

**COMMISSIONERS OF CHARLES COUNTY, MARYLAND**  
**REPORT ON SINGLE AUDIT**  
**YEAR ENDED JUNE 30, 2019**

**COMMISSIONERS OF CHARLES COUNTY, MARYLAND  
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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***

Commissioners of Charles County, Maryland  
La Plata, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County Commissioners of Charles County, Maryland (the County) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 30, 2020. Our report includes a reference to other auditors who audited the financial statements of the Board of Library Trustees for Charles County, a discretely presented component unit, as described in our report on the County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors. This report also does not include the results of our testing of internal control over financial reporting or compliance and other matters for the Board of Education for Charles County, as we have issued a separate report for this entity.

**Internal Control Over Financial Reporting**

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

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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. We did identify a certain deficiency in internal control, described in the schedule of findings and questioned costs as item 2019-001 that we consider to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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*.

### **The County's Response to Finding**

The County's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The County's response 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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
January 30, 2020



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

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La Plata, Maryland

**Report on Compliance for Each Major Federal Program**

We have audited the County Commissioners of Charles County, Maryland's (the County) 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 County's major federal programs for the year ended June 30, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements also include the operations of the Board of Library Trustees for Charles County and the Board of Education for Charles County which may have received federal awards, and which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2019. Our audit, described below, did not include the operations of these entities because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance.

***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.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County'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 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 County's compliance

### ***Opinion on Each Major Federal Program***

In our opinion, the 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 identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019.

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-002 and 2019-003. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

The management of the 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 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 and to test and report on internal control over compliance in accordance with 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 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 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 did identify certain deficiencies in internal control over compliance, as described in the

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accompanying Schedule of Findings and Questioned Costs as items 2019-002 and 2019-003 that we consider to be significant deficiencies.

The County's responses to the internal control over noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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 result of that testing based on the requirements of 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, 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated January 30, 2020, 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. Our report includes a reference to other auditors who audited the financial statements of the Board of Library Trustees for Charles County, as described in our report on the County's financial statements. The federal expenditures, where applicable, for the Board of Library Trustees for Charles County and the Board of Education for Charles County, are not included in the accompanying schedule of expenditures and federal awards. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
February 24, 2020

