

MONTGOMERY COUNTY MARYLAND

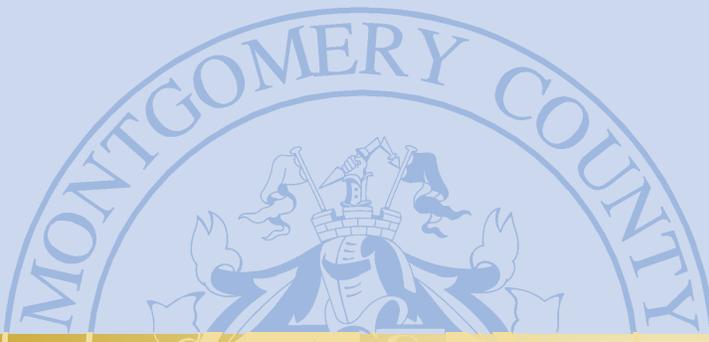
Report on Expenditures of Federal Awards



Prepared by the
DEPARTMENT OF FINANCE

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Fiscal Year 2021
July 1, 2020 - June 30, 2021



Vision

A More Equitable and Inclusive Montgomery County



Marc Elrich

MARC ELRICH

Thriving Youth and Families

Children need great schools, supportive families, and caring communities to help them succeed in life. We can give them the start they need by providing adequate funding for public schools, access to affordable early childhood education and expanded high school options, and support for programs that relieve stress on families through increased access to affordable housing and better-paying jobs.

A Growing Economy

A healthy business community is essential to our success. We will reinvigorate the county's direct involvement in economic activities by re-examining our regulations to make sure they are sensible, fair, and efficient; opening support centers that help both new and existing businesses; and developing an incubator and innovation climate to help local entrepreneurs bring their ideas into the world.

A Greener County

We recognize the urgency of global warming and will take concrete steps to address climate change. County government has committed to zero Greenhouse Gas emissions by 2035, an ambitious – but achievable – target. We will reduce our footprint by pursuing clean energy, energy efficiency, enhanced building design, reduction of waste, and developing a better transit system for our residents.

Easier Commutes

Moving people and goods more efficiently is an economic imperative and is essential to our quality of life. We will reduce traffic congestion by improving transit options, supporting Metro, encouraging telecommuting and implementing common-sense road improvements.

An Affordable and Welcoming County for a Lifetime

We will focus on initiatives that make Montgomery County a place where all residents can pursue their dreams regardless of race, ethnicity, age or economic circumstances.

Safe Neighborhoods

We will address crime and pedestrian safety issues and seek input from communities across the county on ways to address these issues. We plan to enhance opportunities for walking, biking, and creating neighborhood gathering places.

Effective, Sustainable Government

We will partner with county employees to make County Government more cost-effective and to deliver services more efficiently and responsively.

MONTGOMERY COUNTY, MARYLAND

**Single Audit Together with
Reports of Independent Public Accountants**

For the Year Ended June 30, 2021



SB & COMPANY, LLC
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JUNE 30, 2021

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable County Council of Montgomery County, Maryland
Rockville, Maryland

Report on the Financial Statements

We have audited the accompanying 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 of Montgomery County, Maryland (the County), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements.

Management's Responsibility for the Financial Statements

The County's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc., which represents 100% of the assets, net position and revenues of the component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the County, is based solely on the report of the other auditors. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Bethesda Urban Partnership, Inc. were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information for the general, housing initiative and grants funds, the schedule of County's proportionate share of the net OPEB liability, schedule of county contributions (OPEB), schedule of County's proportionate share of the net pension liability (Employees' Retirement System and Maryland State Retirement and Pension System), schedule of County contributions (Employees' Retirement System and Maryland State Retirement and Pension System), and schedule of changes in the total pension liability (Length of Service Award Program), and the notes to required supplementary information, as listed in the accompanying table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory and statistical section, combining and individual fund financial statements and special revenue funds schedules of revenues, expenditures, changes in fund balance – budget and actual and schedules of expenses – budget and actual (nonmajor enterprise funds and internal service funds) (supplementary data), are presented for purposes of additional analysis and are not a required part of the basic financial statements.



The combining and individual fund financial statements and supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic 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 by us and other auditors. In our opinion, based on our audit, the procedures described above, and the reports of the other auditors, the combining and individual fund financial statements and supplementary schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2021, on our consideration of the County's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal controls over financial reporting and compliance.

Other

As discussed in Note 1 to the financial statements, the County adopted the new accounting guidance from GASB Statement No. 87, Leases, No. 89, Accounting for Interest Costs Incurred Before the End of the Construction Period, No. 90, Majority Equity Interests, No. 97, Certain Component Unit Criteria, and No. 98, The Annual Comprehensive Financial Report. Our opinion is not modified with respect to this matter.

