



Results of OLA Follow-up Reviews of Unsatisfactory Fiscal Compliance Audit Reports

Presentation to the Joint Audit Committee

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Department of Legislative Services Office of Legislative Audits

Audit Report Rating System – State Law

- State Government Article, § 2-1221
 - (e) Evaluation of financial transactions, records and compliance. --
 - (1) Upon approval of the Joint Audit Committee, the Office of Legislative Audits shall develop and use a rating system that is based on the results of a fiscal/compliance audit to determine an overall evaluation of a unit's financial transactions, records, and internal controls and compliance with applicable laws and regulations as a means of comparing the various units of State government.
 - (2) When an evaluation is issued, it shall be provided to the unit and shall be available to the Joint Audit Committee and the Budget Committees of the Maryland General Assembly.



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Audit Report Rating System – Guidelines

- OLA established a rating system that is based on the results of our fiscal/compliance audit process and is uniformly applied to all such audits.
 - The system was approved by the Joint Audit Committee (JAC), and is used to advise the General Assembly of those agencies for which OLA has concluded that an increased level of oversight is warranted.
 - Since the General Assembly is interested in identifying those agencies that warrant additional attention, only unsatisfactory ratings are published in audit reports.
 - Each agency receiving an unsatisfactory rating is advised of the methodology used in determining its accountability level and provided a copy of the guidelines.
 - When a subsequent audit discloses that an agency's rating has improved from the unsatisfactory rating, the improvement is acknowledged in the subsequent audit report.
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Four Unsatisfactory Agencies

- During calendar year 2018, OLA conducted reviews to determine the corrective actions taken by four agencies, which had received unsatisfactory ratings, to address certain of the audit findings in our reports on those agencies.
- The table below indicates those four agencies and the number of findings in their audit reports.
- Repeat audit findings impact the rating.

Agency	Original Report Date	Number of Report Findings	Number of Repeat Report Findings
Maryland Department of Health (MDH) – Medical Care Programs Administration	August 18, 2017	15	6*
Maryland Department of Health (MDH) – Office of the Secretary and Other Units	August 30, 2017	17	6
Department of Human Services (DHS) - Social Services Administration	November 20, 2017	14	2
Uninsured Employers' Fund (UEF)	January 3, 2018	8	7

* There were actually seven repeated findings, but two appeared as one finding in the current report.



Medical Care Programs Administration (MCPA)

- MDH provided a status report, as of February 28, 2018, on behalf of MCPA indicating the implementation status of each finding (corrected or in progress) as well as its corrective action plan, including timelines and processes to monitor the implementation of the plan.
- In summary, MCPA's status report indicated that 10 findings had been corrected, and additional actions were still required to address the 5 remaining findings.
- We performed certain procedures to evaluate the actions taken by MCPA for 8 of the 15 findings. Specifically, we reviewed 5 of the 10 findings which MDH's status report indicated were corrected and 3 of the 5 findings for which MDH's status report indicated that additional actions were required.



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MCPA – Follow-up: Summary Results

- Our review disclosed that MDH had corrected 3 of the findings we reviewed, and had made progress, but had not resolved the 5 other findings (including 3 that MDH reported as corrected). In several cases, although MCPA had established appropriate procedures to address the recommendations, the recommendations had not been fully implemented.

Finding	Topic	MDH Status	OLA Status
1	Recipient Enrollment	Corrected	Corrected
3	Recipient Enrollment	Corrected	In Progress
4	Recipient Enrollment	Corrected	In Progress
5	Recipient Enrollment	In Progress	Corrected
8	Program Oversight – Hospitals and Long-Term Care Providers	Corrected	In Progress
10	Program Oversight – Behavioral Health	Corrected	Corrected
11	Program Oversight – Behavioral Health	In Progress	In Progress
13	IS Security and Control	In Progress	In Progress



MCPA – Select Findings from Follow-up

- **Finding 1 was deemed to be Corrected.**
MCPA had taken sufficient action to implement recommendations related to the finding, which noted that MCPA did not assign a temporary enrollment status to 11,153 new enrollees, resulting in delays (allegedly caused by a computer compatibility issue) in placing them in Managed Care Organizations (MCOs). Such delays resulted in certain associated claims being paid on a fee-for-service basis that would have been paid by MCOs.
 - **Finding 4 was deemed to be In Progress.**
MCPA established procedures as recommended, but had not fully implemented them. MCPA identified and forwarded monthly reports of active recipients age 65 and older who were not enrolled in Medicare to the Department of Human Services (DHS) for follow-up and correction. Our test found DHS was not always taking timely corrective action and MCPA was not prompt in its follow-up.
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Maryland Department of Health - Office of the Secretary and Other Units (MDH)

- MDH provided a status report, as of February 28, 2018, indicating the implementation status of each finding (corrected or in progress) as well as its corrective action plan, including timelines and processes to monitor the implementation of the plan.
- In summary, MDH's status report indicated that 11 findings had been corrected, and additional actions were still required to address the 6 remaining findings.
- We performed certain procedures to evaluate the actions taken by MDH for 9 of the 17 findings. Specifically, we reviewed 6 of the 11 findings which MDH's status report indicated were corrected and 3 of the 6 findings for which MDH's status report indicated that additional actions were required.



