

**THE BOARD OF EDUCATION
OF WICOMICO COUNTY**

COMPLIANCE REPORT

JUNE 30, 2022

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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, 2022, 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, 2022.

Report on 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.

Report on 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.

The logo for UHY LLP is written in a stylized, cursive font. The letters 'UHY' are larger and more prominent, with 'LLP' in a smaller, similar font to the right.

Salisbury, Maryland
September 30, 2022

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

Opinion on Each Major Federal Program

We have audited The Board of Education of Wicomico County's (the "Board") compliance with the types of compliance requirements identified as subject to audit 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, 2022. The Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Board 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, 2022.

Basis for Opinion on Each Major Federal Program

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)*. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Board's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Board's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2022, 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, 2022, 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, 2022, except for the Schedule of Expenditures of Federal Awards, which is dated December 31, 2022.

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

	<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:				
School Breakfast	None	10.553	\$ 2,558,413	\$ -
National School Lunch Program	None	10.555	6,435,628	-
Pandemic Electronic Benefit Transfer (P-EBT)	None	10.555	5,817	-
Supply Chain Assistance (SCA)	None	10.555	251,033	-
Child Nutrition Emergency Operating Costs (EOC)	None	10.555	715,097	-
Commodity Supplemental Food Program (noncash assistance)	None	10.555	750,603	-
Sub-Total			<u>8,158,178</u>	<u>-</u>
Summer Food Service Program	None	10.559	<u>179,002</u>	<u>-</u>
Total Child Nutrition Cluster		10.553/555/559	<u>10,895,593</u>	<u>-</u>
Child and Adult Food Program	None	10.558	<u>160,806</u>	<u>-</u>
Fresh Fruit and Vegetable Program	None	10.582	<u>146,986</u>	<u>-</u>
TOTAL DEPARTMENT OF AGRICULTURE			<u>\$ 11,203,385</u>	<u>\$ -</u>
DEPARTMENT OF DEFENSE				
Direct Programs:				
JROTC	None	12.002	<u>72,362</u>	<u>-</u>
TOTAL DEPARTMENT OF DEFENSE			<u>\$ 72,362</u>	<u>\$ -</u>
DEPARTMENT OF THE TREASURY				
Indirect Grants Passed Through The Maryland State Department of Education:				
COVID-19 - Supplemental Summer School	211805-01	21.027	569,659	-
COVID-19 - Supplemental Reopening Grant	211819-01	21.027	208,462	-
COVID-19 - Transitional Supplemental Instruction	211860-01	21.027	592,119	-
COVID-19 - Supplemental Tutoring	211872-01	21.027	1,687,464	-
Sub-Total			<u>3,057,704</u>	<u>-</u>
TOTAL DEPARTMENT OF THE TREASURY			<u>\$ 3,057,704</u>	<u>\$ -</u>
DEPARTMENT OF EDUCATION				
Indirect Grants Passed Through The Maryland State Department of Education:				
ECIA Title I	200984-01	84.010	494	-
ECIA Title I	211112-01	84.010	187,243	-
ECIA Title I	221503-01	84.010	6,384,890	-
Sub-Total			<u>6,572,627</u>	<u>-</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

	<u>GRANT NUMBER</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>EXPENDITURES TO SUBRECIPIENTS</u>
Education of The Handicapped - Part B	190342-02	84.027	59,881	-
Education of The Handicapped - Part B	200267-02	84.027	64,745	-
Education of The Handicapped - Part B	200267-03	84.027	256,647	-
Education of The Handicapped - Part B	201106-01	84.027	1,941	-
Education of The Handicapped - Part B	210735-03	84.027	263,785	-
Education of The Handicapped - Part B	211461-01	84.027	9,950	-
Education of The Handicapped - Part B	211461-03	84.027	36,920	-
Education of The Handicapped - Part B	220159-01	84.027	39,321	-
Education of The Handicapped - Part B	220403-01	84.027	2,587,441	-
Education of The Handicapped - Part B	220403-02	84.027	4,591	-
Education of The Handicapped - Part B	220403-03	84.027	53,509	-
Education of The Handicapped - Part B	220403-04	84.027	1,216	-
Education of The Handicapped - Part B	220403-05	84.027	16,000	-
Education of The Handicapped - Part B	221171-01	84.027	27,040	-
Education of The Handicapped - Part B	221171-02	84.027	27,122	-
Education of The Handicapped - Part B	221200-01	84.027	1,151	-
Education of The Handicapped - Part B	221200-03	84.027	14,896	-
Sub-Total			<u>3,466,156</u>	<u>-</u>
Education of The Handicapped - Part B	190265-02	84.173	1,894	-
Education of The Handicapped - Part B	200324-02	84.173	2,502	-
Education of The Handicapped - Part B	200324-03	84.173	8,943	-
Education of The Handicapped - Part B	201827-01	84.173	1,013	-
Education of The Handicapped - Part B	201827-02	84.173	1,000	-
Education of The Handicapped - Part B	220371-01	84.173	56,862	-
Sub-Total			<u>72,214</u>	<u>-</u>
Total Special Education Cluster (IDEA)		84.027/173	<u>3,538,370</u>	<u>-</u>
Vocational Education - Title IIC- Program	220825-01	84.048	<u>277,515</u>	<u>-</u>
MD Seamless Transition Collaboration	FY216SF1	84.126	26,864	-
MD Seamless Transition Collaboration	221853-01	84.126	12,045	-
Sub-Total			<u>38,909</u>	<u>-</u>
Education of The Handicapped - Part C	220129-01	84.181	<u>88,715</u>	<u>-</u>
McKinney-Vento: Educating Homeless Children & Youth Program	211314-01	84.196	47,972	-
McKinney-Vento: Educating Homeless Children & Youth Program	221572-01	84.196	48,428	-
Sub-Total			<u>96,400</u>	<u>-</u>
21st Century Community Centers	1MOU-F1	84.287	12,100	-
21st Century Community Centers	210804-01	84.287	78,746	-
21st Century Community Centers	210805-01	84.287	94,720	-
Sub-Total			<u>185,566</u>	<u>-</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2022