Owings Mills, Maryland
December 17, 2021



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON INTERNAL CONTROLS
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable County Council of Montgomery County, Maryland
Rockville, Maryland

We have audited in accordance with 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Montgomery County, Maryland (the County) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 17, 2021. The County's financial statements include the financial statements of Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, Montgomery County Revenue Authority, and Bethesda Urban Partnership, Inc. as described in our report on the County's financial statements. Our audit described below did not include operations of these entities because these entities engaged for their own separate audits in accordance with *Government Auditing Standards* and Montgomery County Revenue Authority and Bethesda Urban Partnership, Inc. were not audited in accordance with *Government Auditing Standards*.

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal controls over financial reporting (internal controls) 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 County's internal controls. Accordingly, we do not express an opinion on the effectiveness of the County's internal controls.

A *deficiency in internal controls* 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal controls 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. 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*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal controls and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity’s internal controls 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 controls and compliance. Accordingly, this communication is not suitable for any other purpose.

Owings Mills, Maryland
December 17, 2021

A handwritten signature in black ink that reads "SB & Company, LLC". The signature is written in a cursive, flowing style.



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Honorable County Council of Montgomery County, Maryland
Rockville, Maryland

Report on Compliance for Each Major Federal Program

We have audited Montgomery County, Maryland's (the County's) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the County's major Federal programs for the year ended June 30, 2021. The County's major Federal programs are identified in the Summary of Independent Public Accountant's Results section of the accompanying Schedule of Findings and Questioned Costs.

The County's basic financial statements include the operations of Montgomery County Public Schools, Housing Opportunities Commission of Montgomery County, Montgomery College, and Montgomery County Revenue Authority, which received Federal awards that are not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of these entities because auditors were engaged to perform a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our compliance audit 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the County'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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2021.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002. Our opinion on each major Federal program is not modified with respect to these matters.

The County's responses to the noncompliance findings identified in our audit are described in Section V – Corrective Action Plans. The County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Controls over Compliance

Management of the County is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our compliance audit, we considered the County's internal controls over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal controls over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal controls over compliance.

A deficiency in internal controls 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 controls 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 on a timely basis.



A significant deficiency in internal controls over compliance is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal controls over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal controls over compliance that we consider to be material weaknesses.

The purpose of this report on internal controls over compliance is solely to describe the scope of our testing of internal controls 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, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated December 17, 2021, which contained unmodified opinions on those financial statements. Our audit was conducted 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.

Owings Mills, Maryland
March 30, 2022

MONTGOMERY COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Grant Title	Federal Assistance Listing	Pass Through Agency	Federal/Pass Through State Grant Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Agriculture:					
SNAP Cluster -					
State Administrative Matching Grant for Food Stamps	10.561	Maryland Department of Human Services	Md. State HB 669	\$ 8,548,248	\$ -
<i>Total SNAP Cluster</i>				<u>8,548,248</u>	<u>-</u>
Total Department of Agriculture					
Department of Defense - Office of Economic Adjustment:					
Maryland Crossing Route 355	12.600	Direct	Unknown	8,147,347	-
Base Realignment and Closure (BRAC)	12.607	Direct	MIR 1228-20-01	18,782	-
Total Department of Defense				<u>8,166,129</u>	<u>-</u>
Department of Housing and Urban Development:					
CDBG Entitlement Grants Cluster-				4,769,499	198,499
Community Development Block Grant (CDBG)	14.218	Direct	Unknown	<u>4,769,499</u>	<u>198,499</u>
<i>Total CDBG - Entitlement Grants Cluster</i>					
Emergency Solutions Grant Program	14.231	Direct	Unknown	165,273	-
Emergency Solutions Grant Program	14.231	Direct	Unknown	321,247	-
ESG Cares Act Funding	14.231	Direct	Unknown	2,160,501	-
Balance of Outstanding Loans as of 06/30/2021	14.239	Direct	Unknown	36,989,033	-
Home Investment Partnerships Program	14.239	Direct	Unknown	274,188	-
Continuum of Care Homeless Assistance	14.267	Direct	Unknown	52,433	-
Housing for People with AIDS (HOPWA)	14.241	Direct	AD698HOP	1,085,753	-
Homeless Management Information Capacity Building	14.261	Maryland Department of Health	MD043 IHG011800	6,983	-
Total Department of Housing and Urban Development				<u>45,824,910</u>	<u>198,499</u>
Department of Justice:					
Coronavirus Emergency Supplemental Funding	16.034	Direct	2020-VD-BX-1175	239,737	-
Regional Fugitive Gang Task Force	16.111	Direct	JLEO-21-0128	28,794	-
NIJ DNA Backlog Award	16.741	Direct	2018-DN-BX-0110	25,352	-
NIJ DNA Backlog Award	16.741	Direct	2019-DN-BX-0031	183,098	-
DNA Backlog Reduction	16.741	Direct	2020-DN-BX-0126	40,051	-
Sexual Assault Service Program	16.017	Direct	SAVP-2019-0007	3,916	-
FY20 SAO VOCA Victim Services	16.575	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2018-0025	19,923	-
FY21 SAO VOCA (Victim Services)	16.575	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2019-0021	118,198	-
Sexual Assault Victims Services	16.575	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2018-0152	201,978	-
Multicultural Intervention	16.575	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2018-0113	101,725	-
Multicultural Intervention	17.575	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2019-0022	389,564	-
VOCA-Victim Assistance Svcs	17.575	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2018-0049	150,714	-
Protective Order Enforcement	16.588	Governor's Office of Crime Prevention, Youth and Victim Services	VOCA-2019-0071	221,697	-
STOP Domestic Violence	16.588	Governor's Office of Crime Prevention, Youth and Victim Services	VAWA-2020-0026	42,000	-
Lethality Assessment Advocate	16.588	Governor's Office of Crime Prevention, Youth and Victim Services	VAWA-2020-0018	54,671	-
BIAG Computer Replacement Project	16.738	Governor's Office of Crime Prevention, Youth and Victim Services	VAWA-2020-0032	16,339	-
DNA Backlog Award	16.741	Governor's Office of Crime Prevention, Youth and Victim Services	BIAG-2018-0021	67,773	-
Montgomery County HHS COVID-19	16.742	Governor's Office of Crime Prevention, Youth and Victim Services	CESF-2020-0075	8,474	-
Paul Coverdell Award	16.742	Governor's Office of Crime Prevention, Youth and Victim Services	CESF-2020-0020	31,549	-
Latent Print Enhancement Project	16.742	Governor's Office of Crime Prevention, Youth and Victim Services	CFSI-2020-0004	51,771	-
Total Department of Justice				<u>2,052,910</u>	<u>-</u>

