



FREDERICK COUNTY GOVERNMENT INTERAGENCY INTERNAL AUDIT AUTHORITY

Tricia A. Griffis, Director of Internal Audit

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Memorandum

To: Interagency Internal Audit Authority – Board Members

From: Tricia A. Griffis, CPA
Director, Internal Audit Division

Date: January 8, 2014

Subject: Annual review of Frederick County, Frederick County Public Schools & Frederick Community College financial reports

The annual audits of Frederick County, Maryland, Frederick County Public Schools, and Frederick Community College have been completed by SB & Company, LLC as contracted by the County Commissioners, Board of Education and Board of Trustees, respectively. Below is a breakdown of each report presented by SB & Company along with my review of the results.

The following is a summary of the results of each report for **Frederick County, Maryland** (FCG):

- Comprehensive Annual Financial Report (CAFR)
 - Unmodified opinion
 - No noted prior period adjustments or restatements
 - One subsequent event in relation to a bond issue in August 2013.
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting control deficiencies noted
 - No noted instances of non-compliance with laws, regulations, contracts, grant agreements, etc.
- Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting control deficiencies noted.
 - No noted instances of non-compliance with federal grant programs.
- Single Audit report
 - Unmodified opinion
 - Low risk auditee
 - Total federal expenditures \$36,374,464
 - No CY or PY findings or deficiencies noted

- Annual required communications from the auditor
 - Not yet completed as of 1/6/14. On hold for Office of Children & Families audit report. Per Chris Lehman of SB, no management letter is deemed necessary and no issues were noted during the audits.
- 911 Trust Fund Audit of Revenue and Expenditures
 - Unmodified opinion, no issues noted
- Office for Children & Families audit of Revenue and Expenditures
 - As of 1/6/14, per SB & Company, not yet completed.
- Bell Court Apartments annual financial audit (as regulated by DHCD)
 - Annual audited financial statement report
 - Unmodified opinion
 - No prior period adjustments or restatements
 - Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting communication to management regarding control deficiencies noted
 - No non-compliance noted
 - Department of Housing and Community Development (DHCD) report on compliance with specific requirements
 - No issued noted, complied in all material respects
 - Electronic Filing to DHCD
 - Completed and accepted by DHCD

The following is a summary of the results of each report for **Frederick County Public Schools, Maryland (FCPS)**:

- CAFR
 - Unmodified opinion
 - No noted prior period adjustments or restatements
 - Subsequent event mentioned: 4 properties for sale by county in which the board will receive the proceeds through transfer.
 - No passed adjustments noted
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting control deficiencies noted
 - No noted instances of non-compliance with laws, regulations, contracts, grant agreements, etc.
- Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting control deficiencies noted.
 - No noted instances of non-compliance with federal grant programs.
- Single Audit report
 - Unmodified opinion
 - Low risk auditee
 - Total federal expenditures \$19,633,608
 - No CY or PY findings or deficiencies noted
- Annual required communications from the auditor
 - No passed adjustments noted
 - No issued noted during the audit
 - Controls appear to be running effectively
 - No instances of fraud or illegal acts noted

The following is a summary of the results of each report for **Frederick Community College, Maryland (FCC)** and the **Frederick Community College Foundation Inc.**

- Annual audited financial statement report (FCC)
 - Unmodified opinion
 - No noted prior period adjustments or restatements
 - No subsequent events noted
- Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting control deficiencies noted
 - No noted instances of non-compliance with laws, regulations, contracts, grant agreements, etc.
- Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133
 - No material weaknesses or significant deficiencies noted
 - No paragraph noting control deficiencies noted.
 - No noted instances of non-compliance with federal grant programs.
- Single Audit report
 - Unmodified opinion
 - Low risk auditee
 - Total federal expenditures \$9,248,906
 - No CY or PY findings or deficiencies noted
- Annual required communications from the auditor
 - No passed adjustments noted
 - No issued noted during the audit
 - Controls appear to be running effectively
 - No instances of fraud or illegal acts noted
- FCC Foundation- annual audited financial statement report
 - GAAP based financial statements
 - Unmodified opinion
 - No noted prior period adjustments or restatements
 - No subsequent events noted

I have reviewed each of the above listed reports (from management) and opinions from SB & Company. It appears that the reports were appropriately formulated and that the CAFRs have all necessary sections to obtain the Government Finance Officers Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting. New accounting pronouncements appear to have been properly implemented and noted. Overall each entity received a “clean” unmodified audit opinion and no material weaknesses or significant deficiencies were noted in any of the entities. Additionally, no compliance findings were noted on any of the single audit reports. During my review I had minor review comments and questions which will be provided to management of each entity.

From my review it appears that the management of FCG, FCPS and FCC are providing accurate and timely based financial reporting.

Please let me know if you have any specific questions to the above mentioned reports.

Pc: Dawn Reed, Administrative Coordinator, Internal Audit