

Summary of Reports Issued and Recommended Committee Action

January 1, 2019 to September 30, 2019

Presentation to Joint Audit and Evaluation Committee

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October 29, 2019

Reports Issued January 1, 2019 to September 30, 2019

Summary

Total Reports Issued	63
Reports Recommended for Action	6

<u>Agency</u>	<u>Recommended Action</u>
1. Department of Human Services (DHS) – Family Investment Administration	JAEC Letter of Concern
2. DHS – Local Department Operations	JAEC Letter of Concern
3. Maryland State Department of Education – Division of Early Childhood	JAEC Letter of Concern
4. Maryland Technology Development Corporation	JAEC Hearing
5. Maryland Department of Health – Developmental Disabilities Administration	JAEC Hearing
6. Department of Commerce	JAEC Hearing

Summary of Recommended Action

Joint Audit and Evaluation Committee (JAEC) Hearing	3
JAEC Letter of Concern	<u>3</u>
Total	<u><u>6</u></u>

REPORTS ISSUED
JANUARY 1, 2019 TO SEPTEMBER 30, 2019

<u>Agency</u>	<u>Report Date</u>	<u>Number of Pages</u>
Developmental Disabilities Administration – Monitoring of Coordination of Community Services Agencies (Performance)	1/02/19	23
University System of Maryland – University of Maryland Eastern Shore	1/04/19	22
Maryland Department of Transportation – Maryland Transit Administration – Allegations Related to Possible Violations of State Laws, Regulations, and Policies Involving an MTA Management Employee (Special)	1/07/19	19
Department of Human Services – Social Services Administration – Follow-up Review (Special)	1/09/19	14
Morgan State University	1/11/19	36
Statewide Review of Budget Closeout Transactions for Fiscal Year 2018 (Special)	1/15/19	15
Maryland Department of Transportation – State Highway Administration	1/30/19	21
Maryland Technology Development Corporation	2/05/19	15
Department of Labor, Licensing and Regulation – Division of Unemployment Insurance	2/05/19	19
Office of Administrative Hearings	2/11/19	6
Maryland Department of Health – Holly Center	2/12/19	5
Maryland State Department of Education – Interagency Commission on School Construction	3/06/19	8
Statewide Personnel System – Review of the Design and Implementation of Automated Controls (Special)	3/07/19	17
Office of the Attorney General	3/08/19	8
Prince George's County Public Schools (Financial Management Practices Audit)	3/11/19	45
Maryland Department of Health – Deer's Head Hospital Center	3/14/19	8
Department of Information Technology as a Service Provider	3/21/19	15
Department of Human Services – Family Investment Administration	3/21/19	23
Maryland Department of Health – Thomas B. Finan Hospital Center	3/26/19	6
Board of License Commissioners for Prince George's County (Performance)	3/29/19	60
Review of the Actions Taken by the Maryland Department of Health – Medical Care Programs Administration to Resolve Repeat Audit Findings in Response to the April 2018 Joint Chairmen's Report (Special)	4/01/19	13
Review of the Actions Taken by the Uninsured Employers' Fund to Resolve Repeat Audit Findings in Response to the April 2018 Joint Chairmen's Report (Special)	4/01/19	11
Review of the Actions Taken by the Department of Human Services – Family Investment Administration to Resolve Repeat Audit Findings in Response to the April 2018 Joint Chairmen's Report (Special)	4/01/19	9
Review of the Actions Taken by the State Department of Assessments and Taxation to Resolve Repeat Audit Findings in Response to the April 2018 Joint Chairmen's Report (Special)	4/01/19	15
Review of the Actions Taken by the Department of Human Services – Office of the Secretary to Resolve Repeat Audit Findings in Response to the April 2018 Joint Chairmen's Report (Special)	4/01/19	5
Review of the Actions Taken by the Maryland Department of Health – Office of the Secretary to Resolve Repeat Audit Findings in Response to the April 2018 Joint Chairmen's Report (Special)	4/01/19	9

REPORTS ISSUED
JANUARY 1, 2019 TO SEPTEMBER 30, 2019 (Continued)

