

		Findings for Seven				LEAs Requesting	Waivers	Cycle 1 Reports (Cycle 2 fieldwork completed or in progress for Dorchester)			Primary Finding Type			
		2nd Cycle Reports												
Cycle 3 Audit FY Estimated Start		2019	2018	2021	2022	2022	2022	2022						
LEA		Somerset Co	Talbot Co	Caroline	Garrett	Charles Co.	Dorchester Co	Worcester Co	Internal	Cost	Policy			
Report Date		9/15/2014	7/17/2013	11/2/2016	11/18/2016	7/1/2010	1/10/2011	11/1/2010	Control	Effective	Lacking			
Total Number of Findings		16	13	19	15	25	22	28						
Repeats		11	11	7	7	n/a	n/a	n/a						
Section / Findings		Number of times occurred												
Revenue and Billings														
a	Student Activity Funds were not adequately monitored.	1	X									Yes		
b	Controls over cash receipts received at the central business office need to be improved.	2				X				X		Yes		
c	Collections were not always deposited timely nor adequately secured prior to deposit.	1	X									Yes		
		4												
Federal Funds / Grants		0												
Procurement and Disbursement Cycle														
a	User's capabilities were not adequately restricted on the automated procurement and accounts payable system.	6	X	X	X		X	X	X			Yes		
b	Contracts were not always awarded through competitive procurement and contract billings were not always properly verified.	3	X		X					X			Yes	
c	Procurement policies over certain transactions were not adequate or comprehensive policies were not in place.	3	X					X	X					Yes
d	Competitive bids or board approval were not obtained for certain contracts.	2		X	X								Yes	
e	Procurement were not always made in accordance with existing policies.	2				X	X					Yes		
		16												
Human Resources and Payroll														
a	User capabilities were not adequately monitored and restricted on the human resources / payroll system and independent documented reviews of transactions were not performed. (In cycle one these were sometimes separate findings.)	7	X	X	X	X	X	X	X			Yes		
b	The board did not have all pertinent information prior to approving an employee termination.	1	X									Yes		
c	Workforce planning was not comprehensive.	2						X	X				Yes	
d	The school system did not have a severance policy.	1						X						Yes
e	Board approval was not obtained for certain pay increases, as required by State law.	1			X							Yes		

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		12									
<u>Inventory Control and Accountability</u>											
a	Equipment policies were not comprehensive and proper controls and record keeping were not established over certain classes of sensitive equipment items. (Sometimes these issues were reported separately.)	7	X	X	X	X	X	X	Yes		
b	Required inventories were not conducted. (This issue was included in "a" above in certain instances.)	1					X		Yes		
		8									
<u>Information Technology</u>											
a	Controls over accounts, passwords, database access and logging, and security monitoring were not sufficient. (In cycle 1, this finding was often merged with other issues like unnecessary modification access.)	7	X	X	X	X	X	X	Yes		
b	The computer network was not adequately secured.	4	X	X	X	X			Yes		
c	Workstations and servers were not sufficiently protected against malware.	2			X	X			Yes		
d	The disaster recovery plan and data back-ups were not adequate.	5		X	X	X		X			Yes
e	Improper access to the computer room was granted and/or data backups were inadequate.	1						X	Yes		
f	Contract terms for outsourced applications need to address certain security and performance risks.(e.g., SOX2 TYPE2 reviews)	1						X	Yes		
g	Numerous employees were improperly assigned administrator rights.	1				X			Yes		
		21									
<u>Facilities Construction, Renovation and Maintenance</u>											
a	The energy management program was not comprehensive.	2				X	X				Yes
b	Certain construction goods and services were obtained without competitive bids.	3	X		X			X	Yes		
c	The school system did not have a performance measurement system for maintenance and custodial operations.	3					X	X		Yes	
d	The school system did not have a customer feedback program.	1						X			Yes
e	The school system could more fully use the automated work order system.	1					X			Yes	
f	The school system could not document that all preventive maintenance work was performed.	1			X					Yes	
		11									

