



DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Victoria L. Gruber  
Executive Director

April 28, 2021

Gregory A. Hook, CPA  
Legislative Auditor

Senator Guy J. Guzzone, Chair  
Senate Budget and Taxation Committee  
Miller Senate Office Building, 3 West Wing  
11 Bladen Street  
Annapolis, Maryland 21401

Delegate Maggie McIntosh, Chair  
House Appropriations Committee  
House Office Building, Room 121  
6 Bladen Street  
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate McIntosh:

The Office of Legislative Audits (OLA) has reviewed the actions taken by the Department of Human Services (DHS) Family Investment Administration (FIA) to resolve the repeat findings in our March 21, 2019 audit report. This review was conducted in accordance with a requirement specified in the April 2020 *Joint Chairmen's Report* (JCR), page 141. The JCR required that, prior to the release of \$100,000 of its administrative appropriation for fiscal year 2021, DHS must take corrective action with respect to all repeat audit findings on or before November 1, 2020. The JCR language further provided that OLA submit a report to the budget committees listing each repeat audit finding along with a determination that each finding was corrected. The OLA report is required to be submitted to allow 45 days for the budget committees to review and release the funds prior to the end of the fiscal year.

The March 21, 2019 audit report of FIA contained four repeat audit findings (Findings 4, 5, 6, and 7) that were addressed by six recommendations (recommendations 4a, 5a, 5b, 6a, 6b, and 7). DHS provided a report to OLA, dated December 3, 2020, detailing the corrective actions that it had taken with respect to the repeat audit findings (**Exhibit 1**). The DHS status report indicated that corrective actions had been completed to address the recommendation for Finding 5b, and that corrective actions were ongoing for repeat recommendations from Findings 4a, 5a, 6a, 6b, and 7.

We reviewed the DHS status report and related documentation, performed limited tests and analyses of the information, and held discussions with FIA personnel as necessary to assess the implementation status of the related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards. Based on our review, we felt compelled to reach a slightly different conclusion than DHS' status report (**Exhibit 2**). Specifically, we determined that FIA had resolved Findings 5a, 5b, 6a, and 6b. However, sufficient actions had not been taken to correct repeat Finding 7, and for Finding 4a corrective action had been taken, but suspended based on the current State of Emergency. Consequently, at the time of our review, our assessment of the two repeat findings concluded that they were in progress, and subsequently, had not been resolved as explained in **Exhibit 3**.

After discussing our review results, DHS generally agreed with the accuracy of the information presented. We wish to acknowledge the cooperation extended to us during the review by FIA. We also wish to acknowledge DHS' and FIA's willingness to address the audit issues and implement appropriate corrective actions.

We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,



Gregory A. Hook, CPA  
Legislative Auditor

cc: Senator Clarence K. Lam, Senate Chair, Joint Audit and Evaluation Committee  
Delegate Carol L. Krimm, House Chair, Joint Audit and Evaluation Committee  
Joint Audit and Evaluation Committee Members and Staff  
Senator William C. Ferguson IV, President of the Senate  
Delegate Adrienne A. Jones, Speaker of the House of Delegates  
Governor Lawrence J. Hogan, Jr.  
Comptroller Peter V.R. Franchot  
Treasurer Nancy K. Kopp  
Attorney General Brian E. Frosh  
Secretary David R. Brinkley, Department of Budget and Management  
Secretary Lourdes R. Padilla, Department of Human Services  
LaSherra Ayala, Executive Director, Family Investment Administration, DHS  
Joan Peacock, Manager, Audit Compliance Unit, Department of Budget and Management  
Victoria L. Gruber, Executive Director, Department of Legislative Services  
Tonya D. Zimmerman, Policy Analyst, Department of Legislative Services

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen



Larry Hogan, Governor | Boyd K. Rutherford, Lt. Governor | Lourdes R. Padilla, Secretary

December 3, 2020

Mr. Gregory A. Hook, CPA  
Legislative Auditor  
State of Maryland  
Office of Legislative Audits  
State Office Building, Room 1202  
301 West Preston Street  
Baltimore, Maryland 21201

Dear Mr. Hook:

In response to your letter dated November 5, 2020, we are providing the enclosed status report detailing the corrective actions that have been taken with respect to the four repeat findings (4a, 5, 6a-b, and 7) noted in the March 21, 2019 Department of Human Services Family Investment Administration (FIA) audit report.

The Department takes audit findings seriously and is committed to resolving the findings identified in the audit report. If there are any questions, please do not hesitate to contact Marva Sutherland, Inspector General at 443-378-4060 or via email at [marva.sutherland@maryland.gov](mailto:marva.sutherland@maryland.gov).

Sincerely,

A handwritten signature in blue ink that reads "Lourdes R. Padilla".

