

Howard County, Maryland

**Annual Financial Report
(Single Audit)**

June 30, 2012

Howard County, Maryland

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Independent Auditor's Report On Compliance With Requirements that Could
Have a Direct and Material Effect on Each Major Program and on
Internal Control over Compliance in accordance with OMB Circular A-133

The Honorable Members of the County Council
Howard County, Maryland

Compliance

We have audited Howard County, Maryland's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have a direct and material effect on each of Howard County, Maryland's major federal programs for the year ended June 30, 2012. Howard County, Maryland's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Howard County, Maryland's management. Our responsibility is to express an opinion on Howard County, Maryland's compliance based on our audit.

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 OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 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 Howard County, Maryland'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. Our audit does not provide a legal determination on Howard County, Maryland's compliance with those requirements.

In our opinion, Howard County, Maryland complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Howard County, Maryland 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 Howard County, Maryland's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Howard County, Maryland's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, in a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-4 to be a material weakness.

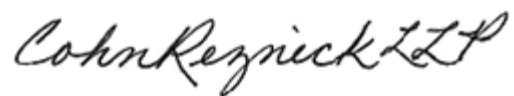
Schedule of Expenditures of Federal Awards

We have audited 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 Howard County, Maryland, as of and for the year ended June 30, 2012, and have issued our report thereon dated January 13, 2013, which contained unqualified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Howard County, Maryland's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133, and is not a required part of the 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

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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Howard County, Maryland's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Howard County Maryland's response and, accordingly, we express no opinion on the response.

This report is intended for the information and use of Howard County's management, the federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script that reads "Cohn Reznick LLP".

Baltimore, Maryland
March 27, 2013

Howard County, Maryland
Schedule of Expenditures of Federal Awards

June 30, 2012

Federal Program	Federal Catalog Number	Contract/Grant Number	Non-ARRA Expenditures	ARRA Expenditures	Total Expenditures
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION					
Fair Employment Practices Agency Contracts	30.002	7FPSLP0188	\$ 43,650	\$ -	\$ 43,650
Total Equal Employment Opportunity Commission			43,650	-	43,650
U.S. DEPARTMENT OF AGRICULTURE					
Pass-through Maryland Department of Aging					
Nutritional Services Incentives Program	10.565	100000000000000000478	34,993	-	34,993
Pass-through Department of Human Resources					
Office of Victim Services					
Emergency Food Assistance Program	10.568	100000000000000000469	2,648	-	2,648
Emergency Food Assistance Program	10.568	100000000000000000068	6,515	-	6,515
Total U.S. Department of Agriculture			44,156	-	44,156
U.S. DEPT OF DEFENSE, OFFICE OF ECONOMIC ADJUSTMENT					
Pass-through Anne Arundel County, Maryland					
BRAC Grant	12.607	100000000000000000388	256,143	-	256,143
BRAC Grant FY13	12.607	100000000000000000487	103,538	-	103,538
Total U.S. Dept of Defense, Office of Economic Adjustment			359,681	-	359,681
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Pass-through Maryland Department of Education					
Healthy Families of Howard County	93.558	100000000000000000391	321,686	-	321,686
Child Care Resource Center Federal 2012	93.575	100000000000000000457	32,140	-	32,140
Child Care Resource Center 2012 Part i	93.575	100000000000000000473	71,570	-	71,570
Pass-through Maryland Department of Human Resources					
Work on Wheels	93.558	100000000000000000290	60,613	-	60,613
Work on Wheels FY12	93.558	100000000000000000313	165,351	-	165,351
Pass-through Maryland Department of Health and Mental Hygiene					
FY11 MOGS	93.889	100000000000000000390	114,850	-	114,850
Pass-through Maryland Department of Labor, Licensing and Regulation					
WISH	93.558	100000000000000000485	45,000	-	45,000
Pass through Maryland Department of Aging Cluster 93.044 / 93.045					
Older Americans Act Title III B - FY11	93.044	100000000000000000371	59,311	-	59,311
Older Americans Act Title III C1 FY11	93.044	100000000000000000379	75,608	-	75,608
Older Americans Act Title III C-1 FY 2012	93.044	100000000000000000452	159,324	-	159,324
Older Americans Act Title III B FY2012	93.044	100000000000000000455	146,438	-	146,438
Older Americans Act Title III C2-FY11	93.045	100000000000000000370	20,579	-	20,579
Older Americans Act Title III C2-FY2012	93.045	100000000000000000451	57,100	-	57,100
Total Cluster 93.044 / 93.045			518,360	-	518,360