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Transportation Services											
a	A system-wide analysis of bus routes and related bus capacities was not periodically performed to maximize the efficiency of bus routes.	6	X	X	X	X	X	X		Yes	Yes (can be Policy-related)
b	Automated routing software was not used.	3				X	X	X		Yes	
c	Certain payments to bus contractors did not consider market conditions, actual costs, or available discounts.	5	X	X	X		X	X		Yes	
d	PVA calculation (Reported separately in some reports, merged with "c" in others)	1				X				Yes	
e	Certain payment components were not approved by the board.	1		X							Yes
f	Internal controls over payments to bus contractors were not adequate.	3		X		X		X	Yes		
g	Proper procurement policies were not followed.	1		X					Yes		
h	The accuracy of data used to compute payments was not verified. For example, manifests were not verified.	3	X	X				X	Yes		
i	The school system did not determine the costs/benefits of contractor vs. school system-owned buses.	2				X		X		Yes	
j	The school system did not have a performance measurement system for bus operations.	3				X	X	X			Yes
k	Bus contractor selection criteria should be revised.	1						X		Yes	
		29									
Food Services											
a	Invoices were not verified prior to payment. (In cycle1 this exception could be combined with "b" below.)	2	X					X	Yes		
b	Food supplies procurement was not adequate.	3		X		X		X	Yes		
c	Existing policies were not followed when purchasing food.	1				X			Yes		
d	Cash collection duties were not properly segregated.	1		X					Yes		
e	All food expenditures were not recognized.	1						X			Yes
f	Meals per labor hour were not assessed or food service operations were not efficient.	3			X	X		X		Yes	
g	The school system should analyze whether barriers exist to participation in the free and reduced-price breakfast programs.	1				X				Yes	
h	Benchmarking should be used (sometimes combined with "f" above).	1				X					Yes
		13									
School Board Operations											

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a	Financial disclosure statements were not filed or were not adequate. The school systems ethics policy was not sufficient and oversight was lacking.	4	X		X		X	X			Yes
b	The school systems ethics policy was not approved by the State.	1						X			Yes
c	The school system did not have comprehensive performance measures for key operations.	3				X	X	X			Yes
d	The school system did not have an internal auditor or the internal auditor was not independent.	3				X	X	X			Yes
e	The school system did not have a fraud hotline.	3				X	X	X			Yes
		14									
Other Financial Controls											
a	The school system did not ensure the propriety of payments for employee and retiree healthcare costs.	6	X	X	X	X	X		Yes		
b	Cash deposits were not properly collateralized.	1		X							Yes
c	The school system did not have cash or debt management policies or capital lease and financing policies.	3		X		X	X				Yes
		10									
Issue was not generally pursued during Cycle 2 audits.											

LEA Repeat Audit Findings

	<u>1st Cycle Findings</u>	<u>1st Cycle Findings</u>	<u>2nd Cycle Follow-up</u>	<u>2nd Cycle Findings</u>	<u>Per Report Table of Contents</u> <u>2nd Cycle Repeats</u>	<u>Actual 2nd Cycle Repeats</u>	<u>Repeat number per TOC and Actual may vary due to combining prior report findings</u>
1 Allegany	27		16	19	10	11	
2 Anne Arundel	29		20	15	8	9	
3 Baltimore City	46		35	26	8	9	
4 Baltimore County	18		11	12	4	5	
5 Calvert	19		15	12	5	5	
6 Caroline	18		12	19	7	7	
7 Carroll	30		15	14	6	6	
8 Cecil		26					
9 Charles		25					
10 Dorchester		22					
11 Frederick	26		19	18	8	8	
12 Garrett	28		18	15	5	7	
13 Harford	27		23	15	9	10	
14 Howard	33		18	15	6	6	
15 Kent	15		12	12	4	4	
16 Montgomery	23		17	16	8	6	
17 Prince George's	66		41	23	12	16	
18 Queen Anne's	22		12	18	12	12	
19 Somerset	35		24	16	11	11	
20 St. Mary's	29		20	14	6	6	
21 Talbot	24		20	13	9	11	
22 Washington	26		21	18	3	3	
23 Wicomico	21		15	14	3	3	
24 Worcester		28					
	562	101	384	324	144	155	
			68%		44%	48%	