



**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**

Board of Trustees
Maryland Association of Counties Pooled OPEB Trust
Baltimore, 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 Maryland Association of Counties Pooled OPEB Trust, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Maryland Association of Counties Pooled OPEB Trust's basic financial statements, and have issued our report thereon dated September 7, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maryland Association of Counties Pooled OPEB Trust'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 Maryland Association of Counties Pooled OPEB Trust's internal control. Accordingly, we do not express an opinion on the effectiveness of Maryland Association of Counties Pooled OPEB Trust'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 and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal controls, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

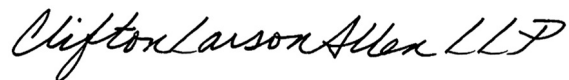
As part of obtaining reasonable assurance about whether Maryland Association of Counties Pooled OPEB Trust's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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*.

Maryland Association of Counties Pooled OPEB Trust's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Maryland Association of Counties Pooled OPEB Trust's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Maryland Association of Counties Pooled OPEB Trust'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 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

Baltimore, Maryland
September 7, 2022

MARYLAND ASSOCIATION OF COUNTIES POOLED OPEB TRUST
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2022

1. Significant Deficiency in Internal Control Over Financial Reporting

Finding 2022-001: Lack of Segregation of Duties

Condition

There is typically an inherent problem with segregating duties in a small organization such as the Trust. For example, the Administrator is an authorized check signer, approves invoices for payments, and can prepare and post journal entries to the system. Such procedures could allow for assets to be misappropriated and that misappropriation would not be identified in a timely manner.

Criteria

COSO/Internal Control Framework defines control activities as “policies and procedures that help ensure management’s directives are carried out.” Management review controls are defined as “the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed, and is an integral part of any internal control structure.”

Cause

This is a result of the limited resources due to the size of the Trust.

Effect

The lack of segregation of accounting duties increases the risk that the Trust’s assets could be misappropriated and that the misappropriation would not be identified in a timely manner.

Recommendation

Management should be constantly aware of the potential for discrepancy in such an environment. With limited personnel to segregate duties, the Board should concentrate and perform procedures on the most vulnerable areas.

Management’s Response:

Management agrees with the finding above and will continue to take appropriate actions to implement policies and procedures to ensure proper internal controls over the investment reconciliation, accrued expense, and journal entry processes.