(continued)

Howard County, Maryland

Schedule of Expenditures of Federal Awards - Continued

June 30, 2012

Federal Program	Federal Catalog Number	Contract/Grant Number	Non-ARRA Expenditures	ARRA Expenditures	Total Expenditures
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES (Continued)					
Community Initiative Aging In Place	93.048	10000000000000000195	33,525	-	33,525
Senior Medicare Patrol - Health Care Fraud Program Extension	93.048	10000000000000000383	2,640	-	2,640
Older Americans Act Title III E - FY11	93.052	10000000000000000305	9,772	-	9,772
Older Americans Act Title VII - Ombuds/Elder Abuse FY11	93.052	10000000000000000372	4,299	-	4,299
Older Americans Act Title III D - FY11	93.052	10000000000000000373	2,624	-	2,624
Older Americans Act Title VII- Ombuds/Elder Abuse FY12	93.052	10000000000000000450	5,545	-	5,545
Older Americans Act Title IIID-FY 2012	93.052	10000000000000000453	10,180	-	10,180
Older Americans Act Title III E- FY12	93.052	10000000000000000454	57,417	-	57,417
Options Counseling FY12	93.517	10000000000000000442	82,042	-	82,042
ACA MIPPA Grant FY12	93.518	10000000000000000360	8,932	-	8,932
Medicare Beneficiary Outreach & Assistance Program	93.518	10000000000000000384	4,781	-	4,781
Chronic Disease Self Management Program - ARRA	93.725	10000000000000000295	-	13,495	13,495
Senior Medicaid Patrol FY12	93.779	10000000000000000357	7,199	-	7,199
SMP - HCFPE Grant FY12	93.779	10000000000000000358	1,253	-	1,253
Hospital Discharge Grant	93.779	10000000000000000361	57,400	-	57,400
Senior Health Insurance Program	93.779	10000000000000000462	18,951	-	18,951
Pass through Maryland Child Support Enforcement Contract Services Administration					
Child Support Enforcement	93.563	10000000000000000140	60,112	-	60,112
CSEA/Cooperative Reimbursement Agreement	93.563	10000000000000000244	20,926	-	20,926
Pass through Maryland Department of Housing and Community Development					
LIHEAP	93.568	10000000000000000449	51,728	-	51,728
Total U.S. Department of Health & Human Services			1,768,896	13,495	1,782,391
U.S. DEPARTMENT OF HOMELAND SECURITY					
Pass-through Maryland Emergency Management Agency					
Homeland Security Grant Program '11	97.008	10000000000000000108	28,440	-	28,440
UASI Consolidated	97.008	10000000000000000118	21,340	-	21,340
09 UASI Funds to Support UASI Region	97.008	10000000000000000207	1,163,234	-	1,163,234
State Homeland Security Grant Funds	97.008	10000000000000000307	622,222	-	622,222
Funding to Enhance Capabilities	97.008	10000000000000000460	38,273	-	38,273
FEMA 1910	97.036		5,234	-	5,234
FEMA 3335	97.036		268,187	-	268,187
FEMA 4038	97.036		204,586	-	204,586
Funds To Support The Operations Of Emergency Management	97.042	10000000000000000369	36,353	-	36,353
Funds to Support the Operations of Emergency Management	97.042	10000000000000000471	128,677	-	128,677
Pre-Disaster Mitigation Grant	97.047	10000000000000000112	9,516	-	9,516
Funds to Support the County's CERT Program	97.053	10000000000000000476	10,336	-	10,336
10 State Homeland Security	97.073	10000000000000000377	142,649	-	142,649
Funding To Enhance Capabilities	97.073	10000000000000000386	326,817	-	326,817
SAFER Grant	97.083	10000000000000000119	288,340	-	288,340
Total U.S. Department of Homeland Security			3,294,204	-	3,294,204