Lourdes R. Padilla  
Secretary

cc: Senator Clarence K Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee  
Delegate Carol L. Krimm, House Chair, Joint Audit and Evaluation Committee  
Joint Audit and Evaluation Committee Members  
Senator Guy J. Guzzone, Chair, Senate Budget and Taxation Committee  
Delegate Maggie McIntosh, Chair House Appropriations Committee  
Ms. Joan Peacock, Manager, Audit Compliance Unit, DBM  
Ms. Victoria L. Gruber, Executive Director, Department of Legislative Services  
Tonya D. Zimmerman, Policy Analyst, Department of Legislative Audit  
Mr. Stephen M. Ross, Policy Analyst, Department of Legislative Services  
Elizabeth J. Allison, Policy Analyst, Department of Legislative Services  
Mr. Gregory James, Deputy Secretary for Operations, DHS  
Ms. Netsanet Kibret, Acting Deputy Secretary for Programs, DHS  
Ms. Samantha Blizzard, Acting Chief of Staff, DHS  
Ms. Marva Sutherland, Inspector General, DHS  
Ms. Keonna Wiley, Assistant Inspector General, DHS  
Ms. LaSherra Ayala, Acting Executive Director, FIA, DHS  
Mr. Stafford Chipungu, Chief Financial Officer, DHS



## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

JCR Status as of November 1, 2020

#### Quality Assurance Programs

##### **Finding 4**

FIA did not take adequate follow-up action when LDSSs failed to conduct the required number of quality assurance reviews. In addition, FIA did not ensure errors identified during its own quality assurance reviews were corrected, and certain reviews it conducted were not comprehensive and; therefore, did not identify the full extent of any improper payments.

##### **Recommendation 4a**

We recommend that FIA take appropriate follow-up action to ensure the LDSSs conduct the required number of quality assurance reviews (repeat).

Status of Recommendation 4a			
Status as of 11/1/2020	In Progress	Completion Date:	Ongoing
Please provide details of corrective action taken.	The use of a web-based Pre-Review tool is ongoing and the local offices continue to conduct the required number of Pre-Reviews per month. The Family Investment Administration (FIA) continues to provide the necessary oversight and monitoring to ensure each local department performs the required Pre-Reviews for 10% of applications and 15% of redeterminations.		
	For fiscal years (FY) 2017, 2018, and 2019, as well as January 2020 and February 2020, Pre-Review statewide statistics validate local departments have met 10% of applications & 15% of redeterminations. It is important to note that due to COVID-19 a moratorium has been in place for Pre-Reviews since March 2020.		
	With the upcoming Eligibility & Enrollment (E&E) system launch, FIA plans to conduct risk-based case analysis reviews. Risk-based case analysis is designed to identify possible error-prone areas of case management during processing.		

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

JCR Status as of November 1, 2020

#### Temporary Disability Assistance Program (TDAP)

##### Finding 5

FIA did not obtain required documentation from recipients, resulting in the failure to recover certain federal reimbursements; and did not close certain cases timely, allowing improper benefits to be issued.

##### Recommendation 5a

We recommend that FIA establish procedures to ensure that it receives all documentation required to establish recipient eligibility prior to making TDAP payments so that federal reimbursement can be received (repeat).

Status of Recommendation 5a			
Status as of 11/1/2020	In Progress	Completion Date:	Ongoing
Please provide details of corrective action taken.	FIA provides a one-day training on the Temporary Disability Assistance Program (TDAP) to all new case managers who will be processing TDAP cases to ensure proper TDAP procedures are followed. Additionally, FIA created a continuing education training program for current TDAP case managers that specifically reviews proper TDAP documentation and case closing procedures. This training was uploaded to the State's learning management system (The HUB) in November 2018.		
	In response to the necessity of distance learning, TDAP training was updated and made available to FIA staff online as both a live training and a recorded video with a knowledge check to aid in participant engagement. TDAP training will remain mandatory for all new case managers who will be processing TDAP cases to ensure proper procedures are being followed.		
	LDSSs are required to submit the names of staff that process or will be processing TDAP cases to the FIA Office of Training. These case managers are then assigned to an upcoming training session and participation is tracked through The HUB. The FIA Office of Training staff also gathers additional names of case managers processing TDAP cases as they train new staff in other policy training sessions.		

