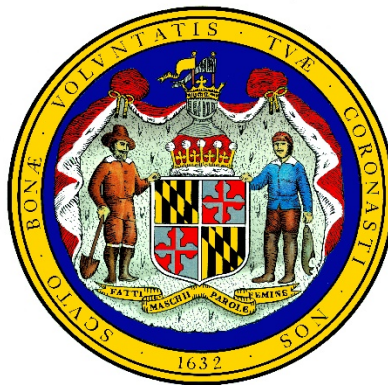


Audit Report

Maryland Department of Aging

April 2025



OFFICE OF LEGISLATIVE AUDITS
DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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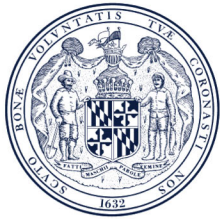
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Victoria L. Gruber
Executive Director

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

Brian S. Tanen, CPA, CFE
Legislative Auditor

April 23, 2025

Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, 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 Maryland Department of Aging (MDOA) for the period beginning July 8, 2020 and ending March 31, 2024. MDOA is responsible for identifying the needs of the State's elderly and for ensuring that those needs are met through a comprehensive network of accessible services at the local level. MDOA has designated 19 geographical regions within the State and each region is served by a local Area Agency on Aging (AAA), which is either a local governmental agency or a nonprofit organization.

Our audit disclosed that MDOA lacked evidence to substantiate that certain activities of AAAs were properly monitored. Specifically, as of April 2024, MDOA had not performed the required financial reviews for any AAAs for fiscal years 2022 and 2023. In addition, certain required annual programmatic reviews, had not been performed and/or were not adequately documented, including any corrective action required by AAAs. Similar conditions have been included but not corrected in one or more preceding audit reports dating back to 2011.

Our audit also disclosed that MDOA did not always submit requests for reimbursement of federal fund expenditures in a timely manner, a condition noted but not corrected from our prior audit report. As a result, MDOA is no longer able to recover \$200,000 and lost interest income totaling at least \$63,000.

Furthermore, we reviewed referrals through our fraud, waste, and abuse hotline alleging that MDOA improperly reallocated funds from its programs to fund two additional grant programs, and made payments to grantees for these two programs without ensuring that funds were properly expended. Based on our review, we

were able to substantiate certain concerns raised in the allegation. In this regard, MDOA did not document how it selected grantees for these two grants. Furthermore, MDOA paid grantees without obtaining supporting documentation, including \$1 million to one grantee that appeared questionable. For example \$600,000 was awarded for one jurisdiction that had no program participants two years after the funds were awarded.

MDOA's response to this audit is included as an appendix to this report. In accordance with State law, we have reviewed the response and, while MDOA generally agrees with the recommendations in this report, we identified certain instances in which statements in the response conflict with or disagree with the report findings. In each instance, we reviewed and reassessed our audit documentation, and reaffirmed the validity of our finding. In accordance with generally accepted government auditing standards, we have included an "auditor comment" with MDOA's response to explain our position. We will advise the Joint Audit and Evaluation Committee of any outstanding issues that we cannot resolve with MDOA.

We wish to acknowledge the cooperation extended to us during the audit by MDOA.

Respectfully submitted,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

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Background Information

Agency Responsibilities

The Maryland Department of Aging (MDOA) is responsible for providing information and services to support older adults aging healthfully and safely in their homes and communities. Under the guidance of the federal Older Americans Act, MDOA has designated 19 local Area Agencies on Aging (AAAs) within the State, based on geographical regions, to ensure that eligible Maryland residents can easily access applicable information and services. Each regional AAA is either a local government agency or a nonprofit organization. As grantees of MDOA, these AAAs deliver direct services to support aging in place, including nutrition support, chronic disease management, case management, and elder abuse prevention, typically through State and federal grant programs.

According to the State's records, MDOA expenditures totaled approximately \$82.6 million during fiscal year 2023 including approximately \$33.0 million in State general funds and \$45.8 million in federal funds provided for community services, primarily through grants to AAAs (see Figure 1). During the period June 30, 2021 through June 30, 2023, MDOA had vacancy rates ranging from 12.8 to 24.4 percent. As of June 30, 2023, approximately 24.4 percent of the total 41 position were vacant. These vacancies may have contributed, at least in part, to the findings in this report.

