

Special Report

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**Review of Annual Reports  
Submitted by Recipients of Arts and Sciences Grants**

**Fiscal Year Ended June 30, 2023**

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Office of the County Auditor  
Baltimore County, Maryland



**BALTIMORE COUNTY, MARYLAND**  
**OFFICE OF THE COUNTY AUDITOR**

**ELIZABETH J. IRWIN**  
**ACTING COUNTY AUDITOR**

**400 WASHINGTON AVENUE**  
**TOWSON, MARYLAND 21204**  
**410-887-3193**

February 6, 2025

Honorable Members of the County Council  
Honorable Katherine A. Klausmeier, County Executive  
Baltimore County, Maryland

In accordance with Section 10-1-108(b)(3) of the Baltimore County Code, we have reviewed the annual audits submitted by organizations that received County grant funds for arts, sciences, and cultural enrichment in excess of \$10,000 during the fiscal year ended June 30, 2023. This Code section requires that each such organization submit an annual audit prepared by a certified public accountant and an affidavit signed by an authorized representative affirming that the organization complied with the grant requirements and expended grant funds on prescribed activities and not on prohibited activities (e.g., lobbying) specified in the grant agreement.

For the fiscal year ended June 30, 2023, the County awarded arts and sciences grants in excess of \$10,000 to 37 organizations; the grant awards totaled \$3,082,000. The FY 2023 grant agreement between the County and the grantee required that the grantee submit its annual audit within 240 days of the completion of its fiscal year and submit its signed affidavit by September 14, 2023 (unless extended by the Department).

Our review disclosed that 10 organizations did not submit the required annual audits and 12 organizations submitted their annual audits 2 to 220 days after the 240-day reporting deadline. Our review also disclosed that 4 organizations did not submit signed affidavits, and 12 organizations did not fully comply with the affidavit requirements as follows: 8 organizations submitted their affidavits 1 to 47 days after the reporting deadline, including 2 organizations that did not properly affirm compliance with the FY 2023 grant agreement (e.g., referenced the wrong grant agreement date); and 4 organizations did not properly affirm compliance with the FY 2023 grant agreement. Our review further disclosed that the Department authorized the disbursement of (and the Office of Budget and Finance disbursed), FY 2023 grant funds to 2 organizations that had not submitted the required annual audits with their grant application (or subsequently

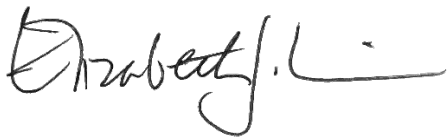
thereafter), including 1 organization that still had not submitted the annual audit required for the receipt of grant funds for FY 2022 and FY 2021.

A response to our findings from the Department of Economic and Workforce Development is included as Appendix A to this report.

We wish to express our appreciation to the Department for the cooperation and assistance they extended to us during our review.

Our reports and responses thereto are available to the public and may be obtained online at "[www.baltimorecountymd.gov/agencies/auditor](http://www.baltimorecountymd.gov/agencies/auditor)" or by contacting the Office of the County Auditor, 400 Washington Avenue, Towson, Maryland 21204.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Elizabeth J. Irwin", with a long horizontal flourish extending to the right.

Elizabeth J. Irwin  
Acting County Auditor

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## **Background Information and Purpose of Review**

Each year, the County provides grant funds to various organizations for the purpose of developing, coordinating, and promoting the arts and sciences. The Commission on Arts and Sciences is responsible for recommending to the County Executive the organizations to fund and the respective grant amounts. The County Executive considers the Commission's recommendations and determines the amount of grant funds for each organization to include in the proposed operating program budget, and the County Council considers the budget proposal for approval. In addition to the budget approval process, individual arts and sciences grants in excess of \$5,000 are subject to Council approval at the time of award. The Department of Economic and Workforce Development is responsible for administering the grants, including authorizing disbursement of the grant funds.

The Baltimore County Code, Section 10-1-108(b)(3), requires recipients of County grant funds for arts, sciences, and cultural enrichment in excess of \$10,000 per fiscal year to submit: 1) an annual audit prepared by a certified public accountant; and 2) an affidavit from an authorized representative affirming that the recipient organization complied with the grant requirements and expended grant funds on prescribed activities and not on prohibited activities (e.g., lobbying) specified in the grant agreement. Further, the Code provides that the audits "shall be sent to the County Auditor for review."

For the fiscal year ended June 30, 2023, the County awarded arts and sciences grants in excess of \$10,000 to 37 organizations; the grant awards totaled \$3,082,000. The FY 2023 grant agreement between the County and the grantee required that the grantee submit its annual audit within 240 days of the completion of its fiscal year and submit its signed affidavit by September 14, 2023 (unless extended by the Department).

The purpose of our review was to determine whether the organizations that received County arts and sciences grants in excess of \$10,000 during the fiscal year ending June 30, 2023 complied with the aforementioned reporting requirements. We also reviewed each submitted audit (e.g., unmodified opinion, going concern disclosure). Additionally, we determined whether the Department complied with its grant disbursement authorization policy.

## Findings and Recommendations

- 1. Of the 37 organizations that received FY 2023 County grant funds in excess of \$10,000, 10 did not submit the required annual audit, 12 submitted annual audits after the 240-day reporting deadline, 4 did not submit signed affidavits, and 12 did not fully comply with the affidavit requirements.**

The Baltimore County Code, Section 10-1-108(b)(3), requires each recipient of County grant funding for arts, sciences, and cultural enrichment in excess of \$10,000 per fiscal year to submit an annual audit prepared by a certified public accountant and an affidavit signed by an authorized representative affirming compliance with the grant requirements. The FY 2023 grant agreement between the County and each recipient organization further required that the annual audit be submitted within 240 days of the completion of the organization's fiscal year and the signed affidavit be submitted by September 14, 2023 (unless extended by the Department).

