

**Summary of Reports Issued and  
Recommended Committee Action**

**December 1, 2020 to July 31, 2021**

Presentation to Joint Audit and Evaluation Committee

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## Reports Issued December 1, 2020 to July 31, 2021

### Summary

Total Reports Issued	31
Reports Recommended for Action	5

<u>Agency</u>	<u>Recommended Action</u>
1. Comptroller of Maryland – Compliance Division	JAEC Letter of Concern
2. Maryland Department of Health – Regulatory Services	JAEC Letter of Concern
3. Department of Natural Resources	JAEC Letter of Concern
4. Judiciary	JAEC Hearing
5. Department of Human Services – Social Services Administration	JAEC Hearing

### Summary of Recommended Action

Joint Audit and Evaluation Committee (JAEC) Hearing	2
JAEC Letter of Concern	<u>3</u>
Total	<u><u>5</u></u>

**REPORTS ISSUED  
DECEMBER 1, 2020 TO JULY 31, 2021**

<u>Agency</u>	<u>Report Date</u>	<u>Number of Pages</u>
Department of Agriculture	12/14/20	16
Maryland Energy Administration	12/16/20	8
Comptroller of Maryland – Compliance Division	12/18/20	15
Department of Veterans Affairs	1/05/21	10
Public Service Commission	1/15/21	10
Maryland Department of Health – Regulatory Services	1/19/21	25
Statewide Review of Budget Closeout Transactions for Fiscal Year 2020 (Special)	1/26/21	17
Maryland Emergency Medical System Operations Fund	2/19/21	10
Historic St. Mary's City Commission	2/23/21	8
Maryland Department of Health – Prevention and Health Promotion Administration, Office of Population Health Improvement, Office of Preparedness and Response, and Office of Provider Engagement and Regulation	2/23/21	13
Harford County Public Schools (Financial Management Practices Audit)	3/24/21	36
Maryland Insurance Administration	3/30/21	21
Review of Procurement of Certain COVID Tests (Special)	3/31/21	32
Department of Natural Resources	4/05/21	22
Judiciary	4/07/21	24
Review of the Actions Taken by the Department of Budget and Management, Office of the State Treasurer, and Maryland State Department of Education to Resolve Repeat Personally Identifiable Information Findings in Response to the April 2020 Joint Chairmen's Report (Special)	4/14/21	12
Subsequent Injury Fund	4/19/21	8
Canal Place Preservation and Development Authority	4/23/21	8
Review of the Actions Taken by the Department of General Services – Office of Procurement and Logistics to Resolve Repeat Audit Findings in Response to the April 2020 Joint Chairmen's Report (Special)	4/28/21	12
Review of the Actions Taken by the Department of Human Services – Family Investment Administration to Resolve Repeat Audit Findings in Response to the April 2020 Joint Chairmen's Report (Special)	4/28/21	13
Maryland Tax Court	4/30/21	5
Maryland Health Benefit Exchange	5/06/21	17
University System of Maryland – Bowie State University	5/12/21	18
Department of Human Services – Child Support Administration	5/13/21	10
St. Mary's County Public Schools (Financial Management Practices Audit)	5/17/21	24
Department of Human Services – Social Services Administration	6/03/21	29
Maryland Stadium Authority	6/09/21	8
Maryland Department of Aging	6/23/21	12
Maryland Higher Education Commission	6/24/21	21
Cecil County – Office of the Clerk of Circuit Court	7/20/21	5
Prince George's County – Office of the Register of Wills	7/21/21	5

**Total Number of Reports Issued: 31**

## **Reports Recommended for Committee Action**

December 1, 2020 to July 31, 2021

### **1) Comptroller of Maryland (COM) – Compliance Division (12/18/20 – 15 pages – 5 findings, including 3 repeats)**

The Compliance Division's primary responsibilities include enforcement of all tax laws administered by COM. A number of the audit findings are closely related to this mission.

- The Division did not consistently perform three of its available tax compliance programs designed to identify and pursue certain individuals who failed to file required income tax returns or report all income. As a result, the Division lacked assurance that individuals specifically targeted by the programs, such as those who filed extensions, but had not yet filed the related tax returns, eventually complied with the filing requirements and paid any resulting tax liabilities.
- The Division's business tax collection unit did not ensure that tax assessments were prepared and recorded in the Comptroller of Maryland's automated State of Maryland Tax (SMART) system on a timely basis when businesses failed to file business tax returns, such as for sales and use taxes and withholding taxes.
- The Division did not adequately control critical adjustments to taxpayer accounts in SMART. Critical adjustments, which were processed primarily by four units, include, for example, financial adjustments that affect taxpayer liabilities, such as abatements resulting from taxpayer appeals, changes due to settlements, and adjustments necessary as a result of error corrections.
- The Division did not assess penalties, as required by law, when holders of unclaimed property, such as financial institutions and insurance companies, failed to remit such property to the Division. If unclaimed property is not remitted by the holder when required, a financial penalty equal to 15 percent of the property value is to be imposed on the holder.

