

HARFORD COUNTY, MARYLAND
REPORT ON SINGLE AUDIT
YEAR ENDED JUNE 30, 2024



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**HARFORD COUNTY, MARYLAND
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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable Members of the County Council
Harford County, Maryland

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Harford County, Maryland (the County), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 7, 2024. Our report includes a reference to other auditors who audited the financial statements of Harford County Public Library and the Harford Center, Inc., as described in our report on the County's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for Harford County Public Schools and Harford Community College as we have issued separate reports for Harford County Public Schools and Harford Community College. The financial statements of the Harford Center, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Harford Center, Inc..

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
October 7, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE, AND ON THE SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Members of the County Council
Harford County, Maryland

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Harford County, Maryland's (the County) compliance with the types of compliance requirements described in the *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, 2024. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County 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, 2024.

The County's basic financial statements include the operations of Harford County Public Schools, Harford Community College, Harford County Public Library, and the Harford Center, Inc., discretely presented component units. Federal awards expended by these discretely presented component units are not included in the County's schedule of expenditures of federal awards for the year ended June 30, 2024. Our audit, described below, did not include the operations of these discretely presented component units because these discretely presented component units engaged other auditors to perform an audit of compliance.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the County's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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 2024-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Harford County's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Harford County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-001, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on Harford County's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Harford County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Honorable Members of the County Council
Harford County, Maryland

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, the aggregate remaining fund information of the County, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated October 7, 2024, 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 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. 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
December 5, 2024

**HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024**

Federal Agency	Federal Program	Assistance Listing Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Commerce	Cluster Grants	11.020	NA	ED23OIE0G0131	\$ 58,675	\$ -
	Coastal Zone Management Estuarine Research Reserves	11.420	Maryland Department of Natural Resources	14-22-2992 CBR 128	50,000	-
	Department of Commerce Total				108,675	-
Department of Housing and Urban Development	Housing Counseling Assistance Program	14.169	NA	FR-63000-N-33	52,543	-
	Community Development Block Grants/Entitlement Grants Cluster:			B-19-UC-24-0013, B-22- UC-24-0013, B17UC240013, B-16-UC- 24-0013, B17UC240013		
	Community Development Block Grant/Entitlement Grants	14.218	NA		1,017,572	-
	COVID-19 - Community Development Block Grants/Entitlement Grants -CARES	14.218	NA	M21-UP240202	378,423	-
			Cluster Total		<u>1,395,995</u>	<u>-</u>
				M19-UC240202, M21- UC240202, M17UC240202, B6 8/1 0205, M20-UC240202		
	Home Investment Partnerships Program	14.239	NA		443,892	-
	COVID-19 - Home Investment Partnerships Program-ARPA	14.239	NA	M21-UP240202	6,114	-
			14.239 Total		<u>450,006</u>	<u>-</u>
				4000-490821-3573-763206- 603051, 4000-GRT001370- CCA000625-SC630351		
	Housing Opportunities for Persons with AIDS	14.241	NA		138,343	-
	Housing Voucher Cluster: Section 8 Housing Choice Vouchers	14.871	NA	MD025	10,894,137	-
	Mainstream Vouchers	14.879	NA	MD025	698,814	-
			Cluster Total		<u>11,592,951</u>	<u>-</u>
	Family Self-Sufficiency Program	14.896	NA	FSS22MD4725-01-00, FR- 6300-N-04	36,176	-
	Department of Housing and Urban Development Total				13,666,014	-
National Fish and Wildlife Foundation	Adaptive Science	15.670	NA	F23AC01888	1,500	-
National Fish and Wildlife Foundation Total					1,500	-
Department of the Interior (DOI)	Historic Preservation Fund Grants-In-Aid	15.904	Maryland Department of Planning	P22AF01249-00	18,130	-
Department of the Interior Total					18,130	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Agency	Federal Program	Assistance Listing Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Justice	Joint Law Enforcement Operations	16.111	NA	JLEO-24-0920	\$ 3,259	\$ -
	Crime Victim Assistance	16.575	Governor's Office of Crime Control & Prevention	15POVC-22-GG-00758- 15PBJA-20-RR-00282- SCAA, 15PBJA-23- RR05713-SCAA	73,420	-
	State Criminal Alien Assistance Program	16.606	NA		177,180	-
	Edward Byrne Memorial Justice Assistance Grant Program	16.738	NA	BJAG-2019-0030, int 2019- MU-BX-0019, 15PBJA-23- GG-06065-JAGX	101,536	-
	Equitable Sharing Program	16.922	NA	NA	208,728	-
	Department of Justice Total				564,123	-
Department of Labor	WIOA Cluster:					
	WIOA Adult Program	17.258	Maryland Department of Labor	P36-SQ-PY22-A, P46-SQ- FY24-A, P36-SQ-PY23-A	463,508	463,508
	WIOA Youth Activities	17.259	Maryland Department of Labor	P26-SQ-PY21-Y, P36-SQ- PY22-Y	371,636	371,636
	WIOA Dislocated Worker Formula Grants	17.278	Maryland Department of Labor	P36-SQ-PY22-D, P36-SQ- PY23-D	648,259	648,259
	Cluster Total				<u>1,483,403</u>	<u>1,483,403</u>
	Department of Labor Total				1,483,403	1,483,403