(continued)

Howard County, Maryland

Schedule of Expenditures of Federal Awards - Continued

June 30, 2012

Federal Program	Federal Catalog Number	Contract/Grant Number	Non-ARRA Expenditures	ARRA Expenditures	Total Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
Community Development Block Grant '05	14.218	1000000000000000098	4,113	-	4,113
Community Development Block Grant '10	14.218	1000000000000000220	81,874	-	81,874
CDBG Entitle FFY11	14.218	1000000000000000374	420,288	-	420,288
Community Development Block Grant '02	14.218	1000000000000000475	5,575	-	5,575
Supportive Housing - HUD 2	14.235	1000000000000000306	10,285	-	10,285
Supportive Housing - HUD 1 FY12	14.235	1000000000000000344	178,636	-	178,636
Supportive Housing - HUD 2 Chronic FY12	14.235	1000000000000000345	128,005	-	128,005
Supportive Housing - HUD 3 Chronic Expansion FY12	14.235	1000000000000000346	34,315	-	34,315
Supportive Housing - Bridges FY12	14.235	1000000000000000348	44,258	-	44,258
SHP HUD 3	14.235	1000000000000000415	19,820	-	19,820
SHP HUD 3	14.235	1000000000000000417	23,932	-	23,932
SHP/HUD 1	14.235	1000000000000000474	61,868	-	61,868
SHP HUD 4	14.235	1000000000000000477	2,877	-	2,877
Emergency Solutions Grant FY12	14.235	1000000000000000349	21,575	-	21,575
Emergency Solutions Grant FY12	14.235	1000000000000000499	14,400	-	14,400
Home Investment Partnership Act '05	14.239	1000000000000000103	237,730	-	237,730
Home Investment Partnership Act '07	14.239	1000000000000000104	4,867	-	4,867
Home Investment Partnership Act '08	14.239	1000000000000000105	10,000	-	10,000
Home Investment Partnership Grant 2006	14.239	1000000000000000183	7,774	-	7,774
Economic Development Initiative - SP	14.239	1000000000000000186	85,700	-	85,700
Home Entitle FFY11	14.239	1000000000000000375	378,378	-	378,378
Home Investment Partnership Act '04	14.239	1000000000000000489	108,368	-	108,368
US Route 1 Corridor Revitalization	14.246	1000000000000000127	296,776	-	296,776
FFY2010 Economic Development Initiative - Special Project	14.251	1000000000000000201	331,138	-	331,138
Homeless Prevention & Rapid Re-Housing Program CS	14.257	1000000000000000182	-	75,869	75,869
Homeless Prevention & Rapid Re-Housing Program					
HCHCD	14.257	1000000000000000289	-	16,718	16,718
Total U.S. Department of Housing and Urban Development			2,512,552	92,587	2,605,139
U.S. DEPARTMENT OF JUSTICE					
Asset Forfeiture/Equitable Sharing	16.000	1000000000000000042	724,535	-	724,535
Pass-through Governor's Office of Crime Control and Prevention					
Domestic Violence Legal Assistance	16.588	1000000000000000367	11,871	-	11,871
Domestic Violence Legal Assistance	16.588	1000000000000000458	35,211	-	35,211
State Criminal Alien Assistance Program	16.606	1000000000000000301	63,809	-	63,809
FY10 Bulletproof Vest Partnership	16.607	1000000000000000296	21,157	-	21,157
VOCA Victims Assistance	16.738	1000000000000000205	20,093	-	20,093
Child Advocacy Center Victim Advocate	16.738	1000000000000000288	29,803	-	29,803
JAG 2011 Annual	16.738	1000000000000000331	4,762	-	4,762
Victims Assistance Grant FY12	16.738	1000000000000000341	61,572	-	61,572
JAG I - Recovery	16.738	1000000000000000001	-	36,606	36,606
Justice Assistance 2009	16.738	1000000000000000156	14,587	-	14,587
Justice Assistance Grant 2010	16.738	1000000000000000245	47,870	-	47,870
MD Children Alliance FY12	16.758	1000000000000000340	7,958	-	7,958
MD Children Alliance FY13	16.758	1000000000000000445	661	-	661
Specialized Training for CAC	93.643	1000000000000000394	6,100	-	6,100
Pass-through Maryland Department of Transportation					
Community Traffic Safety Grant FY12	20.600	1000000000000000342	48,071	-	48,071
Pass-through Maryland Department of Human Resources					
Child Advocacy Center Victim Advocate	16.575	1000000000000000365	9,890	-	9,890
Total U.S. Department of Justice			1,107,950	36,606	1,144,556