<u>Agency</u>	<u>Report Date</u>	<u>Number of Pages</u>
Maryland Department of Transportation – Office of Transportation Technology Services	4/01/19	7
Workers' Compensation Commission	4/02/19	11
Maryland Department of Health – Health Regulatory Commissions	4/05/19	8
Maryland Department of Transportation – The Secretary's Office	4/18/19	8
Washington County Public Schools (Financial Management Practices Audit)	5/14/19	35
Department of Budget and Management – Office of Personnel Services and Benefits	5/14/19	18
Maryland Longitudinal Data System Center	5/14/19	5
Department of Human Services – Child Support Administration	5/15/19	17
Department of Human Services – Local Department Operations	6/07/19	24
University System of Maryland – University of Maryland Center for Environmental Science	6/14/19	7
Maryland Department of Health – Western Maryland Hospital Center	6/20/19	8
Maryland Commission on Civil Rights	6/25/19	5
Office of the State Treasurer	6/25/19	13
Department of Disabilities	6/26/19	6
Maryland Department of Transportation – Maryland Port Administration – Allegations Related to Possible Violations of State Laws, Regulations, and Policies Involving an MPA Employee (Special)	6/26/19	8
Maryland State Department of Education	7/02/19	22
Maryland Department of Health – Developmental Disabilities Administration	7/08/19	33
Maryland Department of Health – Behavioral Health Administration	7/09/19	16
University System of Maryland – University of Maryland, Baltimore	7/10/19	9
Allegany County Public Schools (Financial Management Practices Audit)	7/12/19	33
Dorchester County – Office of the Register of Wills	7/22/19	5
Dorchester County – Office of the Clerk of Circuit Court	7/22/19	5
Maryland Department of Transportation – Financial Management Information System – Centralized Operations	7/26/19	6
Kent County – Office of the Clerk of Circuit Court	8/14/19	5
Office of the State Prosecutor	8/16/19	5
Comptroller of Maryland – Office of the Comptroller – Bureau of Revenue Estimates	8/29/19	5
Comptroller of Maryland – Central Payroll Bureau	9/03/19	5
Department of Commerce	9/04/19	27
Maryland School for the Deaf	9/04/19	6
Department of Public Safety and Correctional Services – Regional Operations	9/05/19	17
Maryland State Department of Education – Division of Early Childhood	9/06/19	17
Kent County – Office of the Register of Wills	9/09/19	5
Potomac River Fisheries Commission – Report for the Year Ended June 30, 2019 (Examination)	9/20/19	12
Review of Local Government Audit Reports – Fiscal Year Ending June 30, 2018 (Special)	9/23/19	14
University System of Maryland – Coppin State University	9/23/19	16
Department of State Police	9/23/19	25
University System of Maryland Office	9/30/19	14

Total Number of Reports Issued: **63**

Reports Recommended for Committee Action

January 1, 2019 to September 30, 2019

1) Department of Human Services – Family Investment Administration (FIA) (3/21/19 – 23 pages – 8 findings, including 4 repeats)

- FIA improperly allowed recipients to continue receiving Temporary Cash Assistance (TCA) benefits beyond the allowable lifetime maximum of five years. Federal and State regulations limit each TCA recipient's benefits to a five-year lifetime period, unless the recipient was granted a hardship exemption. Our test of 10 recipients that had received TCA benefits for up to 14 years beyond the five-year limit disclosed that FIA did not have documentation of hardship exemptions on file for any of these recipients. When questioned about this matter, FIA management advised us that it believed that these recipients qualified for hardship exemptions, but that these exemptions were not documented. According to FIA records, during fiscal year 2016 an average of 1,900 recipients each month had been receiving benefits for more than five years which, based on the lowest TCA benefit, would cost at least \$6.6 million annually.
- Although FIA had established numerous computer matches designed to help ensure recipient eligibility and detect potential fraud, FIA did not ensure that the local departments of social services (LDSSs) conducted timely or appropriate follow-up. For example, our tests disclosed that appropriate action had not been taken for 29 of 31 match results from the comparison of FIA benefit recipients with other states' public assistance and federal records. In addition, documentation was not retained to explain the disposition of match results.
- FIA did not take adequate follow-up action when LDSSs failed to conduct the required number of quality assurance reviews designed to help ensure compliance with legal and regulatory requirements, including eligibility for various assistance programs.
- FIA did not adequately monitor costs and deliverables for contracts and agreements, and did not verify that certain grant funds were spent as intended. Our testing disclosed 12 payments totaling \$14.6 million for which FIA had no evidence that the deliverables were received or that the amounts invoiced were proper.
- FIA did not adequately restrict or review employee access to its Office of Home Energy Programs automated system, resulting in several hundred employees with unnecessary access to recipients' personally identifiable information.