**Recommended Committee Action – Letter of Concern**

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## **Reports Recommended for Committee Action**

December 1, 2020 to July 31, 2021

### **2) Maryland Department of Health (MDH) – Regulatory Services (1/19/21 – 25 pages – 7 findings, including 5 repeats)**

Regulatory Services is a separate budgetary unit within MDH which consists of 22 Health Professional Boards and Commissions (HPBCs) and the Office of Health Care Quality (OHCQ). We believe that certain of our findings could be the result of insufficient individual board resources. Although this may be an area for further study, we noted opportunities for consolidating licensing, procurement, and other fiscal functions of the HPBCs. This course of action is not required by any statute or regulation; however, we believe that consolidating these processes would allow the HPBCs to resolve certain longstanding internal control deficiencies.

- Our review of complaint tracking procedures for 2 of the 22 HPBCs, the Board of Nursing and the Board of Professional Counselors and Therapists, disclosed that neither Board provided sufficient oversight to ensure that complaints against licensees were investigated timely. Our audit disclosed a significant number of complaints received by these Boards that were still under investigation more than one year after the complaints were received.
- The Office of Health Care Quality (OHCQ) did not inspect each of the assisted living facilities and developmental disabilities service providers annually as required by State law. Specifically, OHCQ did not complete all of the required annual inspections during fiscal years 2016 through 2019.
- Controls over collections and deposits received at the HPBCs were not adequate, and duties related to cash receipts and licensing were not properly segregated. Our review of procedures and controls disclosed deficiencies at 19 of the 22 HPBCs. For example, 14 HPBCs lacked procedures to verify that all credit card collections processed by third-party vendors were deposited into the State's bank account. In addition, 9 employees with access to collections received at 7 HPBCs has been assigned system user functions that allowed them the capability to issue or renew licenses, certificates, or permits, or adjust the related billing records.
- Twenty-one HPBCs did not perform documented system access reviews of their licensing system to ensure that user access capabilities were adequately restricted. As a result, numerous users could unilaterally issue or renew licenses, and current or former employees had unnecessary system access.

### **Recommended Committee Action – Letter of Concern**

## **Reports Recommended for Committee Action**

December 1, 2020 to July 31, 2021

### **3) Department of Natural Resources (DNR) (4/5/21 – 22 pages – 7 findings, including 1 repeat)**

DNR oversees the management and use of the State's living and natural resources for the current and future enjoyment of Maryland's citizens and visitors. Among other issues raised by the audit, our review disclosed three audit findings related to two conservation programs.

- DNR overpaid for land conservation easements because it did not always identify and correct mistakes or inconsistencies in the easement valuation calculations made by the sponsors on DNR's Conservation Reserve Enhancement Program easement valuation worksheets. For example, based on our calculations, DNR overpaid approximately \$450,000 on a \$1.4 million easement because the sponsor used the incorrect rate and incorrectly applied the valuation formula. DNR is responsible for reviewing the sponsor-prepared calculations before purchasing the easements, which are ultimately subject to approval by the Board of Public Works. In addition, DNR did not ensure sponsors performed annual site visits in accordance with the easement agreements.
- DNR did not obtain required documentation needed to effectively monitor the State Forest Conservation Act (FCA) program. In addition, DNR did not use \$3.5 million collected for reforestation projects within the time required. DNR has oversight responsibilities for the State FCA program, including the approval of required plans and the monitoring and inspection of projects on State-owned land.
- DNR did not have an effective process to monitor local FCA programs to ensure local jurisdictions were operating within State law. In addition, DNR did not effectively monitor and account for local forest conservation funds.

**Recommended Committee Action – Letter of Concern**

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## **Reports Recommended for Committee Action**

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- 4) Judiciary (4/7/21 – 24 pages – 7 findings, including 2 repeats from the preceding report and 1 repeat from the preceding Office of the Public Defender report)**
- 5) Department of Human Services – Social Services Administration (6/3/21 – 29 pages – 8 findings, including 8 repeats, 2 of which were combined and presented as 1 finding)**

**Recommended Committee Action – JAEC Hearing**

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