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Housing &amp; Urban Development:</b>					
Direct					
Section 8 Housing Choice Voucher Program	14.871	MD024 VO0146, VO0147, VO0148, VO0149, VO0150, VO0151, VO0152, VO0153, VO0154	07/01/18 - 06/30/19	\$ -	\$ 9,110,093
Section 8 Housing Choice Voucher Program	14.871	MD024 AF0114, AF0115, AF0116, AFR218, AF0117, AFHV12, AF0118, AFR318, AF0119, AF0120, AF0121	07/01/18 - 06/30/19	-	752,511
Housing Voucher Cluster Total				-	9,862,604
Pass through MD Dept. of Housing & Community Development					
Community Development Block Grant/State's Program	14.228	MD-18-HI-8	02/13/18 - 02/28/20	309,000	309,000
Community Development Block Grant/State's Program- Loans	14.228			-	964,984
				309,000	1,273,984
Emergency Solutions Grant Program	14.231	2018-ESG-07-2017	10/01/17 - 12/31/18	3,265	3,265
<b>Total U.S. Department of Housing &amp; Urban Development</b>				<b>312,265</b>	<b>11,139,853</b>
<b>U.S. Department of the Interior</b>					
Direct					
Payments in Lieu of Taxes (PILT)	15.226	None	07/01/18 - 06/30/19	-	10,838
Pass through MD Dept. of Planning, MD Historical Trust					
Historic Preservation Fund Grants-In-Aid	15.904	P18AF00010	05/01/18 - 09/30/19	-	10,000
Historic Preservation Fund Grants-In-Aid	15.904	24-17-151345	04/07/17 - 08/31/18	-	2,000
				-	12,000
<b>Total U.S. Department of the Interior</b>				<b>-</b>	<b>22,838</b>
<b>U.S. Department of Justice:</b>					
Direct					
Joint Law Enforcement Operations (JLEO)	16.111	AFF-B-OP JLEOTFS6 25302 (JLEO-18-0069)	10/02/17 - 09/30/18	-	5,301
Joint Law Enforcement Operations (JLEO)	16.111	AFF-B-OP JLEOTFS6 25302 (JLEO-19-0069)	10/01/18 - 09/30/19	-	15,021
Joint Law Enforcement Operations (JLEO)	16.111	19-BAL-271-AFF	07/10/17 - 09/30/22	-	3,031
				-	23,353
State Criminal Alien Assistance Program	16.606	2019-AP-BX-0434	Information Period 7/1/2015 - 6/30/2016 for calculating award	-	2,085
Public Safety Partnership and Community Policing Grants	16.710	2016-UM-WX-0121	09/01/16 - 08/31/20	-	162,339
The Edward J. Byrne Memorial Justice Assistance Grant: Officer	16.738	2018-DJ-BX-0219	10/01/17 - 09/30/21	-	5,977
The Edward J. Byrne Memorial Justice Assistance Grant: Local	16.738	2017-DJ-BX-0306	10/01/16 - 09/30/20	-	27,143
The Edward J. Byrne Memorial Justice Assistance Grant: Officer	16.738	2016-DJ-BX-0959	10/01/15 - 09/30/19	-	2,174
				-	35,294
Equitable Sharing Program	16.922	NCIC/ORI/Tracking Number MD0090000	Two years from receipt.	-	26,814
Washington Division Office Task Force	16.Unknown	Drug Diversion Group #13	10/01/17 - 09/30/18	-	1,644
Washington Division Office Task Force	16.Unknown	Drug Diversion Group #13	10/01/18 - 09/30/19	-	2,200
Washington Division Office Task Force	16.Unknown	HIDTA Task Force Group 4 (43)	10/01/17- 09/30/18	-	3,562
Washington Division Office Task Force	16.Unknown	HIDTA Task Force Group 4 (43)	10/01/18 - 09/30/19	-	9,294
				-	16,700
Pass through the Governor's Office of Crime Control and Prevention (GOCCP)					
The Edward J. Byrne Memorial Justice Assistance Grant: LETS - Financial Investigations Training	16.738	BJNT-2015-0005 Federal Grant #: 2015-MU-BX-1074	02/01/19 - 02/28/19	-	2,745
Pass through the GOCCP through the Cal Ripken Sr. Foundation					
Juvenile Mentoring Program: Badges for Baseball	16.726	2018-FED-OJJDP-B4B-MD-1	10/01/17 - 09/30/18	-	29
Juvenile Mentoring Program: Badges for Baseball	16.726	2019-FED-OJJDP-B4B-MD-3	01/09/19 - 12/15/19	-	1,378
				-	1,407
<b>Total U.S. Department of Justice</b>				<b>-</b>	<b>270,737</b>
<b>U. S. Department of Transportation:</b>					
Pass through the MD Department of Transportation					
Highway Planning and Construction - Federal-Aid Highway Program, Federal Lands Highway Program	20.205	Federal Project #1200005, CH378ZM1, FAIN# 241200005Z	05/11/17 to completion	-	42,053
Highway Planning and Construction - Federal-Aid Highway Highway Planning and Construction Cluster	20.205	GYF-002 AX933B52	09/22/14 - 09/01/19	-	16,089
				-	58,142
National Motor Carrier Safety Assistance Program (MCSAP)	20.218	MCSAP Program Charles Co. Overtime	10/01/17 - 09/30/18	-	5,662
National Motor Carrier Safety Assistance Program (MCSAP)	20.218	MCSAP Program Charles Co. Overtime	10/01/18 - 09/30/19	-	9,442
				-	15,104
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	CH045304C2017	07/01/16 - 06/30/19	-	72,365

See accompanying Notes to Schedule of Expenditures of Federal Awards.



