



Frederick County Government  
Administrative Policies and Procedures

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Policy: Frederick County Policy on Financial Standing of Funded Entities

- Purpose: To provide guidelines for mitigating financial risks associated with mismanagement of County funds by external entities.
- Scope: This policy should help to ensure that external entities are accountable for their financial actions and transparent in the financial reporting when receiving County funding.
- Authority: County Executive  
Chief Administrative Officer

Procedures:

**Entities that the County provides funding to shall be in Financial Good Standing as defined below by the County:**

- Must meet state and federal audited financial statement deadlines, to include the Federal Single Audit filed to the Federal Audit Clearinghouse by the designated due date.
- Must have an unmodified opinion on the Report of Independent Public Accountants on the Audit of the Financial Statements.
- Must have an unmodified opinion on the Report of Independent Public Accountants 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, if such report is applicable, and an unmodified opinion on the Report of Independent Public Accountants on Compliance for Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance, if such report is applicable.

If an entity has an audit report that includes any noted material weaknesses, significant deficiencies or compliance findings, they must be responded to with a management corrective action plan that is reasonable and corrected within a timely manner (prior to the following year audit to avoid repeat findings). The management corrective action plan will be shared with the County.

Non-profits, as defined by the Internal Revenue Service (IRS), must meet state and federal audit deadlines as noted above, if applicable, as well as have filed their Federal Form 990 in a timely manner. Non-profits must also be in good standing with the following: <sup>1</sup>

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<sup>1</sup> Note: Under the Maryland Solicitations Act §6-402(b)(7), A charitable organization must file an audited financial statement prepared by an independent CPA if the gross income from charitable contributions is at least \$750,000. For organizations with gross annual contributions between \$300,000-\$750,000 financial statements must be reviewed or audited by an independent CPA.

- The Maryland State Department of Assessment and Taxation
- The Maryland Secretary of State's Charitable Division
- The IRS, as assessed via GuideStar's Charity Check

Any recipients of County funds will provide the County with a copy of their annual financial statements for all years for which funds are disbursed to recipient, no later than six months following the end of the fiscal year. For first year funding, the financial statements for the year prior to funding will be required.

If an entity fails to meet these criteria, the County may work with the entity on a probationary basis provided that the entity is able to prove a reasonable goal-oriented plan and/or has shown past good financial standing.

This policy shall become effective upon the date of issuance.

DocuSigned by: <i>John Peterson</i> 0090FF05084D471...	9/19/2024
John K. Peterson, Chief Administrative Officer	Date