Recommended Committee Action – Letter of Concern

Reports Recommended for Committee Action

January 1, 2019 to September 30, 2019

2) Department of Human Services (DHS) – Local Department Operations (LDO) (6/7/19 – 24 pages – 8 findings, including 4 repeats)

In accordance with State law, the DHS Office of the Inspector General (OIG) performed the statutorily required financial and compliance audits of the 24 local departments of social services (LDSSs) during our audit period. To avoid duplication of work, we relied primarily on the audit work performed by the OIG, and many of the findings are based on the results of the OIG's audit reports.

- Our review of the most recent audit reports for each of the 24 LDSSs prepared by DHS' OIG disclosed that the reports collectively included 259 audit findings, including 73 deemed by the OIG to be repeats. The OIG audit findings were related to deficiencies in controls over the following critical areas of LDSS operations.
 - Fiscal management activities, including bank accounts, procurements, and gift cards.
 - Lack of compliance with critical Family Investment Administration policies, such as those intended to ensure the propriety of recipient eligibility for public assistance and food benefits.
 - Lack of compliance, accountability, and control related to critical Social Services Administration policies, including child and adult protective services, and the out-of-home placement program.
 - User access to critical computer systems.
- The OIG did not routinely include comprehensive reviews of certain critical procurement and disbursement processes in the scope of its audits of the LDSSs, including a review of contract monitoring procedures to ensure the receipt of deliverables. As a result, we conducted an on-site review of certain procurement and disbursement processes at two LDSSs, and our review disclosed monitoring deficiencies and instances of non-compliance with certain procurement requirements at one of these LDSSs. Specifically, this LDSS did not effectively monitor a \$15.3 million contract for medical case management for children in out-of-home placements, did not prepare adequate sole source justifications for a number of procurements tested, and intentionally split two procurements into smaller amounts to avoid review and approval by the central DHS Contract Processing Unit.
- The OIG did not refer all instances of possible criminal or unethical employee conduct to the appropriate State authorities as required. For example, the OIG had not referred 20 instances to either DHS Legal Counsel or to the Office of the Attorney General – Criminal Division as required.

Recommended Committee Action – Letter of Concern

Reports Recommended for Committee Action

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3) Maryland State Department of Education – Division of Early Childhood (DEC) (9/6/19 – 17 pages – 4 findings, including 1 repeat)

DEC is responsible for all child care programs in the State, including licensing facilities, monitoring facility compliance with regulations, and taking enforcement actions related to child care facilities. DEC is also responsible for the Child Care Subsidy Program, which provides financial assistance to eligible families to meet their child care needs. Our review generally found that while DEC had processes in place in a number of areas, these processes were not comprehensive and, consequently, did not ensure that sufficient safeguards existed to protect children in the care of the regulated facilities. We noted the following deficiencies.

- DEC headquarters did not provide sufficient oversight to ensure that the regional offices were effectively monitoring child care facility compliance with criminal background checks (CBC) and child protective services (CPS) clearance check requirements. Our tests disclosed numerous instances in which employees had not obtained required CBCs or CPS clearances, and in which alerts of subsequent criminal activity were not subject to sufficient follow-up.
- DEC headquarters did not ensure that regional offices conducted comprehensive annual inspections of child care facilities, followed up with facilities regarding the correction of deficiencies, and took appropriate administrative action when the facilities did not correct deficiencies.
- DEC did not effectively monitor its child care subsidy program vendor to ensure that proper eligibility determinations were made, subsidy payments were proper and supported, and contract performance measures were met.
- DEC lacked assurance that the Child Care Administration Tracking System (CCATS) was sufficiently protected against operational and security risks. Specifically, DEC personnel advised us that CCATS' primary service provider had not obtained required independent security reviews of CCATS and, independent security review reports for a critical CCATS hosting subcontractor had not been requested.

Recommended Committee Action – Letter of Concern

Reports Recommended for Committee Action

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- 4) Maryland Technology Development Corporation (2/5/19 – 15 pages – 3 findings)**

- 5) Maryland Department of Health – Developmental Disabilities Administration (7/8/19 – 33 pages – 11 Findings, including 5 repeats, resulting in an unsatisfactory accountability and compliance level)**

- 6) Department of Commerce (9/4/19 – 27 pages – 9 findings, including 2 repeats)**

Recommended Committee Action – JAEC Hearing