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Agency	Federal Program	Assistance Listing Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Transportation	Highway Planning and Construction	20.205	Maryland Department of Transportation State Highway Administration	BCS 2014-OH, HA443ZM2, HA994B21, HA082B21, HA07M21, HA997M21	\$ 1,314,714	\$ -
	FMCSA Cluster - Motor Carrier Safety Assistance	20.218	Maryland Department of Transportation State Highway Administration	HCSO-MCSAP-2202-01, 2019MUBX0019	13,544	-
	Metropolitan Transportation Planning and State and Non- Metropolitan Planning and Research	20.505	Baltimore Metropolitan Council	FY2022UPWP, FY2023UPWP,FY2024UP WP,	74,790	-
	Federal Transit Cluster: COVID-19 Formula Grants	20.507	Maryland Transportation Authority	HA01CARES07C2020,	95,855	-
	Formula Grants	20.507	Maryland Transportation Authority	HA01530702018, HA01530702021 , HA015307C2019, HA015307C2018, HA01CMAQ2024,	4,487,125	-
	Buses and Bus Facilities Formula	20.526	Maryland Department of Transportation	HA015307C2024	10,411	-
			Cluster Total	HA015339D2020	<u>4,593,391</u>	<u>-</u>
	Highway Safety Cluster:					
	State and Community Highway Safety	20.600	Maryland Department of Transportation Motor Vehicle Administration	FA 402, 69A37518300004020MD0	29,495	-
			State of MD Vehicle Theft Prevention Council			
	National Priority Safety Programs	20.616		BIL 405d AL, 69A3752330000405DMDL	42,160	-
			Cluster Total		<u>71,655</u>	<u>-</u>
	Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Maryland Emergency Management Agency	693JK31940020HMEP	3,194	-
			Department of Transportation Total		<u>6,071,288</u>	<u>-</u>
Department of the Treasury	Equitable Sharing	21.000	NA	NA	13,812	-
	COVID-19 - Emergency Rental Assistance Program- CARES	21.023	NA	ERAE0532	202,790	-
	COVID-19 - Coronavirus State and Local Fiscal Recovery	21.027	NA	SLFRP0316	9,287,136	-
			Department of the Trasury Total		<u>9,503,738</u>	<u>-</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Agency	Federal Program	Assistance Listing Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients
Department of Health and Human Services	Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	Maryland Department of Aging	2101MDPHC6-00	\$ 22,354	\$ -
	COVID-19 - Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services-CARES	93.043	Maryland Department of Aging	OOA 23, OOA24	12,222	-
			93.043 Total		34,576	-
	Aging Cluster: Special Programs for the Aging Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	Maryland Department of Aging	655221/11, OOA23, OOA24	278,680	-
	COVID-19 - Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers-CARES	93.044	Maryland Department of Aging	2101MDSSC6-00	92,787	-
	Special Programs for the Aging Title III, Part C, Nutrition Services	93.045	Maryland Department of Aging	655121/11, OOA22, OOA23, OOA24	457,567	-
	COVID-19 - Special Programs for the Aging Title III, Part C, Nutrition Services	93.045	Maryland Department of Aging	2101MDCMC6-00, 2101MDHDC6-00	155,377	-
			Cluster Total		984,411	-
	Special Programs for the Aging, Title IV and Title II, Discretionary Projects	93.048	Maryland Department of Aging	APD-22-13, ADP-23-15	21,329	-
	National Family Caregiver Support, Title III, Part E	93.052	Maryland Department of Aging	OOA23, OOA24	168,176	-
	COVID-19 National Family Caregiver Support, Title III, Part E	93.052	Maryland Department of Aging	2101MDFCC6-00	22,469	-
			93.052 Total		190,645	-
	Medicare Enrollment Assistance Program	93.071	Maryland Department of Aging	2201MDMISH-01, 2201MDMIAA-01, 2201MDMIDR-01	15,048	-
	State Health Insurance Assistance Program	93.324	Maryland Department of Aging	90SAPG0109-05-01	27,298	-
	Child Support Enforcement	93.563	Maryland Department of Human Services	CSA/CRA/22-046, CSA/CRA/23-046, CSA/CRA-24-046	438,395	-
	Medicaid Cluster - Medical Assistance Program	93.778	Maryland Department of Aging	OOA24	64,336	-
	Block Grants for Prevention and Treatment of Substance Abuse	93.959	Maryland Department of Health	AS304OMP, MU513ADP	197,647	-
			Department of Health and Human Services Total		1,973,685	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HARFORD COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