	<u>GRANT NUMBER</u>	<u>FEDERAL ASSISTANCE LISTING NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>EXPENDITURES TO SUBRECIPIENTS</u>
Gear-Up	211161-01	84.334	<u>24,272</u>	<u>-</u>
English Language Acquisition	200732-01	84.365	9,789	-
English Language Acquisition	210488-01	84.365	72,056	-
English Language Acquisition	220682-01	84.365	13,841	-
English Language Acquisition	220682-02	84.365	<u>44,169</u>	<u>-</u>
Sub-Total			<u>139,855</u>	<u>-</u>
Title II Improving Teacher Quality	210799-01	84.367	206,548	-
Title II Improving Teacher Quality	221042-01	84.367	<u>459,902</u>	<u>-</u>
Sub-Total			<u>666,450</u>	<u>-</u>
Student Support and Academic Enrichment Grants	201580-01	84.424A	40,030	-
Student Support and Academic Enrichment Grants	211364-01	84.424A	256,167	-
Student Support and Academic Enrichment Grants	221534-01	84.424A	<u>49,356</u>	<u>-</u>
Sub-Total			<u>345,553</u>	<u>-</u>
COVID-19 - CARES ACT - Governors Emergency Education Relief	202016-01	84.425C	106,467	-
COVID-19 - CARES ACT - Governors Emergency Education Relief	202124-01	84.425C	55,659	-
COVID-19 - CARES ACT	201780-01	84.425D	55,424	-
COVID-19 - CARES ACT - ESSER Reopening Schools Incentive	202055-01	84.425D	216,276	-
COVID-19 - CARES ACT - ESSER II	202131-01	84.425D	4,359,633	-
COVID-19 - Future Ready Integration	221370-01	84.425D	1,594	-
COVID-19 - Expanding Access to Advanced Placement	221377-01	84.425D	81,060	-
COVID-19 - CARES ACT - ESSER III	211936-01	84.425U	10,446,552	-
COVID-19 - ARP ESSER	221870-01	84.425U	59,170	-
COVID-19 - ARP ESSER	221595-01	84.425W	<u>40,660</u>	<u>-</u>
Sub-Total			<u>15,422,495</u>	<u>-</u>
TOTAL DEPARTMENT OF EDUCATION			<u>\$ 27,396,727</u>	<u>\$ -</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Indirect Grants Passed Through The Wicomico County Health Department:				
Behavioral Health Integration Initiative	HDMOU-F22	93.654	<u>85,140</u>	<u>-</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 85,140</u>	<u>\$ -</u>
TOTAL FEDERAL FINANCIAL ASSISTANCE			<u>\$ 41,815,318</u>	<u>\$ -</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

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, 2022 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, 2.65 percent for fiscal year 2022.

Note 4. Reconciliation of Federal Awards

Restricted Federal awards/expenditures per statement of revenues, expenditures and changes in fund balances - governmental funds	\$ 31,398,823
Restricted Federal awards/expenses per statement of revenues, expenses and changes in fund net position - proprietary fund	11,203,385
Less revenue/expenditures included in federal awards but not included on the schedule of expenditures of federal awards	
Medicaid Payments	<u>(786,890)</u>
Total Federal Financial Assistance	<u>\$ 41,815,318</u>

THE BOARD OF EDUCATION OF WICOMICO COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

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:
 - Special Education Cluster (IDEA) - CFDA #84.027/84.173
 - COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - CFDA #21.027
 - COVID-19 - Education Stabilization Funds - CFDA #84.425
 - 84.425C – Governor's Emergency Education Relief Fund (GEER)
 - 84.425D – Elementary and Secondary School Emergency Relief Fund (ESSER)
 - 84.425U – American Rescue Plan – ESSER
 - 84.425W – American Rescue Plan – ESSER – Homeless Children and Youth
8. The threshold for distinguishing Type A and B programs was \$1,254,460.
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, 2022
(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, 2022

NONE