THE BOARD OF EDUCATION OF SOMERSET COUNTY

UNIFORM GUIDANCE
SUPPLEMENTARY FINANCIAL REPORT

June 30, 2025

THE BOARD OF EDUCATION OF SOMERSET COUNTY

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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 Somerset County
Westover, 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, and each major fund of The Board of Education of Somerset County, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Board of Education of Somerset County's basic financial statements, and have issued our report thereon dated October 2, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Board of Education of Somerset County's internal control over financial reporting (internal control) as a basis for designing 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 Somerset County's internal control. Accordingly, we do not express an opinion on the effectiveness of The Board of Education of Somerset 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.

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 were not identified. However, as described below, we identified certain deficiencies in internal control that we consider to be a material weakness.

Finding Number 2025-01 – Financial Close and Reconciliation

Criteria: Internal control over financial reporting should include timely reconciliations of key financial accounts. These controls are essential to prepare reliable financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: For the fiscal year ended 2025, it was observed that no reconciliations were prepared or documented for accounts receivable (to include employee receivables), accounts payable (to include accrued payroll), and deferred revenue, with the exception of the restricted grants fund.

Cause: The absence of reconciliations was due to inadequate oversight by finance management and resource constraints or insufficient staff training on reconciliation requirements.

Effect: Failure to prepare reconciliations can lead to undetected errors or fraud, misstatements in financial reporting and difficulty in identifying and resolving discrepancies in a timely manner. Without proper reconciliations, management cannot provide assurance that account balances are accurate, even if no adjustments are ultimately required. This weakens the internal control environment and increases the risk of undetected misstatements.

Recommendation: Management should establish and enforce formal procedures requiring timely preparation and independent review of all key account reconciliations and assign responsibility to appropriate staff for reconciliation preparation and to supervisors for review. Management should train relevant finance staff on proper reconciliation practices and documentation standards.

Identification of Repeat Finding: This is a 1st year finding.

Views of Responsible Officials: Finance staff will complete training to ensure they understand and apply proper reconciliation practices and documentation standards. Formal procedures will be implemented to enforce the timely preparation of all key account reconciliations, along with an independent review process. If, after training, staff are still unable to complete reconciliations effectively, the Board will consider engaging a consultant to assist with the reconciliation or review processes.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether The Board of Education of Somerset 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 financial statements. 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 School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The Board of Education of Somerset County's response to the findings identified in our audit and described above. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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. This 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.



Salisbury, Maryland
October 2, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL 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 Somerset County
Westover, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Board of Education of Somerset County's 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 of Education of Somerset County's major federal programs for the year ended June 30, 2025. The Board of Education of Somerset County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, The Board of Education of Somerset 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, 2025.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of The Board of Education of Somerset County 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 of Education of Somerset County'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, statues, regulations, rules, and provisions of contracts or grant agreements applicable to The Board of Education of Somerset County's federal programs.

Auditors' 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 of Education of Somerset County'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 of Education of Somerset County'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 of Education of Somerset County'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 of Education of Somerset County'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 of Education of Somerset County'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 Auditors' Responsibilities of 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, and each major fund of The Board of Education of Somerset County, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The Board of Education of Somerset County's basic financial statements. We issued our report thereon dated October 2, 2025, which contained unmodified opinions on those financial statements. Our audit was performed 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
October 2, 2025, except for the Schedule of
Expenditures of Federal Awards, which is
dated January 23, 2026