Federal Agency	Federal Program	Assistance Listing Number	Pass-Through Agency	Pass-Through/ Grantor Number	Total Federal Expenditures	Passed Through to Subrecipients
Executive Office of the President	High Intensity Drug Trafficking Areas Program	95.001	NA	G24WB0004A, G23WB0004A	\$ 36,754	\$ -
	Executive Office of the President Total				36,754	-
Department of Homeland Security	Emergency Management Performance Grants	97.042	Maryland Emergency Management Agency	EMP-2021-EP-00003-S01, EMP-2022-EP-00001-S01, EMP-2023-EP-00001-S01	224,328	-
	Homeland Security Grant Program	97.067	Maryland Emergency Management Agency	EMW-2019-SS- 00054UASI, EMW-2019- SS-00064SHSP, EMW- 2020-SS-00010-UASI, EMW-2020-SS-00010- SHSP, EMW-2018-SS- 00023SHSP, EMW-2018- SS-00023-UASI	813,167	-
	Department of Homeland Security Total				1,037,495	-
Total Federal Awards Expended					\$ 34,464,805	\$ 1,483,403

See accompanying Notes to Schedule of Expenditures of Federal Awards.

HARFORD COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Harford County, Maryland (the County) under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the County.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COSTS

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

NOTE 4 LOAN PROGRAM

The County has a loan program to provide low-interest loans to businesses for housing for low to moderate income persons. The federal Department of Housing and Urban Development (HUD) grants money for these loans to the County. The Schedule reports loans made and administrative costs as disbursements on the Schedule, as management has determined that the loans do not have continuing compliance requirements.