Our review disclosed that of the 37 organizations that received FY 2023 County grant funds in excess of \$10,000, 10 organizations (which received a total of \$265,000 in grant funds) did not submit the required annual audits within the 240-day window (or by the end of our review on October 4, 2024) (2 of these organizations are also included in Finding 2, below), and 12 organizations (which received a total of \$1,122,000 in grant funds) submitted their annual audits 2 to 220 days after the 240-day reporting deadline.

Our review also disclosed that 4 organizations (which received \$390,000 in grant funds) did not submit signed affidavits, and 12 organizations (which received a total of \$1,195,000 in grant funds) did not fully comply with the affidavit requirements as follows: 8 organizations (which received a total of \$805,000 in grant funds) submitted their affidavits 1 to 47 days after the reporting deadline, including 2 organizations (which received a total of \$35,000 in grant funds) that did not properly affirm compliance with the FY 2023 grant agreement (e.g., referenced the wrong grant agreement date); and 4 organizations (which received a total of \$390,000 in grant funds) did not properly affirm compliance with the FY 2023 grant agreement.

**We recommend that the Department require each grant recipient to comply with the annual audit and affidavit reporting deadlines established within the grant agreement. We also recommend that the Department withhold future grant funding until after the outstanding FY 2023 annual audits and affidavits are submitted and reviewed.**

**2. The Department authorized the disbursement of FY 2023 grant funds to 2 organizations that had not submitted the required annual audits.**

An organization that applies for more than \$10,000 in County arts and sciences grant funds is required to submit (with its grant application) an annual audit for its most recently completed fiscal year (FY 2020 annual audit was required with the FY 2023 grant application). In addition, the Department's policy prohibits it from authorizing the Office of Budget and Finance (OBF) to disburse grant funds to an organization that had not submitted the required annual audit with its grant application (or subsequently thereafter). Our review disclosed that the Department authorized the disbursement of (and OBF disbursed), FY 2023 County arts and sciences grant funds totaling \$35,000 to 2 organizations (\$20,000 and \$15,000, respectively) that had not submitted the required annual audit; additionally, the organization that received \$20,000 had not submitted the annual audit required for the receipt of grant funds for FY 2022 (\$19,000) and FY 2021 (\$15,000) by the end of our review on October 4, 2024 and as noted in our FY 2022 review.

**We recommend that the Department comply with its grant disbursement authorization policy.**

## **APPENDIX A**

### **AGENCY RESPONSE**





**MEMORANDUM**

TO: Elizabeth J Irwin  
Scott W. Mitchell

FROM: Jonathan Sachs, Director, Department of Economic and Workforce Development

RE: Arts & Sciences Final Report FY2023

DATE: January 31, 2025

Thank you for the opportunity to respond to the issues identified by the Office of the Auditor during the course of performing the review of annual reports submitted by recipients of arts and sciences grants for FY2023.

We appreciate your recommendations and thank you for your efforts and assistance during this review.

Enclosure

cc: D'Andrea Walker  
Kevin Reed  
Matt Carpenter  
Jacob Knapp



## **Arts and Sciences Grant Final Report FY2023 Department Response**

### **Finding 1:**

**Of the 37 organizations that received FY 2023 County grant funds in excess of \$10,000, 10 did not submit the required annual audit, 12 submitted annual audits after the 240-day reporting deadline, 4 did not submit signed affidavits, and 12 did not fully comply with the affidavit requirements.**

### **Recommendation:**

We recommend that the Department require each grant recipient to comply with the annual audit and affidavit reporting deadlines established within the grant agreement. We also recommend that the Department withhold future grant funding until after the outstanding FY 2023 annual audits and affidavits are submitted and reviewed.

### ***Agency Response:***

*The Department of Economic and Workforce Development (DEWD) concurs with this recommendation. DEWD is in the process of reviewing the grant making process to ensure all compliance measures are followed. We will enhance communication with grant recipients by issuing clear, concise reminders of reporting deadlines for both annual audits and affidavits. Notification schedules will include a timeline of due dates sent periodically with reminders 90, 60, and 30 days before deadlines. As recommended, DEWD will require outstanding audits and affidavits to be submitted and reviewed before issuing future grant funds. In addition, DEWD will offer training sessions for grant recipients to clarify reporting requirements, including the preparation and submission of annual audits and affidavits.*

### **Finding 2:**

**The Department authorized the disbursement of FY 2023 grant funds to 2 organizations that had not submitted the required annual audits.**

### **Recommendation:**

We recommend that the Department comply with its grant disbursement authorization policy.



***Agency Response:***

*The Department of Economic and Workforce Development concurs with the findings regarding the disbursement of FY 2023 grant funds to organizations that had not submitted the required annual audits. Organizations applying for grants will receive clear guidance on the annual audit submission requirements, including the need for compliance as a condition of disbursement. Reminders will be sent to applicants during the application process and before disbursement deadlines. A tracking system will be implemented to flag organizations with ongoing non-compliance issues. This system will help DEWD proactively manage and resolve issues before authorizing additional grant funds. Additionally, we will work with these organizations to address barriers to compliance while enforcing submission requirements.*

PROJECT TEAM

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