(continued)

Howard County, Maryland

Schedule of Expenditures of Federal Awards - Continued

June 30, 2012

Federal Program	Federal Catalog Number	Contract/Grant Number	Non-ARRA Expenditures	ARRA Expenditures	Total Expenditures
U.S. DEPARTMENT OF LABOR					
Pass-through Maryland Department of Labor, Licensing and Regulation					
Cluster 17.258 / 17.259 / 17.260 / 17.278					
Carroll County Pass-Thru PY10 WIA Adult Title I Grant	17.258	10000000000000000217	-	3,621	3,621
WIA Adult PY10-FY11	17.258	10000000000000000317	30,998	-	30,998
CACO WIA Adult PY10-FY11	17.258	10000000000000000318	32,254	-	32,254
PY11 WIA Adult Title I Grant	17.258	10000000000000000463	15,515	-	15,515
Carroll County Pass-Thru PY 11 WIA Adult Title I Grant	17.258	10000000000000000466	15,515	-	15,515
[PA] FY12 CACO Pass Through WIA Adult Title I Grant	17.258	10000000000000000481	32,893	-	32,893
[PA] FY12 WIA Adult Title 1 Grant	17.258	10000000000000000482	117,536	-	117,536
Carroll County Pass-Thru PY10 WIA Youth Title I Grant	17.259	10000000000000000215	-	100,712	100,712
PY10 WIA Youth Title I Grant	17.259	10000000000000000216	-	90,952	90,952
Carroll County Pass-Thru WIA Youth Title I Grant	17.259	10000000000000000464	2,785	-	2,785
PY 11 WIA Youth Title I Grant	17.259	10000000000000000468	22,796	-	22,796
PY10 WIA Dislocated Worker Title I Grant	17.260	10000000000000000214	-	7,147	7,147
Carroll County Pass-Thru PY10 WIA Dislocated Worker Title I	17.260	10000000000000000218	-	53,348	53,348
Dislocated Worker PY10-FY11	17.278	10000000000000000315	498,104	-	498,104
CACO Dislocated WKR PY10-FY11	17.278	10000000000000000316	402,574	-	402,574
Carroll County Pass-Thru WIA Dislocated Worker Title I Grant	17.278	10000000000000000465	35,031	-	35,031
PY11 WIA Dislocated Worker Title I Grant	17.278	10000000000000000467	3,094	-	3,094
[PA]FY12 WIA Dislocated Worker Title I	17.278	10000000000000000479	233,353	-	233,353
[PA] CACO Pass Thru WIA dislocated Worker Title I	17.278	10000000000000000480	144,927	-	144,927
Total Cluster 17.258 / 17.259 / 17.260 / 17.278			1,587,375	255,780	1,843,155
[PA] CACO ARRA MESP Green 11/11-12/12	17.275	10000000000000000483	-	3,445	3,445
ARRA MESP Green 11/11-12/12	17.275	10000000000000000484	-	8,203	8,203
BRAC Projects FY12	17.277	10000000000000000330	135,362	-	135,362
FY2012 WISH/DSS Agreement	93.558	10000000000000000486	57,620	-	57,620
Pass-through Anne Arundel Workforce Development Corporation					
Pathways To Cyber Security Careers.	17.269	10000000000000000316	33,097	-	33,097
Total U.S. Department of Labor			1,813,454	267,428	2,080,882
U.S. DEPARTMENT OF TRANSPORTATION					
Pass-through Maryland Department of Transportation					
Cluster 20.500 / 20.507					
Capital Transit Purchases ARRA	20.500	10000000000000000165	-	78,792	78,792
Congestion Mitigation Air Quality	20.507	10000000000000000299	483,444	-	483,444
Total Cluster 20.500 / 20.507			483,444	78,792	562,236
Brampton Hills Stream Stabilization	20.205	10000000000000000130	242,522	-	242,522
Federal Bridge Rehab & Replace B	20.205	10000000000000000132	822,081	-	822,081
Transportation Planning Grants 10	20.505	10000000000000000041	377	-	377
Unified Planning Work Program	20.505	10000000000000000297	292,773	-	292,773
Unified Public Work Program FY12	20.505	10000000000000000311	139,901	-	139,901
Section 5311 - Federal FY12	20.509	10000000000000000312	357,291	-	357,291
Rideshare FY12	20.509	10000000000000000314	105,122	-	105,122
New Freedom - Bus Stop Improvements	20.521	10000000000000000302	181,980	-	181,980
Hazardous Materials Emergency Preparedness	20.703	10000000000000000385	7,397	-	7,397
Total U.S. Department of Transportation			2,632,888	78,792	2,711,680
U.S. DEPARTMENT OF ENERGY					
Energy Efficiency & Conservation block grant	81.128	10000000000000000184	-	673,150	673,150
Pass-through Maryland Department of Housing and Community Development Division of Neighborhood Revitalization					
Weatherization Assistance Program	81.042	10000000000000000235	-	598,610	598,610
Total U.S. Department of Energy			-	1,271,760	1,271,760

