



Victoria L. Gruber
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Gregory A. Hook, CPA
Legislative Auditor

May 14, 2024

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

Delegate Benjamin S. Barnes, Chair
House Appropriations Committee
Lowe House Office Building, Room 121
6 Bladen Street
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

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 October 21, 2022 audit report. This review was conducted in accordance with a requirement specified in the April 2023 *Joint Chairmen's Report* (JCR), page 148. The JCR required that, prior to the release of \$100,000 of its administrative appropriation for fiscal year 2024, DHS must take corrective action on all repeat audit findings on or before November 1, 2023. 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 repeat 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 October 21, 2022 audit report of FIA contained five repeat audit findings (findings 2, 6, 7, 9, and 10) that were addressed by eight recommendations. In accordance with the April 2023 JCR requirement, FIA provided a status report to OLA, dated December 4, 2023, detailing certain corrective actions that had been completed and actions that were ongoing with respect to all five repeat audit findings (**Exhibit 1**). The FIA status report indicated that corrective actions had been completed for two of the five findings.

We reviewed the FIA 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 current review, we determined that FIA resolved Finding 2, but had not yet taken sufficient actions to correct Findings 6, 7, 9, and 10. Specifically, although FIA had implemented certain elements of the recommendations related to Findings 6, 7, 9, and 10 the actions to date did not address the entirety of the findings (**Exhibit 2**). Consequently, at the time of our review, our assessment of Findings 6, 7, 9, and 10 concluded that they were still in progress as of November 2023 (**Exhibit 3**).

Although we concluded that those aforementioned findings had not been fully resolved, Exhibit 3 does provide additional detail regarding certain corrective actions that had been taken to date. We discussed our findings with FIA management. 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, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, 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 Westley W. Moore
Comptroller Brooke E. Lierman
Treasurer Dereck E. Davis
Attorney General Anthony G. Brown
Secretary Helene T. Grady, Department of Budget and Management
Secretary Rafael J. Lopez, DHS
Carnitra D. White, Principal Deputy Secretary, DHS
Daniel W. Wait, Deputy Secretary of Operations, DHS
Kirill Reznik, Acting Chief Financial Officer, DHS
Webster Ye, Chief of Staff, DHS
Augustin Ntabaganyimana, Acting Executive Director, FIA

Marva M. Sutherland, Inspector General, DHS
Shelly-Ann Dyer, Assistant Inspector General, DHS
William C. Niner, Director, Bureau of Audit Compliance & Reporting, FIA
Tonya D. Zimmerman, Manager, Department of Legislative Services
Joan M. Peacock, Manager, Audit Compliance Unit, Department of Budget and
Management
Victoria L. Gruber, Executive Director, Department of Legislative Services

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen



Wes Moore, Governor | Aruna Miller, Lt. Governor | Rafael López, Secretary

January 3, 2024

Mr. Gregory A. Hook, CPA
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards,
351 West Camden Street, Suite 400
Baltimore, Maryland 21201

Dear Mr. Hook:

In response to your letter dated November 9, 2023, we are providing the enclosed status report detailing the corrective actions that have been taken with respect to the findings noted in the October 2022 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.

We are happy to answer any questions. Please contact Marva Sutherland, Inspector General, by phone at (443) 378-4060 or via email at Marva.Sutherland@maryland.gov if you would like to continue the conversation.

In service,

A handwritten signature in black ink, appearing to read "Rafael López", is written over a light blue horizontal line.

Rafael López
Secretary

Enclosures:

cc:

Carnitra White, Principal Deputy Secretary
Daniel Wait, Deputy Secretary of Operations
Kirill Reznik, Acting Chief Financial Officer
Webster Ye, Chief of Staff
Augustin Ntabaganyimana, Acting Executive Director of FIA
Marva Sutherland, Inspector General
Shelly-Ann Dyer, Assistant Inspector General for Audits



Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

Temporary Cash Assistance (TCA)

Finding 2

FIA allowed numerous recipients to continue receiving TCA benefits beyond the five years allowed by federal and State regulations.