**HARFORD COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2024**

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? _____ yes x none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

ALN Number(s)
17.258, 17.259, 17.278
21.027

Name of Federal Program or Cluster
WIOA Cluster
COVID-19 – Coronavirus State and Local Fiscal
Recovery Funds

Dollar threshold used to distinguish between Type A and Type B programs:

\$1,033,944

Auditee qualified as low-risk auditee?

 x yes _____ no

**HARFORD COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2024**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2024 – 001

Federal Agency: U.S. Department of Treasury

Federal Program Name: Coronavirus State and Local Fiscal Recovery Funds

Assistance Listing Number: 21.027

Federal Award Identification Number and Year: SLFRP0316

Compliance Requirement: Reporting

Award Period: March 3, 2021 – December 31, 2024, liquidated by December 31, 2026

Type of Finding: Significant Deficiency in Internal Control over Compliance, Other Matter

Criteria or specific requirement: According to the Uniform Guidance (2 CFR Part 200), expenditures should be reported in the period in which they are incurred. Accurate reporting is essential for compliance with federal requirements and for the proper matching of expenditures with the corresponding fiscal year.

Per the SLFRF Compliance and Reporting Guidance, SLFRF funds recipients are required to submit quarterly Project and Expenditure Report. These reports include current period expenditures as well as cumulative expenditures.

Condition: During our audit of the Schedule of Expenditures of Federal Awards (SEFA), we identified that expenditures were reported in the incorrect period. Specifically, expenditures incurred in the prior fiscal year were included in the current year's SEFA. Additionally, SLFRF reports submitted did not report the correct amount of cumulative expenditures.

Questioned Costs: None.

Context: Two of two compliance reports selected for testing did not properly report the cumulative expenditures, \$797,843.36 of expenditures were omitted. These expenditures were improperly included on the initial 2024 SEFA prepared by the County.

Cause: The misreporting occurred due to a lack of adequate training on the reporting requirements for this grant program across departments within the County. County personnel did not have a consistent understanding of the program requirements to ensure all allowable expenditures were properly reported on the SEFA and included in the applicable SLFRF reports.

Effect: Reporting expenditures in the wrong period or omitting expenditures may lead to inaccurate financial and compliance reporting and non-compliance with federal regulations.

Repeat Finding: This is not a repeat finding.

HARFORD COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2024

Recommendation: We recommend that the organization implement stronger internal controls over the SEFA preparation process and consistent training among County staff. This should include:

- A thorough review and reconciliation of expenditures to ensure they are reported in the correct period.
- A thorough review and reconciliation of SLFRF reports to ensure they are complete and accurate before submission.
- Training for staff involved in the SEFA preparation to ensure they understand the requirements for accurate reporting.
- Periodic internal audits to verify compliance with federal reporting requirements.

Views of responsible officials: Management agrees with the finding.

ROBERT G. CASSILLY
Harford County Executive

ROBERT S. McCORD
Director of Administration



ROBERT F. SANDLASS, JR.
Treasurer

Harford County, Maryland respectfully submits the following corrective action plan for the year ended June 30, 2024.

Audit period: July 1, 2023 – June 30, 2024

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the current year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

U.S. DEPARTMENT OF TREASURY

2024-001 Coronavirus State and Local Fiscal Recovery Funds – Assistance Listing No. 21.027

Recommendation: We recommend that the organization implement stronger internal controls over the SEFA preparation process and consistent training among County staff. This should include:

- A thorough review and reconciliation of expenditures to ensure they are reported in the correct period.
- A thorough review and reconciliation of SLFRF reports to ensure they are complete and accurate before submission.
- Training for staff involved in the SEFA preparation to ensure they understand the requirements for accurate reporting.
- Periodic internal audits to verify compliance with federal reporting requirements.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: A more thorough review and reconciliation of expenditures will be completed throughout the year and at year end, including the SLFRF reports, to ensure they are complete and accurate before submission. This process will include a reviewer to ensure that expenditures are captured within the correct reporting period and prevent other reporting errors. Training will be provided to all individuals working on the SEFA to ensure the requirements for accurate reporting are understood and periodic internal audits by a reviewer will be done to verify compliance with federal reporting requirements.

Name(s) of the contact person(s) responsible for corrective action: Rick Pernas

Planned completion date for corrective action plan: The corrective action plan will start immediately and will continue indefinitely.

December 6, 2024

If the Department of the Treasury (Treasury) Office of Inspector General (OIG) has questions regarding this plan, please call Rick Pernas at 410-638-3416.