Figure 1
MDOA Positions, Expenditures, and Funding Sources

Full-Time Equivalent Positions as of June 30, 2023

	Positions
Filled	31
Vacant	10
Total	41

Fiscal Year 2023 Expenditures

	Expenditures
Salaries, Wages, and Fringe Benefits	\$ 3,922,425
Technical and Special Fees	697,556
Operating Expenses	77,979,647
Total	\$82,599,628

Fiscal Year 2023 Funding Sources

	Funding
General Fund	\$33,039,562
Special Fund	1,185,523
Federal Fund	45,787,035
Reimbursable Fund	2,587,508
Total	\$82,599,628

Source: State financial and personnel records

Referrals to Our Fraud, Waste, and Abuse Hotline

We received referrals to our fraud, waste, and abuse hotline alleging questionable practices regarding two MDOA grants. The allegations indicated that MDOA improperly reallocated funds from other programs to fund these grants and made payments without ensuring that grant funds were properly expended. Based on our determination of the associated risk, we interviewed applicable personnel and reviewed applicable grant award and monitoring processes for these two grants.

Based on our review, we were able to substantiate certain concerns raised in the allegations (see Finding 3). However, the results of our review of the allegations did not identify any issues that warranted a referral to the Office of the Attorney General – Criminal Division.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the three findings contained in our preceding audit report dated June 23, 2021. See Figure 2 for the results of our review.

Figure 2 Status of Preceding Findings		
Preceding Finding	Finding Description	Implementation Status
Finding 1	MDOA's policy for conducting annual financial reviews of local Area Agencies on Aging was not comprehensive, and MDOA did not perform numerous required reviews or adequately document reviews that were performed.	Repeated (Current Finding 1)
Finding 2	Annual MDOA reviews of Senior Assisted Living Group Home Subsidy and Senior Care grant program activity were not performed or were not adequately documented.	Repeated (Current Finding 1)
Finding 3	MDOA did not always submit requests for reimbursement of federal fund expenditures in a timely manner, resulting in lost interest income totaling at least \$53,000.	Repeated (Current Finding 2)

Findings and Recommendations

Monitoring of the Local Area Agencies on Aging

Background

The Maryland Department of Aging (MDOA) works in partnership with the 19 local Area Agencies on Aging (AAAs) to deliver program services to older adults primarily through State and federal grant programs. MDOA awards grants to the AAAs, which provide services through numerous programs. The two most significant programs are the State-funded Senior Assisted Living Group Home Subsidy (SALGHS) program and the Senior Care program.

The SALGHS program offers a subsidy to eligible seniors (those aged 62 and older) to help offset the cost of assisted living services. The Senior Care program helps eligible seniors (those aged 65 and older) to live at home. The program provides a comprehensive assessment of an individual's needs, case management services, and funds for services such as personal care, adult day care, home-delivered meals, medications, medical supplies, transportation, and respite care. During our audit period the Senior Care program was provided by 19 AAAs and the SALGHS program at 15 AAAs. According to MDOA's records, during fiscal year 2023, approximately 4,047 and 418 seniors received services through the SALGHS and Senior Care grant programs, respectively.

According to State records, during fiscal year 2023, MDOA expended approximately \$74.6 million for community services, of which \$29.7 million represented general funds provided primarily through State grants to AAAs. Of these State funds, approximately \$4.4 million was for the SALGHS program, \$9.1 million was for the Senior Care grant program, and the remaining \$16.2 million was for numerous smaller grant programs. We reviewed MDOA's monitoring of AAAs including their administration of the SALGHS, and the Senior Care program.

Finding 1

MDOA did not perform all required reviews of the AAA financial activity and related programs or adequately document the reviews performed.

Analysis

MDOA did not perform all required reviews of the AAA financial activity and related programs or adequately document the reviews performed. MDOA's *AAA Monitoring and Assessment Policy* requires MDOA to perform annual performance or monitoring reviews and financial reviews. The reviews focus on various programmatic aspects including ensuring that grant funds are properly

requested, spent in accordance with grant requirements and used for eligible purposes. The *Policy* also requires MDOA to conduct separate reviews of each program, including SALGHS and Senior Care, to determine if the AAA has administered the programs appropriately, including verification of client eligibility for services.

Financial and Programmatic Reviews Were Not Always Performed

As of April 2024, MDOA had not performed the required financial reviews for any AAAs for fiscal year 2022 or fiscal year 2023. Additionally, as of April 2024, MDOA had not performed required programmatic reviews for fiscal year 2023 SALGHS and Senior Care grant activity and was unable to provide a final report for 8 of the 19 fiscal year 2022 Senior Care grants.