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

#### JCR Status as of November 1, 2020

	<p>Updated modules were made available to all case managers via The HUB in November 2020.</p> <p>An updated version of the information regarding proper documentation and timely case closure will be uploaded to The HUB and all current case managers who process TDAP cases will complete the refresher training within two weeks of its upload. It is important to note that TDAP refresher training is required annually for staff that handle TDAP cases.</p> <p>Whenever cases are in an Active or Pending status, the IAR Unit will request via weekly external tracking ledger and several emails that FIA close the case to ensure interruption of TDAP benefits or provide proof of why the case should remain open and active.</p> <p>When FIA Central receives an invalid IAR/340 form, for example:</p> <ul style="list-style-type: none"><li>● Missing signature or date of client</li><li>● Missing signature or date of the state representative</li><li>● Missing correct local GR-Codes</li><li>● Missing either initial or post eligibility determination boxes checked</li></ul> <p>FIA Central informs the local FIA worker via external tracking ledger and emails when an IAR form needs correction and/or needs to be uploaded to ECMS. In turn, the FIA worker locates and uploads to ECMS the valid document. This process has improved the quality of the IAR forms that are uploaded to ECMS. The IAR Unit has established a great working rapport with our FIA contacts. As a part of the local department supervisory case review process, TDAP cases are reviewed to ensure compliance with proper documentation in the case record.</p>
--	--

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

JCR Status as of November 1, 2020

#### Recommendation 5b

We recommend that FIA establish procedures to ensure that TDAP cases are closed in a timely manner once SSA renders its final decision regarding a recipient's application for federal benefits (repeat).

Status of Recommendation 5b			
Status as of 11/1/2020	Completed	Completion Date:	8/2016
Please provide details of corrective action taken.	In response to this audit finding, FIA centralized TDAP fiscal related activities, which continue to be completed in the CARES Fiscal unit. The CARES Fiscal unit tracks and monitors TDAP cases to ensure that each of the identified cases are processed properly once a final decision has been rendered by the Social Security Administration (SSA). Enforcement of the Interim Assistance Reimbursement (IAR) Case Closing Process Standard Operating Procedure (SOP) has been implemented.		
	<p>The CARES Fiscal – IAR Unit has collaborated with FIA to establish and maintain a process that assists FIA with timely closures of TDAP cases once the final decision has been made by SSA. The case types are broken out as the following:</p> <ul style="list-style-type: none"><li>● <b>Processed Cases</b> – SSA has awarded the TDAP client Supplemental Security Income/Social Security Disability Income (SSI/SSDI) benefits, the IAR Unit has received reimbursements, and has finalized the client's case in CARES, then these case types should be closed immediately by FIA upon request from IAR.</li><li>● <b>Terminated Cases</b> – SSA has made the decision to terminate the client's SSI application. The IAR Unit sends out weekly External Tracking Sheets that identify these case types and makes the request to close these cases or request that FIA provide proof that the recipient has filed a new SSI application and also has completed a new IAR 340 form in order for the case to remain open.</li></ul>		

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

#### JCR Status as of November 1, 2020

	<ul style="list-style-type: none"><li>● <b>Denied Cases</b> – SSA has made the decision to deny the client's SSI application. The client is given 60-days to file an appeal and to continue to pursue SSI. Once the allotted 60-days have lapsed, the IAR Unit requests either proof of an appeal from FIA or requests that FIA closes the case.</li></ul> <p>The IAR Unit communicates with local FIA contacts by sending weekly Excel tracking sheets that identify the current status of TDAP cases which informs them of the action that has been taken by IAR staff and the requested actions that need to be taken by FIA. Five (5) days after the external tracking sheet has been emailed to FIA if the case remains in an active status the IAR unit sends out an initial reminder email to close the case. A second reminder email is sent by the IAR unit five days after the initial reminder if the case is still in an active status. A third and final email reminder is sent out five days from the second reminder by the IAR unit to close the TDAP recipient's case to ensure no more benefits continue to go out on behalf of the client.</p>
--	---



## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

JCR Status as of November 1, 2020

#### Contract Monitoring

##### Finding 6

FIA did not adequately monitor costs and deliverables for certain contracts and agreements related to its public assistance programs.

##### Recommendation 6a

We recommend that FIA ensure that all contract and agreement deliverables are received (repeat).

Status of Recommendation 6a			
Status as of 11/1/2020	In Progress	Completion Date:	Ongoing
Please provide details of corrective action taken.	FIA continues to monitor contract activities through the use of multiple monitoring tools. The tools include invoice checklists, Google sheets to track deliverables and contract progress, maintaining contract file consistency, and conducting regular meetings with contractors to address contract status and/or concerns. The use of the designated monitoring tools to inspect and track contract performance is an ongoing activity.  It is important to note FIA conducts an annual contract compliance training refresher designed to address and mitigate audit findings. However, the contract compliance training which is normally conducted annually in the spring was affected by COVID-19 conditions. In response, FIA has been working with designated training staff to develop virtual learning material and incorporating a self-directed training curriculum.		