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

THE BOARD OF EDUCATION OF SOMERSET COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Funding Source	Grant Number	Federal Assistance Listing Number	Expenditures	Expenditures to Subrecipients
INDIRECT GRANTS				
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Programs From Maryland State Department of Education:				
National School Lunch Program - Breakfast		10.553	$ 868,275	$ -
National School Lunch Program - Meals		10.555	1,405,085	-
Food Donation		10.555	95,469	-
Sub-Total			1,500,554	-
Summer Food Service Program for Children		10.559	79,374	-
Fresh Fruit and Vegetable Program		10.582	70,200	-
Total Child Nutrition Cluster		10.553/10.555/10.559/10.582	2,518,403	-
Child and Adult Food Program		10.558	49,911	-
Equipment Assistance Grant for National School Lunch	241597-01	10.579	31,000	-
TOTAL DEPARTMENT OF AGRICULTURE			$ 2,599,314	$ -
U.S. DEPARTMENT OF THE TREASURY				
Pass-Through Programs From Maryland State Department of Education:				
COVID-19 ARP Tutoring & Supplemental Instruction Carryover	211834-01	21.027	$ 25,717	$ -
TOTAL DEPARTMENT OF THE TREASURY			$ 25,717	$ -
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Programs From Maryland Department of Labor, Licensing and Regulations:				
Adult Education/ABE/ESL Federal	P00P5600180-03	84.002A	$ 19,696	$ -
Adult Secondary Education (ASE)/Federal	P00P5600180-04	84.002A	681	-
ABE Local Institutionalized/Federal	P00P5600180-05	84.002A	7,211	-
Sub-Total			27,588	-
Pass-Through Programs From Maryland State Department Of Education:				
Title I - School Improvement Grant (FY23) Carryover	232007-01	84.010A	37,648	-
Title I - School Improvement Supplemental Grant Carryover	232017-01	84.010A	1,921	-
Title I - Part A Carryover	241295-01	84.010	132,303	-
Title I - Part C Migrant Education Carryover	241354-01	84.010A	183,216	-
Title I - School Improvement Grant (FY24) Carryover	241666-01	84.010A	112,575	-
Title I - School Improvement Grant (FY25)	251457-01	84.010A	415	-
Title I - Part A	251476-01	84.010	1,665,710	-
Sub-Total			2,133,788	-
Title I - Part C Migrant Education	251453-01	84.011A	23,664	-
Perkins Career & Tech Title II	250199-01	84.048A	236,626	-

See accompanying Notes to Schedule of Expenditures of Federal Awards

THE BOARD OF EDUCATION OF SOMERSET COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025
(Continued)