Reviews Were Not Adequately Documented

Our test of 5 of the 12 AAA financial reviews MDOA conducted covering fiscal year 2021 activity¹ disclosed that MDOA lacked sufficient documentation to support the work performed and conclusions reached. For example, there was no documentation describing test objectives, scope, and conclusions, the extent to which AAA procedures were reviewed, and there was insufficient documentation of actual test items examined. In addition, there was no evidence that the reviews were subject to supervisory review and approval. In regard to the programmatic reviews, MDOA could not provide us with a listing of files it examined, or a checklist of attributes examined for the fiscal year 2022 Senior Care grant activity reviews.

Similar conditions regarding the lack of adequate documentation supporting work performed and conclusions reached have been commented upon in our four preceding audit reports dating back to 2011. Similar conditions regarding the lack of financial and programmatic reviews performed and the lack of supporting documentation were commented upon in our preceding audit report. In response to our preceding audit report, MDOA stated it that it would ensure all reviews would be completed, and maintain documentation of the client files it reviewed by June 2021. However, during our current audit, MDOA advised that it did not implement the recommendations primarily due to lack of adequate staffing.

Recommendation 1

We recommend that MDOA

- a. complete all required financial and programmatic reviews and ensure that sufficient grant expenditures and source documents are reviewed to provide assurance that grant funds were spent in accordance with grant requirements and for eligible purposes (repeat);**

¹ AAAs were selected for testing based on material allocations in fiscal year 2021.

- b. adequately document and properly review and approve work performed and conclusions reached (repeat); and
- c. maintain adequate documentation of the reviews, including any corrective action taken by the AAAs (repeat).

Federal Funds

Finding 2

MDOA's requests for reimbursement of federal fund expenditures were routinely submitted late or not submitted. As a result, MDOA is no longer able to recover \$200,000 in funds and lost investment income totaling at least \$63,000.

Analysis

MDOA's requests for reimbursement of federal fund expenditures were routinely submitted late or not submitted. Consequently, certain of the funds are no longer recoverable and the State lost investment income that would have been earned had the funds been requested and received timely. According to the State's records, during fiscal years 2021 through 2023, federal fund expenditures totaled \$152.3 million, of which \$98.8 million related to the Older Americans Act. These funds are primarily allocated to the AAAs to cover the cost of various senior programs and related administrative costs. Federal guidelines for these grant funds provide for reimbursements when expenditures are incurred and requires MDOA to request reimbursement within 90 days after the end of the grant period.

Our test of reimbursements of federal fund expenditures totaling \$74.2 million for five grant awards (selected based on materiality) for the period February 2021 through April 2024 disclosed that requests for reimbursement were routinely submitted late or not submitted at all. For example, MDOA did not submit requests for reimbursement for expenditures totaling \$1.5 million incurred during fiscal years 2021 and 2022. In response to our inquiries, MDOA requested and subsequently received approximately \$1.3 million of these funds, but the remaining \$200,000 can no longer be recovered. In addition, the untimely recovery of the \$1.3 million resulted in lost investment income totaling at least \$63,000 that would have been earned had the funds been requested and received timely.

A similar condition regarding delays in requesting reimbursement of federal fund expenditures in a timely manner was commented upon in our preceding audit report. In response to that report, MDOA stated that it was hindered in submitting timely reimbursement requests due to limited staffing, and it agreed to submit

these requests timely beginning June 30, 2021. However, as noted above, our testing disclosed that MDOA did not submit requests timely.

Recommendation 2

We recommend that MDOA submit federal fund reimbursement requests timely as permitted under federal guidelines (repeat).

Community for Life and the Naturally Occurring Retirement Community Grants

Background

We received referrals to our fraud, waste, and abuse hotline alleging that MDOA improperly reallocated funds from other programs to fund the Community for Life (CFL) and the Naturally Occurring Retirement Community (NORC) grant programs and made payments for these programs without ensuring that grant funds were properly expended. The CFL program provides for certain limited services (such as home safety assessments) for participants in 11 counties for a monthly fee subsidized by MDOA. The NORC program supports elder abuse prevention, helps the elderly stay in their communities, provides in-home care, and supports Holocaust survivors.

Our review did not disclose that MDOA improperly reallocated funds for these programs but did disclose that MDOA did not ensure that grant funds were properly expended. Our review did not identify any matters that warranted a referral to the Office of the Attorney General's Criminal Division, but did identify certain deficiencies that require corrective action by MDOA, as further described in the finding below.

