

# Audit Report

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## Department of Disabilities

December 2022

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**OFFICE OF LEGISLATIVE AUDITS**  
**DEPARTMENT OF LEGISLATIVE SERVICES**  
**MARYLAND GENERAL ASSEMBLY**

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Victoria L. Gruber  
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES  
OFFICE OF LEGISLATIVE AUDITS  
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA  
Legislative Auditor

December 13, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee  
Delegate Mark S. Chang, House Chair, Joint Audit and Evaluation Committee  
Members of Joint Audit and Evaluation Committee  
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Department of Disabilities (DOD) for the period beginning June 21, 2018 and ending August 15, 2022. DOD is responsible for evaluating programs and services for citizens with disabilities, and coordinating and supporting public and private agencies serving persons with disabilities.

Our audit did not disclose any findings.

We wish to acknowledge DOD's efforts to satisfactorily address the finding contained in our preceding audit report. We also wish to acknowledge the cooperation extended to us during the audit by DOD.

Respectfully submitted,

Gregory A. Hook, CPA  
Legislative Auditor



## **Background Information**

### **Agency Responsibilities**

The Department of Disabilities (DOD) is responsible for evaluating programs and services for citizens with disabilities, and coordinating and supporting public and private agencies serving persons with disabilities. According to the State's records, DOD's expenditures were approximately \$11.5 million during fiscal year 2022, which included approximately \$2.2 million for grants and subsidies.

### **Law Change**

Effective July 1, 2020, Chapter 586, Laws of Maryland 2020, transferred the administration and management of the Telecommunications Access of Maryland and the Telecommunications Devices and Distribution of Accessible Information for Disabled Individuals programs from the Department of Information Technology to DOD. These programs are supported by the Maryland Universal Service Trust Fund (USTF) and provide telecommunications relay service for Marylanders who are deaf, hard of hearing, or speech disabled so they can communicate with others through TTY (teletypewriter) using a standard phone. During fiscal year 2022, USTF revenue totaled approximately \$2.8 million and program expenditures totaled \$5.4 million; and the USTF fund balance was \$10.9 million as of June 30, 2022. The procedures and controls over USTF and these programs starting July 1, 2020 were subject to review during our current DOD audit.

### **Status of Finding From Preceding Audit Report**

Our audit included a review to determine the status of the finding contained in our preceding audit report dated June 26, 2019. We determined that DOD satisfactorily addressed this finding.

## **Findings and Recommendations**

Our audit did not disclose any deficiencies in the design or operation of DOD's internal control. Our audit also did not disclose any instances of noncompliance with applicable laws, rules, or regulations.

A draft copy of this report was provided to DOD. Since there are no recommendations in this report, a written response was not necessary.

## **Audit Scope, Objectives, and Methodology**

We have conducted a fiscal compliance audit of the Department of Disabilities (DOD) for the period beginning June 21, 2018 and ending August 15, 2022. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine DOD's financial transactions, records, and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included procurements and disbursements, equipment, federal fund recoveries, the Telecommunication Access of Maryland Program, and the Telecommunications Devices and Distribution of Accessible Information for Disabled Individuals programs. We also determined the status of the finding contained in our preceding audit report.

Our audit did not include certain support services provided to DOD by the Executive Department – Governor. These support services (such as processing of invoices and payroll, and maintenance of certain accounting records and related fiscal functions) are included within the scope of our audits of the Executive Department – Governor. In addition, our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs and an assessment of DOD's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including DOD.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of June 21, 2018 to August 15, 2022, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of DOD's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected. We also performed other auditing procedures that we considered necessary to achieve our audit objectives. The reliability of data used in this report for background or informational purposes was not assessed.

DOD's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to DOD, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

AUDIT TEAM

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