Funding Source	Grant Number	Federal Assistance Listing Number	Expenditures	Expenditures to Subrecipients
INDIRECT GRANTS - continued				
U.S. DEPARTMENT OF EDUCATION - continued				
Pass-Through Programs From Maryland State Department Of Education:				
DORS - Summer Work Experience Carryover	241654-01	84.126	37,010	-
DORS - Summer Work Experience	251663-01	84.126	584	-
DORS - After School Work Experience	251055-01	84.126	6,211	-
Sub-Total			43,805	
Infant and Toddler CLIG IDEA PART C Carryover	240781-01	84.181A	601	-
Infant and Toddler One-Time Supplemental (Part B 611)	250239-01	84.181A	16,140	-
Infant and Toddler CLIG IDEA Part B 611	250239-02	84.181A	5,465	-
Infant and Toddler CLIG IDEA Part C	250273-01	84.181A	12,331	-
Sub-Total			34,537	-
McKinney-Vento Educating Homeless Child & Youth FY24 Carryover	241489-01	84.196A	5,027	-
Special Education:				
IDEA Part B 611 Passthrough Carryover	230568-01	84.027	16,169	-
Access, Equity & Progress Grant Carryover	231089-02	84.027A	21,854	-
IDEA Part B 611 Passthrough Carryover	240964-01	84.027	51,724	-
IDEA Part B 611 Passthrough CCEIS Carryover	240964-03	84.027	97,276	-
IDEA Part B 611 Passthrough Citizens Advisory Committee (SECAC) Carryover	240964-04	84.027	607	-
IDEA Part B 611 Family Support Systems Carryover	240964-05	84.027	640	-
IDEA Part B 611 Passthrough Secondary Transition LIR Discretionary Carryover	241401-01	84.027	32,993	-
IDEA Part B 611 Access, Equity, & Progress	241401-02	84.027	115,254	-
IDEA Part B 611 One-Time Supplemental	250451-01	84.027A	5,831	-
IDEA Part B 611 Secondary Transition LIR Discretionary	250467-01	84.027A	66,231	-
IDEA Part B 611 Access, Equity, & Progress	250467-02	84.027A	22,279	-
IDEA Part B 611 Passthrough	250696-01	84.027A	602,258	-
IDEA Part B 611 Passthrough PPPSS	250696-02	84.027A	22,192	-
IDEA Part B 611 Passthrough CCEIS	250696-03	84.027A	15,019	-
IDEA Part B 611 Citizens Advisory Committee (SECAC)	250696-04	84.027A	1,197	-
IDEA Part B 611 Family Support Systems	250696-05	84.027A	13,111	-
Directors' Leadership Academy	250696-06	84.027A	206	-
Sub-Total			1,084,841	-
Infant and Toddler CLIG IDEA Part B 619 Funds for Family Support Carryover	240778-01	84.173A	725	-
Infant and Toddler/Part B 619 Preschool Passthrough Carryover	240806-01	84.173A	5,284	-
IDEA Part B 619 Preschool Passthrough	250323-01	84.173A	26,007	-
Infant and Toddler CLIG IDEA Part B 619	250360-01	84.173A	4,210	-
Infant and Toddler CLIG IDEA Part B 619 Extended Option	250360-02	84.173A	18	-
Sub-Total			36,244	-
Total Special Education Cluster (IDEA)		84.027(A)/84.027(X)/84.027/84.173(A)	1,121,085	-
Title III Supplemental English Language Acquisition Grant Carryover	230493-03	84.365A	415	-
Title III Part A English Language Acquisition FY24 Carryover	241240-01	84.365A	9,416	-
Title III Part A Immigrant FY24 Carryover	241240-02	84.365A	5,893	-
Title III Part A English Language Acquisition	251362-01	84.365A	11,060	-
Title III Part A Immigrant	251362-02	84.365A	5,415	-
Sub-Total			32,199	-

See accompanying Notes to Schedule of Expenditures of Federal Awards

THE BOARD OF EDUCATION OF SOMERSET COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025
(Continued)

Funding Source	Grant Number	Federal Assistance Listing Number	Expenditures	Expenditures to Subrecipients
INDIRECT GRANTS - continued				
U.S. DEPARTMENT OF EDUCATION - continued				
Pass-Through Programs From Maryland State Department Of Education:				
Title II, Part A - Supporting Effective Instruction Carryover	230699-01	84.367	$ 10,783	$ -
Title II, Part A - Supporting Effective Instruction Carryover	240358-01	84.367	25,264	-
Title II, Part A - Supporting Effective Instruction Supplemental Carryover	241758-02	84.367A	19,068	-
Title II, Part A - Supporting Math Instruction	250639-01	84.367	1,680	-
Title II, Part A - Supporting Effective Instruction	251330-01	84.367	136,004	-
Title II, Part A - Supporting Effective Instruction Supplemental	251595-01	84.367A	805	-
Sub-Total			193,604	-
Stronger Connections Grant Carryover	232071-01	84.424F	312,406	-
Title IV Part A - Student Support and Academic Enrichment Carryover	240565-01	84.424A	83,366	-
Title IV Part A - Student Support and Academic Enrichment	251300-01	84.424A	55,618	-
Sub-Total			451,390	-
COVID-19 ESSER III Carryover	211944-01	84.425U	2,569,654	-
COVID-19 Maryland Leads - Staff Support and Retention Carryover	221871-03	84.425U	1,050,442	-
COVID-19 McKinney-Vento Supplemental Homeless Child & Youth Carryover	241495-01	84.425W	6,426	-
Sub-Total			3,626,522	-
TOTAL U.S. DEPARTMENT OF EDUCATION			$ 7,929,835	$ -
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Programs From Maryland State Department Of Education:				
SELAC - Local Early Childhood Advisory Council	250820-01	93.575	15,000	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			$ 15,000	$ -
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 10,569,866	$ -

See accompanying Notes to Schedule of Expenditures of Federal Awards

THE BOARD OF EDUCATION OF SOMERSET COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2025

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of The Board of Education of Somerset County under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented 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). Because the Schedule presents only a selected portion of the operations of The Board of Education of Somerset County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of The Board of Education of Somerset County.