MDOA awarded CFL grants to six grantees to enroll participants, pay vendors for services provided, and ensure that services were provided in accordance with the program. In addition, MDOA provided funding to the grantees for start-up costs necessary to initiate the program, including personnel and technology costs. The related grant agreements require the grantees to submit documentation to support start-up costs, and participant data for payment of monthly fee subsidies.

MDOA awarded NORC grants to four grantees to provide services based on the grantee's submitted annual plan. MDOA reviews and approves the plans, requires the grantee to submit quarterly requests for payment, and requires the submission of various written reports on the programs prior to the final payment.

According to State records, expenditures for the CFL and NORC grant programs totaled \$2.4 million and \$5.3 million respectively during the period May 2020 through March 2024. These grants were managed by MDOA directly rather than through the AAAs.

Finding 3

MDOA did not document the selection of grantees or obtain support for payments for the CFL and NORC grant programs, certain of which appeared questionable.

Analysis

MDOA did not document the selection of CFL and NORC grantees or obtain support for payments, including certain payments that appeared questionable.

- MDOA was unable to provide documentation for how it solicited and selected grantees for the NORC and CFL programs. MDOA advised us that it was not aware of how the NORC grantees were selected but the CFL grantees were selected through a competitive process. MDOA further advised that the selection processes were performed by the previous administration and due to turnover, individuals that were involved are no longer employed by MDOA and there was no documentation to support the selections. As a result, MDOA could not document that the grantees were the best qualified to provide the NORC and CFL programs.
- MDOA made payments to CFL grantees without obtaining adequate supporting documentation. According to MDOA records, as of September 2023, there were 176 CFL participants in 11 jurisdictions. Our test of 7 payments totaling \$1.2 million² disclosed that MDOA did not receive any documentation to support the propriety of the payments including certain payments that appeared questionable. Specifically, one of the three grantees received \$1 million in June 2022 to initiate the CFL program in four jurisdictions. MDOA did not obtain support for how the funds were used and according to MDOA, \$600,000 was for one jurisdiction that still did not have any CFL participants as of April 2024 and the remaining \$400,000 was for three jurisdictions that had a combined 17 participants as of September 2023. In comparison, the other two grantees received approximately \$200,000 for two jurisdictions that had a combined 72 participants as of September 2023.

² The test selection included at least one material payment to the 3 grantees who received the most material payments between June 2020 and June 2023. These payments were related to 6 jurisdictions.

The Comptroller of Maryland's *Accounting Procedures Manual*³ requires agencies to document that the services have been rendered prior to payment.

Recommendation 3

We recommend that MDOA

- a. document the solicitation and selection of grantees to ensure they are qualified to operate the related programs, and**
- b. obtain and review supporting documentation for all grant payments and recover any grant payments that cannot be supported.**

³ The updated *Accounting Policies and Procedures Manual*, effective June 2024, has the same requirements as previous versions.

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Maryland Department of Aging (MDOA) for the period beginning July 8, 2020 and ending March 31, 2024. 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 MDOA'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 State grant programs, payroll, federal fund reimbursements, budgetary closeout transactions, and disbursements for operating expenditures. In addition, we reviewed MDOA's procedures over two grants based on referrals to our fraud, waste, and abuse hotline. Finally, we determined the status of the findings contained in our preceding audit report.

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 MDOA'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 MDOA.

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 July 8, 2020 to March 31, 2024, 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 MDOA'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 various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to determine data reliability. We determined that the data extracted from this source was sufficiently reliable for the purposes the data were used during this audit.

We also extracted data from MDOA's financial systems for the purpose of testing certain areas, such as federal funds. We performed various tests of the relevant data and determined that the data were sufficiently reliable for the purposes the data were used during the audit. Finally, we 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.

MDOA'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 MDOA, 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.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect MDOA's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to MDOA that did not warrant inclusion in this report.

MDOA's response to our findings and recommendations, is included as an appendix to this report. As prescribed in State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise MDOA regarding the results of our review of its response.



Wes Moore | Governor

Aruna Miller | Lt. Governor

Carmel Roques | Secretary

Mr. Brian S. Tanen, CPA, CFE
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards
351 West Camden Street, Suite 400
Baltimore, MD 21201

April 18, 2025

Dear Mr. Tanen:

On behalf of the Maryland Department of Aging (MDOA), I respectfully submit our formal response to the findings outlined in your recent audit of the Department's oversight of local Area Agencies on Aging (AAAs) and administration of federal and State grant funds. We acknowledge and appreciate the thoroughness of the audit and fully recognize the importance of maintaining strong fiscal oversight of our AAA network, timely financial practices, and transparent program management. Under new fiscal leadership, MDOA has already taken significant steps to address the concerns raised, including completing comprehensive fiscal reviews, enhancing documentation procedures, and instituting a rolling schedule of reviews aligned to organizational risk and program complexity.