Recommendation 2a

We recommend that FIA comply with existing federal and State regulations by terminating TCA benefits to all recipients after five years unless a documented hardship exemption and related independence plan is prepared and approved, as required (repeat).

Status of Recommendation 2a			
Status as of 11/1/2023	Completed	Completion Date:	November 2023
Please provide details of corrective action taken.	<p>The Family Investment Administration (FIA) has implemented system changes to alert case managers when a case is reaching the 60-month time limit for the Temporary Cash Assistance (TCA) program so that they may initiate a discussion with the household to determine if they qualify for a hardship exemption to remain in the program. The Eligibility & Enrollment (E&E) system features include:</p> <ul style="list-style-type: none">• Create worker alerts for all TCA cases at the 58th month. The alerts will remind case managers to reach out to customers and complete an assessment and Family Independence Plan (FIP) to determine if the customer meets the criteria for a hardship.• A counter to track the number of hardships and extensions granted.• If no hardship exemption or extension is granted, the system will automatically close the case and send the customer a closure/denial letter of adverse action. <p>Implementing the above system enhancements will ensure that case managers are engaged in proactive discussions with TCA households and take timely actions to obtain a hardship exemption or close the cases, whichever is appropriate.</p>		

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

	<p>FIA will continue to monitor a sample of TCA cases that reach 60-months on a monthly basis to ensure the local departments are following the policy and procedures for TCA 60-month cases.</p> <p>The administration is finalizing an Action Transmittal (AT) to provide instructions for the local departments on how to case manage households as they near the program time limit.</p> <p>It is important to note that when the system enhancements went live on November 17, 2023, a “how to” user guide was provided to the local departments and it is also located on the E&E system. Therefore, the local departments know how to handle the cases based on the guide.</p> <p>By March 31, 2024, FIA will evaluate this process to confirm whether it has effectively prevented cases from continuing to receive TCA benefits if they do not have a qualifying hardship exemption in the system.</p>
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Recommendation 2b

We recommend that FIA determine the extent of improper payments and, in conjunction with the federal granting agency, develop a plan to address any amounts improperly recovered from the federal granting agency, and notify the General Assembly budget committees and the Department of Budget and Management of the extent of State payments made in violation of the aforementioned State regulations (repeat).

Status of Recommendation 2b			
Status as of 11/1/2023	N/A - Department Disagreed	Completion Date:	N/A
Please provide details of corrective action taken.	<p>FIA disagrees with the recommendation. At the time of the audit, we confirmed that the recipients were eligible to receive TCA benefits based on hardship with the exception of 3 cases, which were being assessed for further action accordingly. To date, we have subsequently confirmed the identified cases were also eligible for a hardship exemption.</p> <p>For the cases cited, the evidence of hardship was not always consistently documented in the case file. For example, medical</p>		

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

	<p>documentation was in the case file to identify a disability which meets the criteria for hardship, but the hardship form was not completed by the local department. FIA has taken measures to ensure the documentation for hardship is adequately included in the case file. FIA has conducted case worker training and issued written guidance on the proper documentation of hardship.</p> <p>The system changes that were made also ensure that evidence of hardship exemption is uploaded before benefit can continue beyond the 60-month time limit. A report of cases that exceeded the 60-month time limit was compiled and shared with the locals including instructions to assess the recipient's situation, document the hardship, and upload the documentation into E&E via the Enterprise Content Management System (ECMS).</p> <p>FIA does conduct a monthly TCA 60-month case review to see if the required documentation is in the case file. Based on the reviews conducted it appears that compliance in this area is improving.</p> <p>Additionally, the recently implemented system enhancements will help to further improve documentation collection.</p>
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Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

Follow-up on Computer Matches

Finding 6

FIA did not ensure that all social security number alerts were recorded in CARES for follow-up purposes.

Recommendation 6

We recommend that FIA ensure all SSN match alerts are properly recorded in the system for follow up (repeat).