##### Recommendation 6b

We recommend that FIA obtain adequate documentation, including detailed invoices, to verify the accuracy of billings (repeat)

Status of Recommendation 6b			
Status as of 11/1/2020	In Progress	Completion Date:	Ongoing

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

#### JCR Status as of November 1, 2020

<b>Please provide details of corrective action taken.</b>	FIA continues to verify the billing accuracy of invoices by requesting the submission of supporting documentation with each invoice (invoices are itemized). All supporting documentation is reviewed to determine allowability and mathematical accuracy. FIA challenges any errors or inconsistencies identified during the review and the contractor/vendor is held accountable for the resolution. This is an ongoing activity.
---	---

## Exhibit 1 to April 28, 2021 Letter to Joint Chairmen

### Department of Human Services – Family Investment Administration

JCR Status as of November 1, 2020

#### Grants Management

##### Finding 7

FIA did not verify that certain grant funds were spent as intended.

##### Recommendation 7

We recommend that FIA, as the designated DHS agency responsible for grants management, independently verify, at least on a test basis, that grant funds are spent as intended by ensuring that all required reports are submitted, adequately supported, and reviewed (repeat).

Status of Recommendation 7			
Status as of 11/1/2020	In Progress	Completion Date:	Ongoing
Please provide details of corrective action taken.	<p>The Bureau of Special Grants (BSG) continues to ensure Scopes of Work (SOW) exist for all grant programs and budgets are received and reviewed as part of the initial proposal process. All vendors are required to turn in quarterly Fiscal and Activity Reports that include trial balances, the Fiscal and Activity Report with costs and services provided, a narrative, and their staff salary and benefits paid for in that quarter. Designated BSG staff review invoices, expenditure reports, and supporting documentation to determine if charges are necessary, reasonable, and allowable based on the original submitted budget. All vendors are currently compliant with turning in these reports, which are due by the 15th of the month following completion of the quarter.</p> <p>Additionally, independent audits are required from each vendor by February 15th following the fiscal year and all activities are currently ongoing. Relevant findings from the independent audits are incorporated into the project meeting agenda with the vendor and/or the monitoring activities for the grant, if deemed necessary. All independent audits for 2019 were received.</p>		

## Exhibit 2 to April 28, 2021 Letter to Joint Chairmen

### Status of Repeat Findings in OLA's March 21, 2019 Audit Report on the Department of Human Services – Family Investment Administration (FIA)

Prior Recommendations Pertaining to Repeat Findings	Status Based on OLA Review
<b>Quality Assurance Programs</b> 4. We recommend that FIA a. take appropriate follow-up action to ensure the Local Departments of Social Services conduct the required number of quality assurance reviews.	Not Resolved (In Progress)
<b>Temporary Disability Assistance Program (TDAP)</b> 5. We recommend that FIA a. establish procedures to ensure that it receives all documentation required to establish recipient eligibility prior to making TDAP payments so that federal reimbursement can be received.	Resolved
b. establish procedures to ensure that TDAP cases are closed in a timely manner once the Social Security Administration renders its final decision regarding a recipient's application for federal benefits.	Resolved
<b>Contract Monitoring</b> 6. We recommend that FIA a. ensure that all contract and agreement deliverables are received.	Resolved
b. obtain adequate documentation, including detailed invoices, to verify the accuracy of billings.	Resolved
<b>Grants Management</b> 7. We recommend that FIA as the designated Department of Human Services agency responsible for grants management, independently verify, at least on a test basis, that grant funds are spent as intended by ensuring that all required reports are submitted, adequately supported, and reviewed.	Not Resolved (In Progress)

## **Exhibit 3 to April 28, 2021 Letter to Joint Chairmen**

### **OLA's Assessments Regarding Repeat Findings That Were Not Resolved**

#### **Prior Report Recommendation – Finding 4a**

**We recommend that FIA**

- a. take appropriate follow-up action to ensure the Local Departments of Social Services conduct the required number of quality assurance reviews (repeat).**

#### **Status: Not Resolved**

Our review disclosed that prior to the State of Emergency in March 2020, FIA established a process to monitor the Local Departments of Social Services' compliance with conducting the required number of quality assurance reviews. We were advised by FIA management that since the State of Emergency, FIA has stopped monitoring compliance; however, it intends on resuming the monitoring after the State of Emergency.

#### **Prior Report Recommendation – Finding 7**

**We recommend that FIA as the designated DHS agency responsible for grants management, independently verify, at least on a test basis, that grant funds are spent as intended by ensuring that all required reports are submitted, adequately supported, and reviewed (repeat).**

#### **Status: Not Resolved**

Our review disclosed that FIA has recently reorganized and transferred the responsibility for these grants from its Bureau of Special Grants to its Office of Nutrition Assistance Program (ONAP). As of March 22, 2021, ONAP was in the process of retrieving historical documents and meeting with grantees to establish its own processes to effectively manage and monitor grant funds. FIA projects these processes to be in place by September 2021.