The accompanying notes are an integral part of this schedule.

MONTGOMERY COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Grant Title	Federal Assistance Listing	Pass Through Agency	Federal/Pass Through State Grant Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Labor:					
Welcome Back Center	17,258	Maryland Department of Labor	Unknown	32,000	-
Welcome Back Center	17,259	Maryland Department of Labor	Unknown	33,000	-
Welcome Back Center	17,278	Maryland Department of Labor	Unknown	35,000	-
Total Department of Labor				100,000	-
Department of Transportation:					
Aggressive Driving Award	20,600	Maryland Department of Transportation	LE-MC-126	9,997	-
Impaired Driving Enforcement	20,616	Maryland Department of Transportation	LE-21-127	27,483	-
Law Enforcement Grant	20,616	Maryland Department of Transportation	LE-21-025	2,469	-
Total Department of Transportation				39,949	-
Department of the Treasury:					
Coronavirus Relief Fund (CRF) - COVID-19	21,019	Direct	Unknown	141,593,809	37,882,265
Emergency Rental Assistance Program (ERAP) - COVID-19	21,023	Direct	Unknown	3,841,710	-
American Recovery Plan Act (ARPA) - COVID-19	21,027	Direct	Unknown	91,950,001	-
American Recovery Plan Act (ARPA) - COVID-19	21,027	Direct	Unknown	58,100	-
Total Department of the Treasury				237,443,620	37,882,265
Institute of Museum and Library Services:					
LSTA CARES ACT GRANT	45,310	Maryland State Library	SG-521341	34,699	-
Staff Development Grant	45,310	Maryland State Library	SG-520116	35,156	-
Total Institute of Museum and Library Services				69,855	-
Department of Education:					
Special Education (IDEA) Cluster - Infants and Families with Disabilities	84,027A	Maryland State Department of Education	SG-201843	602,884	602,884
Infants and Families with Disabilities	84,173A	Maryland State Department of Education	SG-201842	58,340	-
Total Special Education (IDEA) Cluster				661,224	602,884
Infants and Families with Disabilities	84,181A	Maryland State Department of Education	SG-200410	125,842	-
Families with Disabilities	84,181A	Maryland State Department of Education	SG-210273	1,358,150	-
Preschool Development Birth through Five	93,434	Maryland State Department of Education	SG-201771	24,681	-
Total Department of Education				2,169,897	602,884
Department of Health and Human Services:					
Head Start	93,600	Direct	03CH9990-05-00	190,791	-
Head Start	93,600	Direct	03CH011745-01	4,554,627	3,072,332
Aging Cluster -					
Title III, Part B - Supportive Services and Senior Centers	93,044	Maryland Department of Aging	650120/14	254,749	-
Title III, Part B - Supportive Services and Senior Centers	93,044	Maryland Department of Aging	650121/14	667,695	-
Title III, Part B - Supportive Services and Senior Centers	93,044	Maryland Department of Aging	654520/14	404,583	-
Title III, Part C - Nutrition Services	93,045	Maryland Department of Aging	650320/14	46,041	-
Title III, Part C - Nutrition Services	93,045	Maryland Department of Aging	650320/14	687,281	-
Title III, Part C - Nutrition Services	93,045	Maryland Department of Aging	650321/14	595,574	-
Title III, Part C - Nutrition Services	93,045	Maryland Department of Aging	652420/14	624,528	-
Title III, Part C - Nutrition Services	93,045	Maryland Department of Aging	654520/14	970,999	-
Nutrition Service Incentive Program	93,053	Maryland Department of Aging	650321/14	2,514	-
Nutrition Service Incentive Program	93,053	Maryland Department of Aging	650519/14	57,556	-
Total Aging Cluster				89,746	-
				4,401,266	-

