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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***

Board of Education
of Calvert County, Maryland
Prince Frederick, 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, each major fund, and the aggregate remaining fund information of the Calvert County Board of Education (the Board) a component of Calvert County Maryland as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated September 29, 2023.

Report on Internal Controls over Financial Reporting

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

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 controls that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal controls that we consider to be material weaknesses. We



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identified a deficiency in internal controls, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency as item 2023-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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*.

The Boards Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Boards' response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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
September 29, 2023

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Schedule of Findings and Responses For the Year Ended June 30, 2023

Type of Finding – Significant Deficiency over Financial Reporting

Repeat Finding: No

2023-001

Criteria:

The Board must maintain an adequate system of internal control over financial reporting in order to initiate, authorize, record, process, and report financial data reliably in accordance with generally accepted governmental accounting standards as established by the *Governmental Accounting Standards Board* (GASB).

Condition:

During our testing of construction in process (CIP), we noted that CIP was understated within the entity wide financial statements by \$5,487,053.

Cause:

The Board did not properly evaluate capital outlay cost to determine the completeness of CIP.

Effect:

The fixed asset amount on the entity wide financial statements, before the audit adjustment, was understated.

Recommendation:

We suggest the Board ensures all fixed asset accounts are properly reconciled to fund level activity as part of the closing process. We recommend the Board evaluate roles and responsibilities of the personnel within the department as to whom will perform the reconciliation as well as review it for accuracy.

Auditee Response and Corrective Action Plan:

Management concurs, and management will build in a new review step as part of the fixed asset note preparation for the next audit.