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MDH – Follow-up: Summary Results

- Our review disclosed that MDH had corrected 4 of the findings we reviewed, and had made progress, but had not resolved the 5 other findings (including 3 that MDH reported as corrected). Regarding the 5, in most cases MDH satisfactorily completed some of the recommendations in the finding, but had not fully addressed others.

Finding	Topic	MDH Status	OLA Status
1	Interagency Agreements	Corrected	In Progress
2	Interagency Agreements	Corrected	In Progress
3	Procurements	Corrected	In Progress
5	Procurements	In Progress	Corrected
6	Federal Funds	Corrected	Corrected
7	Office of the Inspector General	Corrected	Corrected
9	IS Security and Control	Corrected	Corrected
10	IS Security and Control	In Progress	In Progress
11	IS Security and Control	In Progress	In Progress



MDH – Select Findings from Follow-up

➤ **Finding 1 was deemed to be In Progress.**

MDH established procedures for determining the most cost beneficial option for obtaining services before entering into an interagency agreement, and for ensuring the reasonableness of the related administrative fees. However, MDH did not fully address recommendations relating to providing oversight of and guidance to its administrations regarding the use of these agreements, evaluating existing agreements, and refraining from using such agreements to augment its staff.

➤ **Finding 5 was deemed to be Corrected.**

MDH had taken sufficient action to implement recommendations related to the finding, which noted that MDH did not always comply with State procurement regulations with respect to bidding requirements and retention of critical procurement documents.



Social Services Administration (SSA)

- SSA provided a status report, as of June 13, 2018, indicating the implementation status of each finding (corrected or in progress) as well as its corrective action plan, including timelines and processes to monitor the implementation of the plan.
- In summary, SSA's status report indicated that 2 findings had been corrected, and additional actions were still required to address the 12 remaining findings.
- We performed certain procedures to evaluate the actions taken by SSA for 6 of the 14 findings. Specifically, we reviewed 6 of the 12 findings for which SSA's status report indicated that additional actions were required.



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SSA – Follow-up: Summary Results

- Our review confirmed that SSA had made some progress, but had not resolved the 6 findings we reviewed. In most cases, although SSA had established certain procedures to address the recommendations, the procedures were not sufficient to fully address the recommendations or had not been fully implemented.

Finding	Topic	SSA Status	OLA Status
1	Quality Assurance Program	In Progress	In Progress
2	Monitoring Compliance with Foster Care Requirements	In Progress	In Progress
3	Monitoring of Foster Care, Adoption, and Guardianship Assistance	In Progress	In Progress
5	Federal Funds	In Progress	In Progress
7	Child Protective Services	In Progress	In Progress
11	Foster Care, Adoption, and Guardianship Payments	In Progress	In Progress



SSA – Select Findings from Follow-up

- **Finding 1 was deemed to be In Progress.**
SSA established certain procedures for monitoring program services and functions. However, the procedures were not always complete or sufficient to address compliance with applicable laws, regulations, and policies; appropriate and timely record keeping; and the maintenance of supporting documentation. SSA had also not developed a quality assurance case review process at each local department of social services (LDSS).
 - **Finding 7 was deemed to be In Progress.**
SSA established written procedures requiring LDSSs to provide written justification for child abuse or neglect allegations and any related investigations not reviewed and completed within the timeframes required by law. However, the procedures did not address LDSS and SSA responsibility for ensuring that investigations were actually initiated timely.
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Uninsured Employers' Fund (UEF)

- UEF provided a status report, as of June 29, 2018, indicating the implementation status of each finding (corrected or in progress) as well as its corrective action plan, including timelines and processes to monitor the implementation of the plan.
- In summary, UEF's status report indicated that 4 findings had been corrected, and additional actions were still required to address the 4 remaining findings.
- We performed certain procedures to evaluate the actions taken by UEF for 5 of the 8 findings. Specifically, we reviewed the 4 findings which UEF's status report indicated were corrected and 1 of the 4 findings for which UEF's status report indicated that additional actions were required.



UEF – Follow-up: Summary Results

- Our review disclosed that UEF had corrected 1 of the findings we reviewed. The remaining 4 had not been resolved (including 3 that UEF reported as corrected). Although varying degrees of progress had been made by UEF, the actions taken were often incomplete or inadequate to fully resolve the findings.

Finding	Topic	UEF Status	OLA Status
3	Claims Processing	Corrected	In Progress
4	Claims Processing	Corrected	No Progress
5	Cash Receipts	Corrected	In Progress
6	IS Security and Control	Corrected	Corrected
8	IS Security and Control	In Progress	In Progress



UEF – Select Findings from Follow-up

- **Finding 3 was deemed to be In Progress.**
UEF established procedures to conduct independent supervisory reviews of indemnity payments to ensure their validity and accuracy, but had not established a documented procedure to verify that medical claim payments were proper based on supporting documentation.
 - **Finding 4 was deemed to be No Progress.**
UEF had not adequately addressed any of the audit recommendations, which included, for example, complying with procurement and contract provisions of the State procurement regulations, and ensuring that invoiced amounts are supported and agree to contract-approved rates and level of services prior to payment.
 - **Finding 6 was deemed to be Corrected.**
UEF had taken sufficient action to properly protect sensitive personally identifiable information (PII).
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