The accompanying notes are an integral part of this schedule.

MONTGOMERY COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Grant Title	Federal Assistance Listing	Pass Through Agency	Federal/Pass Through State Grant Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Health and Human Services: (continued)					
Special Programs for the Aging - Ombudsman Services	93.041	Maryland Department of Aging	650921/14	18,000	-
Special Programs for the Aging - Ombudsman Services	93.042	Maryland Department of Aging	650721/14	59,964	-
Title III, Part D - Supportive Services and Senior Centers	93.043	Maryland Department of Aging	650621/14	52,569	-
Senior Medicare Patrol	93.048	Maryland Department of Aging	653421/14	24,910	-
Older American Act, Title III E	93.052	Maryland Department of Aging	652020/14	183,212	-
Older American Act, Title III E	93.052	Maryland Department of Aging	650021/14	335,374	-
Cares Act Title III	93.052	Maryland Department of Aging	654521/14	197,675	-
Medicare Imp For Patients	93.071	Maryland Department of Aging	653721/14	21,283	-
States Health Insurance Program (SHIP)	93.524	Maryland Department of Aging	651520/14	87,968	-
Temporary Assistance for Needy Families (TANF) Cluster - Temporary Assistance for Needy Families	93.558	Maryland Department of Human Services	Md. State HB 669	6,101,950	-
<i>Total Temporary Assistance for Needy Families (TANF) Cluster</i>					
Child Care and Development Fund (CCDF) Cluster - Early Childhood Mental Health Consultation For Children Birth to Five	93.575	Maryland State Department of Education	SG-210515	173,088	-
<i>Total Child Care and Development Fund (CCDF) Cluster</i>					
Medicaid Cluster -					
Nursing Home Reimbursement	93.777	Maryland Department of Human Services	Unknown	749,852	-
Title XIX - Certification	93.778	Maryland Department of Human Services	Md. State HB 669	5,103,161	-
Title XIX - Health Related Services	93.778	Maryland Department of Human Services	Md. State HB 669	321,641	-
Federal Financial Participation - Title XIX	93.778	Maryland Department of Human Services	Unknown	5,935,707	-
Federal Financial Participation - Title XIX	93.778	Maryland Department of Human Services	Unknown	7,213,164	-
Federal Financial Participation - Title XIX	93.778	Maryland Department of Human Services	Unknown	1,863,007	-
Medical Assistance - Medicaid Transport	93.778	Maryland Department of Health	Unknown	1,118,792	-
Parents with Children Eligibility (PWC)	93.778	Maryland Department of Health	MA286ACM	1,722,034	-
Administrative Care Coordination	93.778	Maryland Department of Health	MA020EPS	428,490	-
ACCESS Harm Reduction Grant	93.778	Maryland Department of Health	AD793AHR	166,373	-
SOR MAT in Jail	93.778	Maryland Department of Health	BH237SUP	59,438	-
Community BH-Adult Substance Use Disorder Services	93.778	Maryland Department of Health	BH258SOR	257,422	-
Connector Entity Program for Navigator Services	93.778	Maryland Health Benefit Exchange	08-0X1	940,646	-
I & T - Chlg - Medicaid	93.778	Maryland State Department of Education	Unknown	1,919,324	-
<i>Total Medicaid Cluster</i>					
				27,799,051	-

The accompanying notes are an integral part of this schedule.