(continued)

Howard County, Maryland

Schedule of Expenditures of Federal Awards - Continued

June 30, 2012

Federal Program	Federal Catalog Number	Contract/Grant Number	Non-ARRA Expenditures	ARRA Expenditures	Total Expenditures
ENVIRONMENTAL PROTECTION AGENCY					
Detention Center Earth Tub	66.808	10000000000000000470	9,975	-	9,975
Pass-through Maryland Water Quality Financing Administration					
Capitalization Grants for Clean Water-State Revolving Loan Fund	66.458	2W-24000209	-	544,842	544,842
Total Environmental Protection Agency			9,975	544,842	554,817
U.S. DEPARTMENT OF COMMERCE					
Pass-through Maryland Emergency Management Agency					
Public Safety Interoperable Communications	11.555	10000000000000000107	667,400	-	667,400
Pass-through Maryland Department of Information Technology					
Inter County Broadband Network	11.557	10000000000000000381	-	38,395,201	38,395,201
Total U.S. Department of Commerce			667,400	38,395,201	39,062,601
			\$ 14,254,806	\$ 40,700,711	\$ 54,955,517

See note to expenditures of federal awards

Howard County, Maryland

Note to Schedule of Expenditures of Federal Awards

June 30, 2012

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Howard County, Maryland under programs of the federal government for the year ended June 30, 2012. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Because the schedule presents only a selected portion of the operations of the Howard County, Maryland, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Howard County, Maryland.