**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

<u>Federal Grantor/Pass through Grantor/Program or Cluster Title</u>	<u>CFDA Number</u>	<u>Grantor's Number</u>	<u>Grant Period</u>	<u>Through to Subrecipients</u>	<u>Federal Expenditures</u>
Federal Transit Formula Grants / Urbanized Area Formula	20.507	CH045307C2015	07/01/14 - 06/30/21	\$ -	\$ 50,165
Federal Transit Formula Grants / Urbanized Area Formula	20.507	CH045307C2016, Line Item 11.42.09	07/01/15 - 12/31/19	-	34,568
Federal Transit Formula Grants / Urbanized Area Formula	20.507	CH045307C2018	07/01/17 - 06/30/20	-	631,757
Federal Transit Formula Grants / Urbanized Area Formula	20.507	CH045307C2019	07/01/18 - 06/30/21	-	148,444
Federal Transit Formula Grants / Urbanized Area Formula	20.507	CH045307O2019, Line Item 30.09.01	07/01/18 - 06/30/19	-	2,431,235
Federal Transit Cluster				-	3,296,169
Formula Grants for Rural Areas – Section 5311	20.509	CH045311O2019, Line Item 30.09.01	07/01/18 - 06/30/19	-	78,423
State & Community Highway Safety Program	20.600	LE-Charles Co Sheriff-2018-181	10/01/17 - 09/30/18	-	12,938
National Priority Safety Programs	20.616	LE-Charles Co Sheriff-2018-182	10/01/17 - 09/30/18	-	8,255
State & Community Highway Safety Program	20.600	LE-Charles-2019-238 Fed Award ID: FA 402	10/01/18 - 09/30/19	-	21,272
State & Community Highway Safety Program	20.600	LE-Charles-2019-327	10/01/18 - 09/30/19	-	6,598
National Priority Safety Programs	20.616	LE-Charles-2019-244 Fed Award ID: 405d AL	10/01/18 - 09/30/19	-	11,590
Highway Safety Cluster				-	60,653
Pass through MD Emergency Mgmt. Agency					
Interagency Hazardous Materials Public Sector Training & Planning Grants	20.703	HM-HMP-0546-16-01-00 (MEMA #17-GA 8843-05)	09/30/16 - 09/30/19	-	6,147
<b>Total U.S. Department of Transportation</b>				-	<b>3,587,003</b>
<b>U.S. Environmental Protection Agency:</b>					
Pass through MD Department of the Environment					
Congressionally Mandated Projects	66.202	XP-96300301-3	12/07/10 - 06/30/2019	-	163,415
<b>Total U.S. Environmental Protection Agency</b>				-	<b>163,415</b>
<b>U.S. Dept. of Health &amp; Human Services</b>					
Direct					
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	6U79SM062471-01M004	09/30/15 - 09/29/20	684,601	809,438
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	6H79TI080827-01M002	09/30/18 - 09/29/23	-	148,259
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	5H79TI026104-03M001	09/30/15 - 09/29/18	-	112,301
				-	260,560
Pass through MD Department of Aging					
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	18AAMD77EA (MDoA #650918/08)	10/01/17 - 06/30/19	-	583
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	1901MDOAEA (MDoA#650919/08)	10/01/18 - 09/30/19	-	1,570
				-	2,153
Special Programs for the Aging Title III, Part D Disease Prevention & Health Promotion Services	93.043	18AAMD33PH (MDoA #650618/08)	10/01/17 - 06/30/19	-	3,134
Special Programs for the Aging Title III, Part D Disease Prevention & Health Promotion Services	93.043	1901MDOAPH (MDoA#650619/08)	10/01/18 - 09/30/19	-	6,106
				-	9,240
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	93.044	18AAMD33SS (MDoA #650118/08)	10/01/17 - 06/30/19	-	65,773
Special Programs for the Aging Title III, Part B Grants for Supportive Services & Senior Centers	93.044	1901MDOASS (MDoA#650119/08)	10/01/18 - 09/30/19	-	77,866
Special Programs for the Aging Title III, Part C Nutrition Services - C1	93.045	1901MDOACM (MDoA#650219/08)	10/01/18 - 09/30/19	-	80,246
Special Programs for the Aging Title III, Part C Nutrition Services - C2	93.045	1901MDOAHD (MDoA#650319/08)	10/01/18 - 09/30/19	-	89,211
Special Programs for the Aging Title III, Part C Nutrition Services - C1	93.045	18AAMD33CM (MDoA #650218/08)	10/01/17 - 06/30/19	-	73,794
Special Programs for the Aging Title III, Part C Nutrition Services - C2	93.045	18AAMD33HD (MDoA #650318/08)	10/01/17 - 06/30/19	-	262
Nutrition Services Incentive Program	93.053	18AAMDNSIP (MDoA #650518/08)	10/01/17 - 06/30/19	-	2,263
Nutrition Services Incentive Program	93.053	18AAMDNSIP (MDoA #650518/08)	10/01/17 - 06/30/19	-	9,059
Nutrition Services Incentive Program	93.053	1901MDOANS (MDoA#650519/08)	10/01/18 - 09/30/19	-	28,903
Aging Cluster				-	427,377
Special Programs For the Aging Title IV & Title II Discretionary Projects: Health Care Fraud Program Expansion & SMP					
Capacity Building Grants	93.048	90MPPG0001-01-00 (MDoA #65342019/08)	06/01/18 - 05/31/19	-	2,500
National Family Caregiver Support, Title III, Part E	93.052	1901MDOAFC (MDoA#652019/08)	10/01/18 - 09/30/19	-	19,910
National Family Caregiver Support, Title III, Part E	93.052	18AAMD33FC (MDoA #652018/08)	10/01/17 - 06/30/19	-	27,872
				-	47,782