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, where certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3. Indirect Cost Rate

The Board of Education of Somerset County has elected not to use the 15 percent de minimus indirect cost rate allowed under the Uniform Guidance.

Note 4. Reconciliation of Federal Awards

Restricted Federal awards/expenditures per statement of revenue, expenditures, and changes in fund balances – governmental funds (net of transfers)	$8,086,195
Restricted Federal awards/expenditures per statement of revenues, expenses and changes in fund net assets – proprietary fund	2,472,845
USDA donated commodities per statement of revenues, expenses and changes in fund net assets – proprietary fund	95,469
Medicaid and other revenue/expense included in federal awards but not included on schedule of expenditures of federal awards	(84,643)
	$10,569,866

THE BOARD OF EDUCATION OF SOMERSET COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2025

A. Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of The Board of Education of Somerset County were prepared in accordance with GAAP.

2. Material weakness (item 2025-01) in internal control relating to the audit of the financial statements is reported in the 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*. No significant deficiencies in internal control relating to the audit of the financial statements were reported.

3. No instances of noncompliance material to the financial statements of The Board of Education of Somerset County, which would be required to be reported in accordance with *Government Auditing Standards*, 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 and on Internal Control over Compliance Required by the Uniform Guidance.

5. The auditors' report on compliance for the major federal award programs for The Board of Education of Somerset County expresses an unmodified opinion on all major federal programs.

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:

GRANT DESCRIPTION	FEDERAL ASSISTANCE LISTING NUMBER
Child Nutrition Cluster	10.533/10.555/10.559/10.582
Education Stabilization Funds	84.425U/84.425W

8. The threshold for distinguishing Type A programs was $750,000.

9. The Board of Education of Somerset County was not determined to be a low-risk auditee for the year ended June 30, 2025.

B. Findings Related to the Financial Statements

Finding Number 2025-01 – Financial Close and Reconciliation

Criteria: Internal control over financial reporting should include timely reconciliations of key financial accounts. These controls are essential to prepare reliable financial statements in accordance with generally accepted accounting principles (GAAP).

Condition: For the fiscal year ended 2025, it was observed that no reconciliations were prepared or documented for accounts receivable (to include employee receivables), accounts payable (to include accrued payroll), and deferred revenue, with the exception of the restricted grants fund.

Cause: The absence of reconciliations was due to inadequate oversight by finance management and resource constraints or insufficient staff training on reconciliation requirements.

Effect: Failure to prepare reconciliations can lead to undetected errors or fraud, misstatements in financial reporting and difficulty in identifying and resolving discrepancies in a timely manner. Without proper reconciliations, management cannot provide assurance that account balances are accurate, even if no adjustments are ultimately required. This weakens the internal control environment and increases the risk of undetected misstatements.

Recommendation: Management should establish and enforce formal procedures requiring timely preparation and independent review of all key account reconciliations and assign responsibility to appropriate staff for reconciliation preparation and to supervisors for review. Management should train relevant finance staff on proper reconciliation practices and documentation standards.

Identification of Repeat Finding: This is a 1st year finding.

Views of Responsible Officials: Finance staff will complete training to ensure they understand and apply proper reconciliation practices and documentation standards. Formal procedures will be implemented to enforce the timely preparation of all key account reconciliations, along with an independent review process. If, after training, staff are still unable to complete reconciliations effectively, the Board will consider engaging a consultant to assist with the reconciliation or review processes.

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

None