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, Cost Principles for State, Local, and Indian Tribal Governments, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Howard County, Maryland

Schedule of Findings and Questioned Costs

June 30, 2012

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) indentified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) indentified? Yes None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

I. Summary of Independent Auditor's Results (Continued)

Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>	<u>Fiscal Year 6/30/2012 Expenditures</u>
U.S. Department of Commerce	11.557	<u>\$38,395,201</u>
U.S. Department of Homeland Security	97.008	<u>\$ 1,873,509</u>
U.S. Department of Energy	81.128	<u>\$ 673,150</u>
Dollar threshold used to distinguish between type A and type B programs		<u>\$ 1,648,666</u>
Auditee qualified as a low-risk auditee?		<u> </u> Yes <u> X </u> No

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

II . Financial Statement Findings

MATERIAL WEAKNESSES

Finding No. 2012-1

Grants Special Revenue Fund and Capital Grants

Condition

The County receives over 200 varying types of federal and state grants, which are administered by different agencies throughout the County.

Criteria

The County was unable to provide certain documentation to ensure timely and accurate financial reporting. The County has significant outstanding receivables for cost reimbursable grants in which the County has funded the costs. A significant portion of the receivables have been outstanding more than 90 days after year end.

Cause

There is decentralization of the grant administration process.

Effect

The County was unable to provide certain documentation to ensure timely and accurate financial reporting. The County has significant outstanding receivables for cost reimbursable grants in which the County has funded the costs.

Questioned Costs

There are no questioned costs

Recommendations

- Each grant reimbursement request should be reconciled to SAP by the responsible grant administrator prior to submission to the grantor.
- The Department of Finance should review requests for reimbursement and supporting documentation to make sure amounts agree with SAP on a periodic basis.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

- Confirmations should be sent to each grantor on an annual basis to confirm revenues, receivables and expenditures for the fiscal year.
- The County should institute a policy that requests for reimbursement should be submitted no less than on a quarterly basis, unless otherwise stipulated by the grantor.
- The County should consider assessing or reallocating resources to facilitate and expedite grants administration and financial reporting.

Views of Responsible Officials and Planned Corrective Actions

The County agrees with the recommendations. The Department of Finance is developing a comprehensive Grants policies and procedures that would incorporate these recommendations and is also looking at ways to effectively restructure.

Finding No. 2012-2

Review and Approval

Condition

The County does not adhere to the review and approval procedures in place to ensure accurate, timely and reliable reporting of financial information.

Criteria

Internal controls should be in place that require sufficient review and approval procedures in place to ensure accurate, timely and reliable reporting of financial information.

Cause

There is a lack of sufficient procedures in place to ensure accurate financial information.

Effects

- Material journal entries were required to correct both current and prior year balances resulting in the delay of the timely delivery of the financial statements.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

- Account reconciliations and supporting documentation was provided that did not agree to the balances in the general ledger and financial statements.
- The County previously capitalized costs for projects that were not County owned, resulting in a prior period adjustment.
- State and federal laws and regulations require the County to place a final cover and cap on closed cells at the operating Alpha Ridge landfill and to perform certain maintenance and monitoring functions at the landfill site for a minimum of 30 years after closure. The closure cap for the inactive cell was completed in 2000. At that time, the County was to begin amortizing the future estimated total closure and post-closure care costs over the next 30 years. The County instead continued to increase the estimated liability by the Consumer Price Index (CPI) resulting in a prior period adjustment.

Questioned Costs

There are no questioned costs

Recommendation

We recommend the County adhere to the review and approval procedures in place to ensure accurate, timely and reliable reporting of financial information.

Views of Responsible Officials and Planned Corrective Actions

The County agrees with the recommendations and regular reviews are being instituted to address the review and approval process, especially in regards to capital projects.

Finding 2012-3

Cutoff Procedures

Condition

During the course of our audit we noted that the County did not perform proper cutoff procedures related to accounts payable.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

Criteria

Internal controls should be in place to ensure proper cutoff procedures related to accounts payable.

Cause

There is a lack of sufficient controls in place to ensure proper cutoff related to accounts payable.

Effect

This resulted in understatement of expenditures and accounts payable.