MONTGOMERY COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Grant Title	Federal Assistance Listing	Pass Through Agency	Federal/Pass Through State Grant Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Health and Human Services: (continued)					
Title IV-E Guardianship	93.090	Maryland Department of Human Services	Md. State HB 669	7,402	-
Family Preservation	93.556	Maryland Department of Human Services	Md. State HB 669	142,861	-
Title IV-D - Child Support	93.563	Maryland Department of Human Services	Md. State HB 669	136,083	-
Child Support Enforcement	93.563	Maryland Department of Human Services	CSA/CRA-19-043	834,608	-
Low Income Home Energy Assistance	93.568	Maryland Department of Human Services	Md. State HB 669	1,161,871	-
Title IV-B Child Welfare Services	93.645	Maryland Department of Human Services	Md. State HB 669	363,694	-
Foster Care Title IV-E Administration	93.658	Maryland Department of Human Services	Md. State HB 669	3,039,100	-
Title IV-E - Adoption	93.659	Maryland Department of Human Services	Md. State HB 669	92,230	-
Social Services Block Grant SSBG	93.667	Maryland Department of Human Services	Md. State HB 669	4,606,715	-
Child Abuse and Neglect	93.669	Maryland Department of Human Services	Md. State HB 669	991	-
Children Insurance Program (CHIP)	93.767	Maryland Department of Human Services	Md. State HB 669	262,095	-
Public Health Emergency Preparedness	93.069	Maryland Department of Human Services	Md. State HB 669	692,160	-
Tuberculosis Control	93.116	Maryland Department of Health	CH822PHIP	153,143	-
PATH - Transition from Homelessness	93.150	Maryland Department of Health	CH015TBF	110,804	-
CDC Ending the HIV Epidemic	93.118	Maryland Department of Health	MH1700TH	61,164	-
Community BH-Adult Substance Use Disorder Services	93.136	Maryland Department of Health	AD802ETE	82,530	-
COVID Immunization CARES 1	93.268	Maryland Department of Health	AS4500DA	319,683	-
COVID Mass Vacc CARES	93.268	Maryland Department of Health	IZ816COV	88,000	-
Immunization Cooperative Agreements	93.268	Maryland Department of Health	MV616COV	313,239	-
COVID-19 Community Health Worker	93.323	Maryland Department of Health	CH354HMM	787,385	-
Oral Health Dental Sealants	93.566	Maryland Department of Health	ID916EDG	7,960	-
Medical Assistance - Admin Care Coordination	93.77	Maryland Department of Health	FHC60SEA	85,698	-
Pw/Md Kids Count Eligibility	93.77	Maryland Department of Health	MA020EPS	269,449	-
Early Detect & Control Breast	93.90	Maryland Department of Health	MA286ACM	143,680	-
Ryan White II - Consortia Services	93.917	Maryland Department of Health	FH438CBC	1,669,777	-
Implement Ending HIV Epidemic	93.940	Maryland Department of Health	AD486RWS	679,677	-
HIV Prevention Activities Health Department Based	93.940	Maryland Department of Health	AD804SUP	80,658	-
HIV Partner Services	93.958	Maryland Department of Health	AD826IEH	473,928	-
Community Mental Health Services	93.959	Maryland Department of Health	AD348PRV	110,602	-
Prevention and Treatment of Substance Abuse	93.959	Maryland Department of Health	CH632STD	569,787	-
Integration of Sexual Health & Recovery	93.959	Maryland Department of Health	MH234OTH	350,317	-
Overdose Misuse Prevention	93.959	Maryland Department of Health	AS24IFED	89,100	-
Prevention and Treatment of Substance Abuse	93.959	Maryland Department of Health	AD680INT	68,704	-
Children With Special Care	93.994	Maryland Department of Health	MU011OMP	364,257	-
Research and Development Cluster -				68,197	-
Microbiology Infectious Disease Research - HIV Positive Women	93.855	Georgetown University	411952_GR411276-MCH	75,188	-
<i>Total Research and Development Cluster</i>					
Community Services Block Grant - FY17	93.569	Maryland Department of Housing and Community Development	Unknown	181,521	-
Community Services Block Grant - FY18	93.569	Maryland Department of Housing and Community Development	G-1901MDCOSR	403,908	-
Comp Domestic Violence Svs	93.671	Governor's Office of Crime Prevention, Youth and Victim Services	FVPS-2020-0007	189,755	-
CSBG Supplemental - CARES	93.569	Maryland Department of Housing and Community Development	CSBG-ND-2020-NCCAA-00152	7,651	-
End the HIV Epidemic	93.686	Government of the District of Columbia	G-21E081	287,717	-
Total Department of Health and Human Services				63,635,017	3,072,332

The accompanying notes are an integral part of this schedule.

