

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

September 1, 2013 to October 31, 2013

Presentation to Joint Audit Committee

Thomas J. Barnickel III, CPA
Legislative Auditor

November 19, 2013

Reports Issued September 1, 2013 to October 31, 2013

Summary

Total Reports Issued 8

Reports Recommended for Action 2

<u>Agency</u>	<u>Recommended Action</u>
1. Department of Health and Mental Hygiene – Developmental Disabilities Administration	JAC Hearing
2. Maryland Higher Education Commission	JAC Letter of Concern

Summary of Recommended Action

Joint Audit Committee (JAC) Hearing	1
JAC Letter of Concern	<u>1</u>
Total	<u><u>2</u></u>

<p style="text-align: center;">REPORTS ISSUED SEPTEMBER 1, 2013 TO OCTOBER 31, 2013</p>
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<u>Agency</u>	<u>Report Date</u>	<u>Number of Pages</u>
Review of Local Government Audit Reports – Fiscal Year Ending June 30, 2012 (Special)	9/17/13	14
Maryland African American Museum Corporation	9/19/13	10
Maryland Stadium Authority	10/02/13	7
Department of Health and Mental Hygiene – Developmental Disabilities Administration	10/02/13	28
Review of Community College Audit Reports – Fiscal Year Ending June 30, 2012 (Special)	10/11/13	6
Frederick County – Office of the Register of Wills	10/21/13	5
Frederick County – Office of the Clerk of Circuit Court	10/25/13	5
Maryland Higher Education Commission	10/29/13	22

Total Number of Reports Issued: **8**

Reports Recommended for Committee Action Significant Audit Findings

September 1, 2013 to October 31, 2013

1) Department of Health and Mental Hygiene – Developmental Disabilities Administration (DDA) (10/2/13 – 28 pages – 13 Findings)

- DDA did not monitor service coordinators to ensure that its consumers received services in accordance with their individual service plans. As of June 30, 2012, DDA contracted with 15 vendors, who were responsible for monitoring 24,092 consumers with FY 2012 service expenditures totaling \$759 million. Furthermore, DDA did not ensure that the service coordinators performed annual Medicaid eligibility reassessments.
- DDA did not take certain actions to maximize the recovery of federal funds.
 - DDA's methodology for determining certain federal reimbursement rates did not accurately reflect the costs incurred. OLA testing of FY 2011 and 2012 reimbursement rates for one program noted that DDA's reimbursable costs exceeded reimbursements by \$2.4 million.
 - DDA did not ensure that certain provider claims were submitted for processing and federal reimbursement or that federal fund reimbursement requests were timely. Federal funds and interest income totaling as much as \$5.5 million were not obtained or were lost.
 - DDA did not investigate federal fund reimbursement claims totaling \$2.2 million that were rejected due to system edits. OLA tests identified \$820,000 that was recoverable had DDA investigated and resubmitted corrected claims.
- DDA did not ensure the accuracy of provider-reported consumers' contribution to care (CTC) amounts and, consequently, may have paid providers more than it was responsible for, since the impact of CTC is to reduce DDA's provider payments.
- DDA allowed the use of \$610,000 derived from an additional tax on alcoholic beverages to purchase 23 vehicles for consumers on its waiting list, even though its policies did not specifically allow such use of the funds.
- DDA did not ensure that annual reports from certain providers were submitted timely and the reports contained information necessary to identify provider overpayments and underpayments based on actual services.
- Accounts receivable processes did not ensure that all funds owed DDA were recovered.
- DDA did not maintain documentation to support certain accounting adjustments and had not established proper security access controls over critical data such as sensitive consumer information and service rates.

Recommended Committee Action – Hearing

Reports Recommended for Committee Action
Significant Audit Findings
September 1, 2013 to October 31, 2013

2) Maryland Higher Education Commission (MHEC) (10/29/13 – 22 Pages – 9 Findings)

- MHEC did not take intended actions to increase need-based scholarship awards by using accumulated scholarship funds in the Need-Based Student Financial Assistance Fund. As of June 30, 2013, the Fund balance totaled \$17.2 million, and based on grant award information for the 2011-2012 academic year, OLA estimated that 7,800 of the 31,000 applicants on MHEC's waiting list could have received need-based scholarships.
- Financial aid award determinations, such as those performed by colleges, were not independently reviewed, as required by MHEC policy, to ensure their propriety, and critical transactions recorded in MHEC's automated student financial aid system were not independently verified.
- Adequate procedures and controls were not in place to ensure students completed service obligations that were a condition for certain financial aid awards (such as working as a full-time nurse) or repaid the awards.
- MHEC did not ensure that retirement and pension contributions for certain community college employees were proper and that the State was being properly reimbursed by community colleges, as required by State law, for contributions funded by federal assistance. In FY 2012, the State funded (through MHEC) retirement and pension contributions for community college employees totaling \$48.8 million; the community colleges reimbursed the State \$2.7 million for contributions covered by federal funds.
- MHEC had not established sufficient monitoring and security controls over its IT network. For example, sensitive personally identifiable information stored on a publicly accessible web server was not secured.
- MHEC did not adequately control its mail collections, which totaled \$6.4 million in FY 2012.

Recommended Committee Action – Letter of Concern
