.196	9,340	-
Sub-Total			<u>77,433</u>	<u>-</u>
21st Century Community Centers	200865-01	84.287	29,009	-
21st Century Community Centers	200866-01	84.287	38,301	-
21st Century Community Centers	210804-01	84.287	200,800	-
21st Century Community Centers	210805-01	84.287	198,582	-
Sub-Total			<u>466,692</u>	<u>-</u>
Gear-Up	201165-01	84.334	16,594	-
Gear-Up	211161-01	84.334	66,264	-
Sub-Total			<u>82,858</u>	<u>-</u>
English Language Acquisition	200732-01	84.365	52,917	-
English Language Acquisition	210488-01	84.365	60,489	-
Sub-Total			<u>113,406</u>	<u>-</u>
Title II Improving Teacher Quality	201075-01	84.367	240,443	-
Title II Improving Teacher Quality	210799-01	84.367	454,882	-
Sub-Total			<u>695,325</u>	<u>-</u>
Striving Readers Comprehensive Literacy Grant	201242-01	84.371	<u>127,398</u>	<u>-</u>
Student Support and Academic Enrichment Grants	191275-01	84.424A	104,887	-
Student Support and Academic Enrichment Grants	201580-01	84.424A	238,863	-
Student Support and Academic Enrichment Grants	210843-01	84.424A	29,100	-
Student Support and Academic Enrichment Grants	211364-01	84.424A	211,905	-
Sub-Total			<u>584,755</u>	<u>-</u>
COVID-19 - CARES ACT - Governors Emergency Education Relief	202016-01	84.425C	268,533	-
COVID-19 - CARES ACT	201780-01	84.425D	1,253,658	-
COVID-19 - CARES ACT - ESSER Reopening Schools Incentive	202055-01	84.425D	191,840	-
COVID-19 - CARES ACT - ESSER Food Services	202098-01	84.425D	84,872	-
COVID-19 - CARES ACT - ESSER II	202131-01	84.425D	4,697,556	-
COVID-19 - CARES ACT - ESSER III	ESSERIII	84.425D	428,880	-
Sub-Total			<u>6,925,339</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 18,850,893</u>	<u>\$ -</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 27,069,097</u>	<u>\$ -</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2021

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of the Board of Education of Wicomico County, under programs of the federal government for the year ended June 30, 2021 in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

Note 3. Indirect Cost Rate

The Board of Education of Wicomico County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs are applied in accordance with the Board's indirect cost rate proposal approved by the Board's pass-through entity, 2.62 percent for fiscal year 2021.

Note 4. Reconciliation of Federal Awards

Restricted Federal awards/expenditures per statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 24,463,199
Restricted Federal awards/expenses per statement of revenues, expenses and changes in fund net position - proprietary fund	3,682,732
Less revenue/expenditures included in federal awards but not included on the schedule of expenditures of federal awards	
Medicaid Payments	<u>(1,076,834)</u>
Total Federal Financial Assistance	<u>\$ 27,069,097</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on the financial statements of The Board of Education of Wicomico County.
2. No significant deficiencies or material weaknesses 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 or material weaknesses in internal control over major federal award programs are reported in the Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for The Board of Education of Wicomico County expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs include:
 - Child Nutrition Cluster - CFDA #10.555/10.559
 - COVID-19 - CARES Act – Coronavirus Relief Fund - CFDA #21.019
 - COVID-19 - CARES Act – Education Stabilization Fund - CFDA #84.425
8. The threshold for distinguishing Type A and B programs was \$812,073.
9. The Board of Education of Wicomico County qualified as 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, 2021
(Continued)

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

NONE

THE BOARD OF EDUCATION OF WICOMICO COUNTY
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
Year Ended June 30, 2021

NONE