MONTGOMERY COUNTY, MARYLAND

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

Grant Title	Federal Assistance Listing	Pass Through Agency	Federal/Pass Through State Grant Number	Total Federal Expenditures	Passed Through to Subrecipients
Corporation for National and Community Service:					
Retired and Senior Volunteer Program	94.002	Direct	18SRAMD004	65,557	-
Retired and Senior Volunteer Program	94.002	Direct	18SRAMD004	16,295	-
MILK Grant	94.014	Direct	19MKHMDC001	18,031	-
Total Corporation for National and Community Service					
Department of Homeland Security:					
Urban Search and Rescue (US&R) Program	97.025	Federal Emergency Management Agency	EMW-2017-CA-00078-S01	142,175	-
Hurricane Florence	97.025	Federal Emergency Management Agency	Unknown	1,192	-
Urban Search & Rescue Grant	97.025	Federal Emergency Management Agency	EMW-2018-CA-00053	113,151	-
Urban Search & Rescue Grant	97.025	Federal Emergency Management Agency	EMW-2019-CA-00082	301,977	-
Urban Search & Rescue Grant	97.025	Federal Emergency Management Agency	EMW-2020-CA-00027-S01	618,516	-
Tropical Cyclones-Baton Rouge	97.025	Federal Emergency Management Agency	Activation #2020-0027	295,356	-
Oregon Wildfires	97.025	Federal Emergency Management Agency	Activation #2020-0106	36,284	-
Tropical Cyclone Delta	97.025	Federal Emergency Management Agency	Alert Order #2020-0154	5,551	-
59th Presidential Inauguration	97.025	Federal Emergency Management Agency	Activation 2021-21	216,626	-
Champlain Tower Collapse	97.025	Federal Emergency Management Agency	Activation #2021-0014a	9,048	-
Assistance to Firefighters - COVID-19 Supplemental Award	97.044	Federal Emergency Management Agency	EMW-2020-FG-00165	249,761	-
Assistance to Firefighters Exhaust Grant	97.044	Federal Emergency Management Agency	EMW-2019-FG-04964	84,073	-
Staffing for Adequate Fire & Rescue Service	97.083	Federal Emergency Management Agency	EMW-2016-FH-00482	141,067	-
Emergency Management Response Capability Enhancement	97.067	DC - Homeland Security and Emergency Management Agency	18UASI535-07	50,554	-
Unmanned Aerial Systems Capability- MC	97.067	DC - Homeland Security and Emergency Management Agency	18UASI535-08	50,698	-
Tactical Equipment for Law Enforcement	97.067	DC - Homeland Security and Emergency Management Agency	18UASI535-11	7,763	-
Program Administration-Montgomery County	97.067	DC - Homeland Security and Emergency Management Agency	18UASI535-13	4,407	-
FFY18 Radio Cache (NCRICG) Subscriber Replacement	97.067	DC - Homeland Security and Emergency Management Agency	18UASI535-17	1,493,371	-
FF2019 Regional Preparedness System	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-01	275,534	-
FF2019 Volunteers and Donations Management	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-02	200,661	-
FF2019 (LinX) Law Enforcement Info Exchange	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-03	621,077	-
FF2019 Radio Cache (NCRICG)	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-04	135,050	-
FF2019 Public Health Emergency Response	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-06	72,387	-
FF2019 Unmanned Aerial Systems	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-08	50,356	-
FF2019 Public Access Bleeding	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-09	154,806	-
FF2019 Emergency Operations Center Enhancements	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-10	115,243	-
FF2019 Tactical Equipment for Law Enforcement	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-11	159,652	-
FF2019 Disaster Recovery Plan for Enterprise Resource Planning	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-12	256,975	-
FF2019 Program Administration	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-13	52,314	-
FFY18 UASI Rockville Police Support	97.067	DC - Homeland Security and Emergency Management Agency	18UASI535-18	39,999	-
FF2020 Regional Preparedness System	97.067	DC - Homeland Security and Emergency Management Agency	20UASI535-01	363,325	-
FF2019 Hospital Surge Equipment	97.067	DC - Homeland Security and Emergency Management Agency	19UASI535-05	19,986	-
FF2020 Emergency Management Performance Grant	97.042	Maryland Emergency Management Agency	20-SR-8852-01	173,375	-
FF2020 Emergency Management Performance Program COVID-19 Supplement	97.042	Maryland Emergency Management Agency	20-SR-8852-02	94,439	-
FF2019 State Homeland Security Program	97.042	Maryland Emergency Management Agency	19-SR8852-01	324,429	-
Total Department of Homeland Security				6,931,178	-
Total Expenditures of Federal Awards				\$ 375,081,596	\$ 41,755,980

The accompanying notes are an integral part of this schedule.

MONTGOMERY COUNTY, MARYLAND

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of the primary government of Montgomery County, Maryland (the County), and is presented on the accrual basis of accounting. Federal awards of component units of the County reporting entity are not included in this Schedule.

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). Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements. Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant programs noted below. These programs represent Federal award programs for fiscal year 2021 cash and non-cash expenditures to ensure coverage of at least 20% of Federally granted funds. Actual coverage is 76% of total cash and non-cash Federal award program expenditures.