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – (CONTINUED)  
YEAR ENDED JUNE 30, 2019**

Federal Grantor/Pass through Grantor/Program or Cluster Title	Federal CFDA Number	Grantor's Number	Grant Period	Passed Through to Subrecipients	Federal Expenditures
Medicare Enrollment Assistance Program MIPPA	93.071	1701MDMISH-01 (MDoA #65371718/08)	09/30/17 - 09/29/18	\$ -	\$ 1,509
Medicare Enrollment Assistance Program MIPPA	93.071	1701MDMIAA-01 (MDoA #65381718/08)	09/30/17 - 09/29/18	-	772
Medicare Enrollment Assistance Program MIPPA	93.071	1701MDMIDR-01 (MDoA #65391718/08)	09/30/17 - 09/29/18	-	896
Medicare Enrollment Assistance Program MIPPA	93.071	1801MDMISH-00 (MDoA #653719/08)	09/30/18 - 09/29/19	-	2,250
Medicare Enrollment Assistance Program MIPPA	93.071	1801MDMIAA-00 (MDoA #653819/08)	09/30/18 - 09/29/19	-	1,247
Medicare Enrollment Assistance Program MIPPA	93.071	1801MDMIDR-00 (MDoA #653919/08)	09/30/18 - 09/29/19	-	1,171
				-	7,845
State Health Insurance Assistance Program (SHIP)	93.324	90SAPG0003-02-01 (MDoA#651519/08)	04/01/18 - 03/31/19	-	13,869
Medical Assistance Program	93.778	APD-16-21	07/01/18 - 12/31/18	-	4,675
Medical Assistance Program	93.778	APD-18-03	07/01/18 - 06/30/20	-	253,348
Medicaid Cluster				-	258,023
Pass through MD Department of Human Resources / Charles County Department of Social Services Promoting Safe & Stable Families	93.556	CHA/FAC/19-003	07/01/18 - 06/30/19	-	73,934
Child Support Enforcement Administration					
Child Support Enforcement	93.563	CSEA/CRA-19-042	10/01/18 - 09/30/19	-	384,960
Child Support Enforcement	93.563	CSEA/CRA-18-042	10/01/17 - 09/30/18	-	129,049
Child Support Enforcement	93.563	CSEA/CRA-19-037	10/01/18 - 09/30/19	-	118,938
Child Support Enforcement	93.563	CSEA/CRA-18-037-A1	10/01/17 - 09/30/18	-	37,903
				-	670,850
<b>Total U.S. Dept. of Health &amp; Human Services</b>				<b>684,601</b>	<b>2,583,571</b>
<b>Executive Office of the President</b>					
Pass through Department of Justice					
High Intensity Drug Trafficking Areas Program	95.001	G17WB0004A	01/01/17 - 12/31/17	-	3,700
High Intensity Drug Trafficking Areas Program	95.001	G18WB0004A (I-2018CHSO)	01/01/18 - 12/31/18	-	2,682
High Intensity Drug Trafficking Areas Program	95.001	G19WB0004A (I-2019CHSO)	01/01/19 - 12/31/19	-	21,254
<b>Total Executive Office of the President</b>				<b>-</b>	<b>27,636</b>
<b>Department of Homeland Security</b>					
Pass through MD Emergency Mgmt. Agency					
Emergency Mgmt. Performance Grant	97.042	EMW-0018-EP-00002-S01 / 97.042 (MEMA GMS# 18-GA-8843-03)	10/01/17 - 06/30/19	-	103,028
Pre-Disaster Mitigation	97.047	PDMC-PL-03-MD-2016-003	08/30/16 - 08/30/19	-	4,402
Homeland Security Grant Program FFY16 – SHSG	97.067	EMW-2016-SS-00008-SHSP (MEMA GMS# 16-GA-8843-06)	09/01/16 - 06/30/19	-	25,254
Homeland Security Grant Program FFY17 - SHSG	97.067	EMW-2017-SS-00019 SHSP / 97.067 (MEMA GMS# 17-GA-8843-06)	09/01/17 - 07/31/19	-	39,787
Homeland Security Grant Program FFY18 - SHSG	97.067	EMW-2018-SS-00023SHSP / 97.067 (MEMA GMS# 18-SR-8843-02)	09/01/18 - 08/31/20	-	8,280
Pass through MD Emergency Mgmt. Agency pass through the MD Homeland Security Grant Program FFY16 - SHSG	97.067	EMW-SS-00008-S01 (MIEMSS # SHSGP-2017-08)	05/10/18 - 04/01/19	-	40,000
				-	113,321
<b>Total Department of Homeland Security</b>				<b>-</b>	<b>220,751</b>
<b>TOTAL</b>				<b>TOTAL \$ 996,866</b>	<b>\$ 18,015,804</b>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2019**