We are particularly proud of our recovery of \$1.26 million in previously undrawn federal funds—an outcome achieved through coordinated efforts with the Administration for Community Living (ACL)—and our successful implementation of a monthly draw schedule to ensure future timeliness and compliance. In addition, MDOA has implemented more rigorous oversight of the Community for Life (CFL) program, with expenditures now actively managed and tracked by a designated program manager. While we respectfully disagreed with certain characterizations related to CFL and NORC grantee selection, we remain committed to strengthening transparency through structured RFP processes for the NORC and improved recordkeeping for CFL.

MDOA views this audit as an opportunity for continuous improvement. We are implementing systemwide enhancements to institutionalize accountability, strengthen fiscal integrity, and ensure that state and federal resources are used efficiently to support Maryland's aging population. We thank you for your diligence and partnership in promoting responsible stewardship of public funds, and we look forward to continued collaboration in the years ahead.

Carmel Roques Carmel Roques
Carmel Roques (Apr 18, 2025, 11:14 AM)

Agency Head

Date: 4/18/25


Michael Zomber

Chief Financial Officer

Date: 4/18/25

Maryland Department of Aging

Agency Response Form

Monitoring of the Local Area Agencies on Aging

Finding 1

MDOA did not perform all required reviews of the AAA financial activity and related programs or adequately document the reviews performed.

We recommend that MDOA

- a. complete all required financial and programmatic reviews and ensure that sufficient grant expenditures and source documents are reviewed to provide assurance that grant funds were spent in accordance with grant requirements and for eligible purposes (repeat);
- b. adequately document and properly review and approve work performed and conclusions reached (repeat); and
- c. maintain adequate documentation of the reviews, including any corrective action taken by the AAAs (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	MDOA acknowledges OLA's concerns and concurs that prior to June 2024, the agency did not consistently complete AAA audits in a timely, effective manner or with sufficient documentation. Previous fiscal leadership did not provide adequate oversight of the audit function, and audits were neither professionally completed nor internally reviewed by the CFO.		
Recommendation 1a	Agree	Estimated Completion Date:	Completed for FY21-FY23. FY24 reviews to be completed by 9/25
Please provide details of corrective action or explain disagreement.	Under MDOA's new fiscal leadership, the agency has conducted comprehensive fiscal reviews for the period in question. MDOA is committed to a regular rolling schedule of audit engagements with AAAs, with the exact cadence determined by the size, complexity, and risk level of each AAA's fiscal operations, as assessed through historical precedent.		
Recommendation 1b	Agree	Estimated Completion Date:	Completed for FY21-FY23. FY24 documentation of reviews to be completed by 12/25
Please provide details of corrective action or explain disagreement.	To address previously incomplete or uncompleted audits, the Maryland Department of Aging (MDOA) engaged IBS Management & Consultancy—a highly regarded CPA and audit firm—to conduct comprehensive fiscal reviews of all federal and state grant activity across the Area Agencies on Aging (AAA) network. These reviews were conducted		

Maryland Department of Aging

Agency Response Form

	<p>between June and December 2024, ensuring a thorough and independent examination of financial operations. [<i>see sample – Attachment A</i>]¹,</p> <p>In a series of follow-up meetings held in mid-FY25, MDOA engaged the AAA network to discuss the preliminary audit findings. Following these discussions, each AAA was requested to provide a formal, written response to the IBS findings [<i>see sample – Attachment B</i>], either acknowledging the validity of the findings or providing justification for challenging the auditors' conclusions.</p> <p>Where findings were acknowledged as valid, AAAs were asked to submit a brief explanation outlining the reasons for the non-compliance and the steps being taken to prevent recurrence [<i>see sample – Attachment C</i>].</p> <p>In instances where AAAs owed funds to the State—or, in some cases, to the federal government—due to unsubstantiated reimbursement requests, they were directed to return the funds promptly [<i>see sample – Attachment D</i>]. MDOA is actively working to recover those funds and coordinate with federal partners to return the overdrawn funds.</p> <p>For the most serious compliance violations, or in cases of repeated non-compliance, MDOA issued directives requiring the submission of Corrective Action Plans (CAPs) to ensure systemic corrective measures would be implemented to prevent recurrence [<i>see sample – Attachment E1</i>]. AAAs who did not receive a CAP also received formal notification that no CAP was necessary [<i>see sample – Attachment E2</i>].</p>		
Recommendation 1c	Agree	Estimated Completion Date:	Summary document completed; memorializing document to be completed 5/31, CAPS to be completed 7/31
Please provide details of corrective action or explain disagreement.	<p>MDOA has documented the results of the fiscal reviews, the corresponding agency responses, and any issued directives for Corrective Action Plans (CAPs) in Attachment F.</p> <p>In parallel, MDOA is actively collecting CAP submissions from the AAAs and overseeing their implementation, which is expected to be completed by summer 2025.</p> <p>Finally, MDOA is developing a formal summary document that will memorialize the scope of the audit initiative, highlight key findings, and provide a comprehensive overview of outcomes. This document will serve as a reference to guide future audit procedures and promote consistent, high-quality fiscal oversight across the network.</p>		