Federal Department / Grant Title	Federal Assistance Listing	Federal Expenditures
Department of Agriculture		
SNAP Cluster	10.551/10.561	\$ 8,548,248
Department of Treasury		
Coronavirus Relief Fund (CRF) - COVID 19	21.019	141,593,809
Emergency Rental Assistance Program (ERAP) - COVID 19	21.023	3,841,710
American Recovery Plan Act (ARPA) - COVID 19	21.027	92,008,101
Department of Health and Human Services		
Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714	6,101,950
Social Services Block Grant (SSBG)	93.667	4,606,715
Medicaid Cluster	93.777/93.778/93.775	27,799,051
		<u>\$ 284,499,584</u>

Expenditures of Federal award grant funds are made for the purposes specified by the grantor and are subject to certain restrictions. Expenditures are also subject to audit by the relevant Federal agency. In the opinion of management, disallowed costs, if any, from such audits will not have a material effect on this Schedule or the financial position of the County.

2. LOAN PROGRAMS WITH CONTINUING COMPLIANCE REQUIREMENTS

The County participates in the Home Investment Partnership Act Federal loan program. The balance of loans from previous years and current year loan activity, as required under the Uniform Guidance, are presented in the Schedule. As of June 30, 2021, the outstanding loan balance was approximately \$37 million.

MONTGOMERY COUNTY, MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

3. MARYLAND STATE DEPARTMENT OF EDUCATION (MSDE)

MSDE awarded grants from two different Federal agencies. The total Federal expenditures passed-through MSDE for the year ended June 30, 2021 was \$4,262,309. The expenditures are presented in the Schedule under the Department of Education (Assistance Listing numbers 84.027A, 84.173A, 84.181A) and the Department of Health and Human Services (Assistance Listing numbers 93.434, 93.575, 93.778).

4. INDIRECT COST

The County did not elect to use the 10-percent de minimis cost rate for indirect costs.

5. RECONCILIATION OF FINANCIAL STATEMENTS TO THE SCHEDULE OF FEDERAL AWARDS

Total expenditures per the Schedule of Expenditures of Federal Awards reconciles to the County's financial statements for the year ended June 30, 2021, as follows:

	<u>Amount</u>
Governmental Grants per Audited Financial Statements	\$ 580,584,832
Less: State and Local Grants	<u>(205,503,236)</u>
Federal Expenditures	<u>\$ 375,081,596</u>

MONTGOMERY COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I – Summary of Independent Public Accountants’ Results

Financial Statements

Type of Independent Public Accountants’ report issued:	Unmodified
Internal controls over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies?	None reported
Noncompliance material to financial statements?	No

Federal Awards

Type of Independent Public Accountants’ report issued on compliance for major program:	Unmodified
Internal controls over major program:	
Material weakness(es) identified?	No
Significant deficiencies?	No
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance?	Yes

Identification of Major Programs:

Major Programs	Federal Assistance Listing	Federal Expenditures
Department of Agriculture		
SNAP Cluster	10.551/10.561	\$ 8,548,248
Department of Treasury		
Coronavirus Relief Fund (CRF) - COVID 19	21.019	141,593,809
Emergency Rental Assistance Program (ERAP) - COVID 19	21.023	3,841,710
American Recovery Plan Act (ARPA) - COVID 19	21.027	92,008,101
Department of Health and Human Services		
Temporary Assistance for Needy Families (TANF) Cluster	93.558/93.714	6,101,950
Social Services Block Grant (SSBG)	93.667	4,606,715
Medicaid Cluster	93.777/93.778/93.775	27,799,051
		\$ 284,499,584
Threshold for disinguishing between Type A and B programs		\$ 3,000,000
Did the County qualify as a low risk auditee?		Yes

MONTGOMERY COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section II - Financial Statement Findings

None noted.

MONTGOMERY COUNTY, MARYLAND

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs

Finding 2021-001

**U.S. Department of the Treasury
Assistance Listing Number 21.027 – American Recovery Plan Act (ARPA) – COVID-19
Non-compliance with Period of Performance
Repeat Findings: No**

Criteria:

The period of performance for the award begins on the date the awards are issued (i.e., the date funds are disbursed to recipients) and ends on December 31, 2026, pursuant to the Financial Assistance Agreement.

Recipients may only use funds to cover costs incurred during the period beginning on March 3, 2021 and ending on December 31, 2024 per section 602(g)(1) of the Social Security Act as added by section 9901 of the American Rescue Plan Act of 2021, Pub. L. No. 117-2 and Treasury's Interim Final Rule at 31 C.F.R. § 35.5(a). Recipients must liquidate all obligations incurred by December 31, 2024 under the award no later than December 31, 2026, which is the end of the period of performance. As such, auditors should test that recipients only used award funds to cover costs incurred from the period beginning on March 3, 2021 and ending on December 31, 2024. Auditors should also test that recipients did not incur and apply to their award any new costs during the period beginning December 31, 2024 and ending on December 31, 2026. During this two-year period, recipients are only permitted to liquidate all obligations they incurred by December 31, 2024.