Status of Recommendation 6			
Status as of 11/1/2023	In Progress	Completion Date:	Ongoing
Please provide details of corrective action taken.	To address this issue, FIA has worked with Maryland Total Human-Services Integrated Network (MD THINK) to generate Social Security Number (SSN) match alerts. The SSN Alerts have been a part of the E&E System since conversion in 2021. The alerts identify public assistance recipients whose SSNs could not be verified in the federal system. A case manager must follow-up on each of the alerts and contact the customer, as necessary to resolve the issue. SSN alerts are generated and displayed on the case managers' Case Homepage in the system.		
	The department has created an E&E report that shows the total number of SSN alerts, including all outstanding alerts. The report allows local staff to perform ongoing monitoring to ensure that SSN alerts are addressed and the match results are properly recorded in E&E.		
	There is a system feature that identifies if the SSN has not been federally verified.		

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

Finding 7

FIA did not ensure that the LDSSs conducted timely and appropriate follow-up on PARIS alerts. Our review disclosed that the LDSSs did not take timely or appropriate action for 43 of the 46 alerts we tested.

Recommendation 7a

We recommend that FIA monitor LDSSs PARIS alert activity to ensure that the LDSSs conduct timely and appropriate follow-up of PARIS alerts (repeat).

Status of Recommendation 7a			
Status as of 11/1/2023	Completed	Completion Date:	January 2023
Please provide details of corrective action taken.	FIA has worked with MD THINK to develop a Public Assistance Reporting Information System (PARIS) alerts report to allow local departments of social services to monitor and complete the alerts. On a monthly basis, FIA runs a report to identify locals that are behind in their dispositioning of the alerts. Effective January 2023, the Management Evaluation Unit (ME) sent Overdue PARIS Alert Memos to all local jurisdictions with delays in disposition of the alerts. The jurisdictions are given 10 business days to properly address and dispose of outstanding alerts.		

Recommendation 7b

We recommend that FIA monitor LDSSs PARIS alert activity to ensure that the LDSSs update the system and case notes for unreported income identified by the PARIS reports (repeat).

Status of Recommendation 7b			
Status as of 11/1/2023	In Progress	Completion Date:	January 2024
Please provide details of corrective action taken.	Effective January 2024, the ME unit within the Bureau of Quality Control (BQC) will begin the review process on the overdue PARIS alerts. Thirty of the previous month's overdue alerts will be sampled to determine if the LDSS executed the appropriate procedures in dispositioning the alert. This review process includes checking for proper narration, ensuring that unreported income is properly counted in the Supplemental Nutrition Assistance Program (SNAP)/TCA calculations, and ensuring that any claims related to the PARIS alert are properly processed. The LDSS is given 30-days following the date		

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

	notification was received to correct all errors and complete the Error Response Form.
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Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

Contract Monitoring

Finding 9

FIA did not adequately administer certain contracts and agreements related to its public assistance programs.

Recommendation 9a

We recommend that FIA obtain adequate documentation, including payroll records, timesheets, and receipts, to verify the accuracy of billings, as required by policy (repeat).

Status of Recommendation 9a			
Status as of 11/1/2023	Completed	Completion Date:	June 2023
Please provide details of corrective action taken.	<ul style="list-style-type: none">All vendors and grantees are required to submit supporting documentation with all invoices. The contract manager must provide the vendor outcomes within the Quarterly Report and proof of monitoring along with the invoice and supporting documentation for approval of payment.The Emergency Food Program updated the standard operating procedure (SOP) to reflect that supporting documents must accompany all invoices for payment rather than on a test basis.The Emergency Food Program held meetings in smaller groups with all vendors to introduce the practice of providing supporting documentation with every invoice. Meetings are held individually if technical assistance is needed.Each contract is monitored differently and is consistent with FIA's Contract Monitoring and Invoice Protocol. The protocol is being implemented to improve contract and invoice monitoring. FIA continues to work on improving our contract monitoring and invoice processing.DHS has established a new protocol for receiving and reviewing invoices prior to payment.		