**NOTE 1 BASIS OF ACCOUNTING**

The schedule of expenditures of federal awards (the Schedule) presents the activity of all Federal award programs of the County Commissioners of Charles County, Maryland (the County), as defined in Note 1(a) to the County's basic financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the schedule.

The accompanying Schedule is presented using the modified accrual basis of accounting. It includes all Federal awards to the County which had expenditure activity during the year ended June 30, 2019. The information on 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. 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 LOAN PROGRAMS**

The County administers low-income housing programs under the Community Development Block Grant (CDBG) and Neighborhood Conservation Initiative programs. The outstanding loan balances as of June 30, 2019 were as follows:

<u>Program</u>	<u>Federal CFDA Number</u>	<u>Outstanding Loan Number</u>
Community Development Block Grant	14.228	\$ 210,000
Neighborhood Conservation initiative Program	14.228	404,988
		<u><u>\$ 614,988</u></u>

**NOTE 3 INDIRECT COSTS**

The County did not elect the 10% de minimis indirect cost rate.

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

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**Section I – Summary of Independent Auditors’ Results**

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***Financial Statements***

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified?     x     yes            no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?            yes     x     none reported
3. Noncompliance material to financial statements noted?            yes     x     no

***Federal Awards***

1. Internal control over major federal programs:
- Material weakness(es) identified?            yes     x     no
  - Significant deficiency(ies) identified that are not considered to be material weakness(es)?     x     yes            none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?     x     yes            no

***Identification of Major Federal Programs***

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
Section 8 Housing Choice Voucher Program	14.871
Child Support Enforcement	93.563
Dollar threshold used to distinguish between Type A and Type B programs:	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	<u>    x    </u> yes <u>          </u> no

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

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**Section II – Financial Statement Findings**

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**Finding 2019-001:** Material Weakness in Internal Control Over Financial Reporting (Prior Period Adjustments)

**Condition**

The County's process for review of the financial statements was not sufficient to identify a material misstatement of the prior year financial statements. A material correction of an error in previously issued financial statements was necessary to conform to accounting principles generally accepted in the United States of America "GAAP."

**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).

**Context**

The County held assets of \$15,633,918 in an account for the payment of the Length of Service Award Program (LOSAP). As of June 30, 2018, the County reported these assets in a Pension trust but, subsequently discovered the assets were not held in a trust or trust like arrangement, which would protect them from creditors of the County. In addition, the County did not record the associated liability for the LOSAP pension, which was calculated to be \$25,869,496 as of June 30, 2018. The net effect of these two adjustments was a reduction of \$10,235,578 on the Governmental Activities' beginning net position. The effect of the adjustments on the Governmental Funds' beginning balance was an increase of \$15,633,918.

**Cause**

The County did not properly implement GASB Statement 73, *Accounting and Financial Reporting for Pension and Related Assets that are not within the scope of GASB Statement 68*.

**Effect**

The County has restated the beginning of year net position balance in the Statement of Revenues, Expenses and Changes in Net Position, in order to correct these errors. A prior period adjustment was made to the statements in the amount of \$15,633,918 and \$25,869,496.

**Recommendation**

We recommend that management review and strengthen its policies and procedures to ensure accurate GAAP financial reporting.