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Condition and Context:

For 3 out of 40 selections, the service period occurred between February 1, 2021 and February 29, 2021; however, the grant award can only be used to cover costs incurred during the period beginning on March 3, 2021.

Cause:

Expenses were incurred outside the allowable period of performance. The County did not have controls in place to prevent costs incurred outside the period of performance being charged to the grant.

MONTGOMERY COUNTY, MARYLAND

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs (continued)

Finding 2021-001 (continued)

Effect or Potential Effect:

The County is not in compliance with the period of performance requirements.

Questioned Costs:

\$37,671

Recommendation:

We recommend the County establish and implement controls to allow only costs within a period of performance to be charged to the grant and ensure adequate reviews are in place to monitor the control.

Views of Responsible Officials:

The County agrees with the finding but notes it is specific to the American Recover Plan Act. The County has controls in place that provides reasonable assurance that the County is managing Federal awards in compliance with Federal statutes. As noted in the corrective action plan below, this finding is specific to identifying costs of government services to the extent of the revenue loss due to the pandemic. Due to the unique circumstances of this one-time event, a new process was put in place to identify eligible costs from a population of significant size. While this process inadvertently picked up \$37,671 of costs incurred between February 1, 2021 and February 29, 2021, the County has determined there are also approximately \$20.5 million of eligible government services costs that were not applied against the revenue loss but could have been. Please refer to the Corrective Action Plan Section in this report.

MONTGOMERY COUNTY, MARYLAND

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

Section III - Federal Award Findings and Questioned Costs (continued)

Finding 2021-002

**U.S. Department of the Treasury
Assistance Listing Number 21.019 – Coronavirus Relief Fund (CRF) – COVID-19
Non-compliance with Subrecipient Monitoring
Repeat Findings: No**

Criteria:

A pass-through entity (PTE) must clearly identify to the subrecipient the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.331(a)(1); all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.331(a)(2)); and any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the Federal award (e.g., financial, performance, and special reports) (2 CFR section 200.331(a)(3)).

Condition and Context:

For 2 out of 3 selections, the agreement with the subrecipient did not clearly identify the Federal assistance listing. Additionally, the agreement did not contain the information described in 2 CFR section 200.331(a).

Cause:

The County did not inform its subrecipients of Federal requirements included in Uniform Guidance related to procedures required for subrecipient monitoring.

Effect or Potential Effect:

The subrecipient may not be in compliance with Uniform Guidance, therefore causing the County to not be in compliance with Uniform Guidance.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the County prepare and maintain a written plan to ensure subrecipients are aware of the Uniform Guidance requirements.

Views of Responsible Officials:

The County agrees with the finding but notes it is specific to the Coronavirus Relief Fund (CRF). The unusual one-time nature and evolving Federal guidance surrounding the CRF contributed to this instance of noncompliance. The County will incorporate the auditors' recommendation into its existing processes and procedures. Please refer to the Corrective Action Plan Section in this report.

MONTGOMERY COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section IV – Summary Schedule of Prior Year Findings

Finding 2020-001

**U.S. Department of Homeland Security
CFDA 97.025 - National Urban Search and Rescue (US&R) Response System
Deficiency over Reporting
Repeat Findings: No**

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.302: Financial management. (a) Each State must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Condition and Context:

We were unable to agree the expenditures reported in the Final SF-425 Federal Financial Report to the amount recorded in the general ledger.

2021 Status:

Finding remains as stated.

MONTGOMERY COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section V – Corrective Action Plans

Marc Elrich
County Executive



Michael Coveyou
Director

DEPARTMENT OF FINANCE

March 31, 2022

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
For the Year Ended June 30, 2021**

Finding Number	Planned Corrective Plan	Anticipated Completion Date	Responsible Contact Person
2021-001	Montgomery County concurs with the finding. In selecting costs of government services to the extent of revenue loss due the pandemic, the County included items that were incurred prior to March 2, 2021, due to the timing of vendor invoicing and the retrospective nature the application. The County has re-examined the population of government services costs and identified eligible items that could take the place of three out of period audit selections. Going forward, the identification for uses of ARPA funds will be determined prior to incurring those expenses.	March 30, 2022	Michael Lee, General Accounting Manager

MONTGOMERY COUNTY, MARYLAND

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

2021-002	Montgomery County concurs with the finding. Based on the information included in 2 CFR § 200.331 through 2 CFR § 200.333, the Department of Finance will produce a written communication that outlines the requirements and responsibilities related to subrecipient monitoring. The document will be incorporated into existing County processes, where appropriate, which may include the Departments of Finance’s annual year-end department training sessions and distribution and review with targeted departments.	June 30, 2022	Mauricio Delgado, Grants Supervisor
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Prepared by the:
Department of Finance
Division of the Controller
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