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

Recommendation 9c

We recommend that FIA in conjunction with DHS, formally determine which entity is responsible for LDSS contract oversight and establish processes to oversee and approve LDSS public assistance contracts and agreements to ensure that the related invoices are consistent with the agreements and that the agreed-upon services are received (repeat).

Status of Recommendation 9c			
Status as of 11/1/2023	In Progress	Completion Date:	March 2024
Please provide details of corrective action taken.	<ul style="list-style-type: none">FIA developed a three-pronged strategy to address this concern. The strategy included the provision of period training to local contract managers who are responsible for drafting scopes of work, reviewing invoices, processing invoices, and monitoring contracts. It also included a plan to develop a central team to provide oversight of local contracts and ongoing technical assistance. Two of the three prongs including technical assistance and ongoing training have been implemented.DHS implemented a fiscal delegation of authority (attached, effective April 3, 2023) process agency-wide.FIA has established a process for reviewing and signing off on LDSS contracts.FIA has established and implemented an annual contract compliance training and provides ongoing technical assistance to local contract managers.The revised contract SOP will be shared with every local office.FIA will require each LDSSs to submit a SOP for contract monitoring and invoice processing protocol.		

Exhibit 1 to May 14, 2024 Letter to Joint Chairmen

Grants Management

Finding 10

FIA did not obtain supporting documentation to support grant funds were spent as intended.

Recommendation 10a

We recommend that FIA independently verify, at least on a test basis, that grant funds are spent as intended by obtaining and reviewing documentation to support the propriety of payments (repeat).

Status of Recommendation 10a			
Status as of 11/1/2023	Completed	Completion Date:	June 2023
Please provide details of corrective action taken.	<ul style="list-style-type: none">All vendors and grantees are required to submit supporting documentation with all invoices. The contract manager must provide the vendor outcomes within the Quarterly Report and proof of monitoring along with the invoice and supporting documentation for approval of payment.FIA updated the SOP to reflect that supporting documents must accompany all invoices for payment rather than on a test basis.FIA held meetings in smaller groups with all vendors to introduce the practice of providing supporting documentation with every invoice. Meetings are held individually if technical assistance is needed.Contract Managers are required to review invoices in accordance with the new SOP.		

Exhibit 2 to May 14, 2024 Letter to Joint Chairmen

Status of Repeat Findings in OLA’s October 21, 2022 Audit Report on the Department of Human Services – Family Investment Administration (FIA)

Prior Recommendations Pertaining to Repeat Findings	Status Based on OLA Review
Temporary Cash Assistance (TCA) 2. We recommend that FIA <ol style="list-style-type: none"> a. comply with existing federal and State regulations by terminating TCA benefits to all recipients after five years unless a documented hardship exemption and related independence plan is prepared and approved, as required. 	Resolved
<ol style="list-style-type: none"> b. determine the extent of improper payments and, in conjunction with the federal granting agency, develop a plan to address any amounts improperly recovered from the federal granting agency, and notify the General Assembly budget committees and the Department of Budget and Management of the extent of State payments made in violation of the aforementioned State regulations. 	Resolved ¹
Follow-up on Computer Matches 6. We recommend that FIA ensure all SSN match alerts are properly recorded in the system for follow-up.	Not Resolved (In Progress)
7. We recommend that FIA monitor LDSSs PARIS alert activity to ensure that the LDSSs <ol style="list-style-type: none"> a. conduct timely and appropriate follow-up of PARIS alerts. 	Not Resolved (In Progress)
<ol style="list-style-type: none"> b. update the system and case notes for unreported income identified by the PARIS reports. 	Not Resolved (In Progress)
Contract Monitoring 9. We recommend that FIA <ol style="list-style-type: none"> a. obtain adequate documentation, including payroll records, timesheets, and receipts, to verify the accuracy of billings, as required by policy. 	Not Resolved (In Progress)

¹ Item was deemed to be resolved by OLA after receipt of pertinent information from FIA subsequent to the issuance of the audit report.