**Views of responsible officials and planned corrective actions**

After receiving the question from our new external auditors, Charles County was unable to produce the proper trust documents for the LOSAP funds. When management realized that they did not exist similar to other County fiduciary funds, they understood that a restatement would be required. Management promptly acted to disclose correctly the information in the current year financial statements and note disclosures. The County is evaluating the next steps to take to put a trust agreement into place for the LOSAP assets in conjunction with related GASB standards pending or effective in the coming fiscal years.

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

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**Section III – Federal Award Findings and Questioned Costs**

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**Finding Reference: 2019-002**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**CFDA Number:** 14.871  
**Federal Program:** Section 8 Housing Choice Voucher  
**Grant Award:** M19-070 (9/1/2018 - 8/31/2019), M18-135 (9/1/2017 - 8/31/2018)  
**Compliance Requirement:** Special Tests and Provisions – Housing Quality Standards Inspection  
**Type of Finding:** Significant Deficiency in Internal Control, Noncompliance

**Condition/Context**

We noted for one out of 40 samples selected for testing, the HQS inspection was not performed in the required timeframe. Therefore, we could not determine if the unit continued to meet the required housing quality standards.

**Criteria**

The PHA must inspect the unit leased to a family at least annually to determine if the unit meets Housing Quality Standards (HQS) and the PHA must conduct quality control re-inspections. The PHA must prepare a unit inspection report (24 CFR sections 982.158(d) and 982.405(b)).

**Cause**

Per discussion with program management the annual HQS re-inspection was not performed as a result of an error regarding the transposition of the unit address.

**Effect**

The County may have paid amounts for a site that was not in compliance with housing quality standards.

**Questioned Costs**

Not determined.

**Recommendation**

We recommend the County adhere to its existing policies and procedures regarding the completion of the required annual housing quality standard re-inspections.

**Views of responsible officials and planned corrective actions:**

The review of 40 files for Housing Quality Standards compliance noted only one inspection deficiency. The deficiency was not a repeated problem or pattern but was the result of human error done during data entry. HUD requires inspection compliance in 96% of files in order to receive the highest HUD rating and compliance as low as 90% receives a favorable rating. In this audit, the HA showed compliance in 98% of files reviewed. Therefore, the HA does not believe this to be a significant deficiency. Staff have been reminded of the importance of accuracy when inputting data.

**COUNTY COMMISSIONERS OF CHARLES COUNTY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2019**

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**Section III – Federal Award Findings and Questioned Costs (Continued)**

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**Finding Reference: 2019-003**

<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>CFDA Number:</b>	<b>14.871</b>
<b>Federal Program:</b>	<b>Section 8 Housing Choice Voucher</b>
<b>Grant Award:</b>	<b>M19-070 (9/1/2018 - 8/31/2019), M18-135 (9/1/2017 - 8/31/2018)</b>
<b>Compliance Requirement:</b>	<b>Special Tests and Provisions – Depository Agreements</b>
<b>Type of Finding:</b>	<b>Significant Deficiency in Internal Control, Noncompliance</b>

**Condition/Context**

The Charles County Department of Community Services (Department), who is responsible for the administration of the Section 8 program, does not have an existing depository agreement with their financial institution in the form required by HUD. Additionally, we noted the Section 8 funds were not placed in an interest-bearing account.

**Criteria**

PHAs are required to enter into depository agreements with their financial institutions in the form required by HUD. The agreements serve as safeguards for Federal funds and provide third-party rights to HUD. Among the terms in many agreements are requirements for funds to be placed in an interest-bearing account (24 CFR section 982.156).

**Cause**

Per discussions with County management, this account was established before 24 CFR section 982.156 was revised by HUD on September 1, 1995. Management believed that since the PHA is included within the County Government and reported in the HUD Real Estate Assessment Center (REAC) as a component unit and the banking accounts of the County are pooled, the requirements of the HUD regulations were adequately met.

**Effect**

The Agency is not in compliance with the Depository Agreements compliance requirements.

**Questioned Costs**

None.

**Recommendation**

We recommend the Department and/ or County explore options with their current financial institution to enter into the required depository agreements or obtain a written exception from HUD.

**Views of responsible officials and planned corrective actions:**

Charles County is in the process of establishing the desired bank account and agreement with a new local financial institution. It is expected that the transfer of funds on record to the new compliant bank account will be completed by the end of March 2020.