Questioned Costs

There are no questioned costs

Recommendation

The County should review its process for entering unpaid invoices and all disbursements subsequent to year end to ensure expenditures are recorded in the proper period.

Views of Responsible Officials and Planned Corrective Action

The County agrees with the recommendation and controls have been established to make sure disbursements are reviewed subsequent to year end closing.

III. Findings - Major Federal Award Programs Audit

Finding 2012-4

Data Collection Form (DCF)

Condition

The DCF for the year ended June 30, 2011 was not filed timely in accordance with Federal Audit Clearing House (FAC) requirements.

Criteria

Internal controls should be in place to ensure the data collection form is filed timely with the FAC.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

Cause

Due to significant delays in receiving accounting and compliance information in the prior fiscal year, the single audit could not be completed timely which delayed the filing of the data collection form.

Effect

The data collection form was not able to be filed timely with the FAC.

Questioned Cost

There were no questioned costs

Recommendation

Controls should be in place to ensure the data collection form can be filed timely in accordance with FAC requirements.

Views of Responsible Officials and Planned Corrective Actions

The County agrees with the recommendation and will ensure controls are in place so the data collection form can be filed timely.

IV. Prior Audit Findings - Summary of Status

Finding No. 2011-1

Grants Special Revenue Fund

Condition

The County receives over 200 varying types of federal and state grants which are administered by different agencies throughout the County.

Criteria

Internal controls should be in place to provide reasonable assurance that grant expenditures are recorded and reported in the proper fiscal year.

Status

Outstanding.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

Finding No. 2011-2

Review and Approval

Condition

The County does not have sufficient review and approval procedures in place to ensure accurate, timely and reliable reporting of financial information.

Criteria

Internal controls should be in place that require sufficient review and approval to ensure accurate, timely and reliable reporting of financial information.

Status

Outstanding.

Finding No. 2011-3

Other Post-Employment Benefits (OPEB)

Condition

During the course of our audit, we noted that the County did not record its Net OPEB Obligation in accordance with GASB 45. As a result, the County was required to record a prior period adjustment to the governmental activities and business-type activities on the Statement of Net Assets.

Criteria

Internal controls should be in place to ensure all required adjustments are made.

Status

Cleared.

Finding No. 2011-4

Cutoff Procedures

Condition

During the course of our audit we noted that the County did not perform proper cutoff procedures related to cash disbursements.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

Criteria

Internal controls should be in place to ensure proper cutoff procedures related to cash disbursements.

Status

Outstanding.

Finding No. 2011-5

Accounting Policies and Procedures Manual

Condition

The Bureau of Accounting Policies and Procedures Manual is outdated. With the migration to the new accounting system during the current fiscal year, an updated policies and procedures manual is important to ensure that all new procedures or new job responsibilities that were implemented as a result of the system change are documented and staff are made aware of the new procedures in place. Also, if there is significant turnover within the Department, the procedures would be documented to allow the department to continue to operate in an effective and efficient manner to ensure accurate and timely financial reporting.

Criteria

The Bureau of Accounting Policies and Procedures Manual should be updated to reflect the processes of the new accounting system

Status

Cleared.

Finding No. 2011-6

Schedule of Expenditures of Federal Awards (SEFA)

Condition

The original SEFA provided by the County required several material adjustments after audit work commenced resulting in material differences between the original amount of federal expenditures and the final amount of federal expenditures. There were also instances in which grants were not properly clustered in accordance with the A-133 Compliance Supplement.

Howard County, Maryland

Schedule of Findings and Questioned Costs - Continued

June 30, 2012

Criteria

Internal controls should be in place to ensure that the SEFA includes all federal expenditures and that programs are properly clustered.

Status

Cleared.

Finding No. 2011-7

Condition

The original SEFA provided by the County required several material adjustments after audit work commenced, resulting in material differences between the original amount of federal expenditures and the final amount of federal expenditures.

Criteria

Internal controls should be in place to ensure reports submitted to grantors include all related federal expenditures.

Status

Cleared.