Exhibit 2 to May 14, 2024 Letter to Joint Chairmen

Status of Repeat Findings in OLA's October 21, 2022 Audit Report on the Department of Human Services – Family Investment Administration (FIA)

Prior Recommendations Pertaining to Repeat Findings	Status Based on OLA Review
c. in conjunction with DHS, formally determine which entity is responsible for LDSS contract oversight and establish processes to oversee and approve LDSS public assistance contracts and agreements to ensure that the related invoices are consistent with the agreements and that the agreed-upon services are received.	Not Resolved (In Progress)
Grant Management 10. We recommend that FIA a. independently verify, at least on a test basis, that grant funds are spent as intended by obtaining and reviewing documentation to support the propriety of payments.	Not Resolved (In Progress)

Exhibit 3 to May 14, 2024 Letter to Joint Chairmen

OLA's Assessments Regarding Repeat Findings and Recommendations That Were Not Resolved

Prior Report Recommendation – Finding 6

We recommend that FIA ensure all SSN match alerts are properly recorded in the system for follow up (repeat).

Status: Not Resolved

Our review disclosed that FIA asserted all SSNs not verified by the Social Security Administration (SSA) were automatically recorded as alerts in the MD THINK Eligibility and Enrollment (E&E) system for follow-up. However, FIA was unable to provide evidence that this automated function had been tested to ensure that all SSNs not verified by SSA were properly populated as an alert. For example, a report of all unverified SSNs was not compared to a report of alerts recorded in the E&E system.

Prior Report Recommendation – Finding 7

We recommend that FIA monitor LDSSs PARIS alert activity to ensure that the LDSSs

- a. conduct timely and appropriate follow-up of PARIS alerts (repeat), and**
- b. update the system and case notes for unreported income identified by the PARIS reports (repeat).**

Status: Not Resolved

Our review disclosed that while FIA implemented monthly Overdue Public Assistance Reporting Information (PARIS) Alert Memos to the Local Departments of Social Services (LDSSs), FIA had not completed its monthly Management Evaluation reviews to ensure that appropriate follow-up actions were taken in response to the alert memos. Effective January 2024, FIA developed a standard operating procedure (SOP) to detail FIA's monitoring process over the LDSS timely completion and appropriate execution of PARIS alerts. However, as of the time of OLA's review (January 2024), FIA had not completed any reviews in accordance with the SOP. Therefore, we concluded that FIA had not ensured that the LDSSs updated the system and case notes for unreported income identified by the PARIS alerts.

Prior Report Recommendation – Finding 9

We recommend that FIA

- a. obtain adequate documentation, including payroll records, timesheets, and receipts, to verify the accuracy of billings, as required by policy (repeat); and**
- c. in conjunction with DHS, formally determine which entity is responsible for LDSS contract oversight and establish processes to oversee and approve LDSS public**

Exhibit 3 to May 14, 2024 Letter to Joint Chairmen

assistance contracts and agreements to ensure that the related invoices are consistent with the agreements and that the agreed-upon services are received (repeat).

Status: Not Resolved

Our review disclosed that FIA established a process that required FIA to obtain and review the documentation to support invoices. However, FIA could not provide documentation that it regularly obtained and reviewed the supporting documentation to verify the accuracy of payroll expenditures included on the invoices.

Furthermore, our review disclosed that FIA determined that it was responsible for LDSS contract oversight, including approving LDSS public assistance contracts and agreements to ensure the invoices were adequate and the services had been provided. However, at the time of OLA's review FIA had not formalized the related oversight processes and it had not established a team to perform this work.

Prior Report Recommendation – Finding 10

We recommend that FIA

- a. independently verify, at least on a test basis, that grant funds are spent as intended by obtaining and reviewing documentation to support the propriety of payments.**

Status: Not Resolved

Our review disclosed that FIA had established a process to independently verify grant funds were spent as intended by obtaining and reviewing documentation to support the propriety of payments. However, FIA did not have documentation that the process was implemented. Specifically, FIA lacked documentation that it requested and reviewed the applicable supporting documentation for expenditures, such as timesheets to support the personnel-related expenditures. Rather, FIA relied on grantee-generated expenditure reports that summarized the expenditures related to the grant.