



**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**

Members of the  
Board of Education of Baltimore County  
Towson, 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, each major fund, and the aggregate remaining fund information of the Board of Education of Baltimore County (the Board), a component unit of Baltimore County, Maryland Financial Statement Audit, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 6, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Board'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 Board's internal control. Accordingly, we do not express an opinion on the effectiveness of Board'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 Board'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.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 6, 2022



Management  
Board of Education of Baltimore County  
Towson, Maryland

In planning and performing our audit of the financial statements of the Board of Education of Baltimore County, Maryland (the Board), a component unit of Baltimore County, Maryland as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the entity'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

However, during our audit we became aware of deficiencies in internal control other than significant deficiencies and material weaknesses and other matters that are opportunities to strengthen your internal control and improve the efficiency of your operations. Our comments and suggestions regarding those matters are summarized below. We previously provided a written communication dated October 6, 2022, on the Board's internal control. This letter does not affect our report on the financial statements dated October 6, 2022, nor our internal control communication dated October 6, 2022.

#### **Other Post-Employment Benefits Census Data**

The actuarial liability for other post-employment benefits as of June 30, 2022 was calculated based on inputs and assumptions, including census data provided to the actuary as of November 1, 2021. During our testing on the accuracy of this data, we noted that the census data provided to the actuary did not have accurate hire dates for those employees hired prior to July 1, 2000 as a result of the cyberattack in November 2020. For these employees, the default date was July 1, 2000. Additionally, the actuary noted the retiree census data had missing subsidiary percentage healthcare plan and coverage information and the active census data contained duplicate employee records and records that were missing information on the pension plan employees were enrolled (State vs County). Incorrect information provided to the actuary could result in an inaccurate liability calculation for financial statement purposes. We recommend the Board review its policies and procedures and make changes as necessary to ensure accurate employee information is provided to the actuary for the other post-employment benefits.

#### **Information Technology**

##### *Terminated Employee's Access/Periodic Access Reviews*

During our testing, we noted that all sampled terminated users remained active within the active directory user listing. CLA recommends that terminated employee access be removed immediately, and that procedures are in place to remove access in cases of high-risk terminations. We also recommend that management conduct a formal documented user access review annually to determine whether terminated user access has been removed from the network and Board applications and to determine whether active user access is appropriate based on an employees' job responsibility.

Risk Assessment

We noted that the Board has not conducted a formal risk assessment since 2017. We recommend that an Information Technology risk assessment be performed that is modeled after an established framework (or contract a third-party vendor to provide such services) in order to adequately assess the Board's risk environment, identify gaps in controls and identify its level of compliance with required regulations. The risk assessment should include:

- A comprehensive list of Information Technology assets (hardware, software, vendors, employees, etc.);
- Risks associated with each Information Technology asset;
- Likelihood and impact ratings for each risk combined to form inherent risk rating;
- A documented Risk Assessment Methodology to standardize the assessment of risk, which should include probability, impact, and the inherent risk;
- Current mitigating controls associated with each risk;
- Residual risk rating; and
- Residual risk mitigation strategy.

Business Continuity Plan/Disaster Recovery Plan

We noted that a formal Disaster Recovery Plan has not been updated due to changes in the environment in response to the cyber attack. We also noted that the while a Continuity of Operations Plan is in place, it has not been updated since June of 2021. We recommend that the Continuity of Operations and Disaster Recovery Plans be updated in order to match the updated environment. The plan should include:

- Responsibilities and communication plans;
- Alternate processing and procedures for critical business processes while systems/applications and facilities are unavailable;
- Alternate locations/facilities where work can commence during disaster situation;
- Recovery strategies and procedures for critical systems/applications. The strategy and procedures must reasonably meet recovery time objectives; and
- Continuity planning for key technology service providers and vendor-hosted systems/applications.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various entity personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

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This communication is intended solely for the information and use of management, the Budget and Audit Committee, and others within the Board, and is not intended to be, and should not be, used by anyone other than these specified parties.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Baltimore, Maryland  
October 6, 2022