¹ MDOA forwarded additional documentation with this response, referenced throughout as Attachments. In accordance with our policy, we did not include this documentation.

Maryland Department of Aging

Agency Response Form

Federal Funds

Finding 2

MDOA's requests for reimbursement of federal fund expenditures were routinely submitted late or not submitted. As a result, MDOA is no longer able to recover \$200,000 in funds and lost investment income totaling at least \$63,000.

We recommend that MDOA submit federal fund reimbursement requests timely as permitted under federal guidelines (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	<p>MDOA acknowledges that past fiscal practices did not always ensure the timely submission of federal draw requests in full compliance with federal guidelines and state policies. As a result, the State experienced a loss of potential interest revenue and faced a complex recovery process for undrawn funds from FY21 and FY22</p> <p>The MDOA, in coordination with the ACL, conducted a thorough review and reconciliation process to calculate and recover undrawn federal funds from FY21 and FY22. This months-long effort resulted in the successful recovery of \$1.26 million in previously undrawn funds—an amount determined through substantial deliberation between both parties.</p> <p>Throughout this process, MDOA meticulously documented the administrative expenses that qualified for these draws, justified the need for the recovery by demonstrating that the funds had not been drawn, and successfully advocated for ACL to authorize a post-expiry draw.</p> <p>This achievement represents a significant accomplishment for MDOA, ensuring that critical resources were reclaimed for the benefit of the State. <i>[see Attachment G for documentation of these draws.]</i></p>		
Recommendation 2	Agree	Estimated Completion Date:	completed
Please provide details of corrective action or explain disagreement.	<p>MDOA has implemented a structured process to ensure that draws for all major federal grant categories with substantial spending are conducted on a monthly basis. This policy has been in effect since the beginning of the federal fiscal year FY25, and MDOA can provide documentation to support its consistent implementation. <i>[see Attachment H].</i></p>		

Maryland Department of Aging

Agency Response Form

Community for Life and the Naturally Occurring Retirement Community Grants

Finding 3

MDOA did not document the selection of grantees or obtain support for payments for the CFL and NORC grant programs, certain of which appeared questionable.

We recommend that MDOA

- document the solicitation and selection of grantees to ensure they are qualified to operate the related programs, and
- obtain and review supporting documentation for all grant payments and recover any grant payments that cannot be supported.

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	MDOA respectfully asserts that OLA conflated concerns regarding CFL and NORC. While MDOA acknowledges the finding of insufficient transparency in the selection of NORC grantees, this issue does not apply to CFL. <i>[see Attachment I for the FY24 NORC spending tracking.]</i> MDOA agrees with OLA's assessment regarding the transparency of NORC grantee selection. However, this criticism does not extend to CFL, whose grantees are selected through a well-defined and transparent process.		
Recommendation 3a	Disagree	Estimated Completion Date:	7/31/25
Please provide details of corrective action or explain disagreement.	Some NORC grantees have been in place since as early as 2007 <i>[see Attachment JJ]</i> , and the current composition of grantees predates the tenure of the previous Secretary of Aging. While MDOA cannot fully account for the selection process used for the current slate of grantees, an application process <i>[see Attachment K]</i> has been utilized prior to awarding grants. Moving forward, MDOA is committed to enhancing transparency by implementing a more structured process, including detailed RFPs and clearly defined selection criteria.		
Recommendation 3b	Disagree	Estimated Completion Date:	complete
Please provide details of corrective action or explain disagreement.	While MDOA acknowledges that it was unable to fully account for and document CFL expenses during the audit period—primarily due to significant turnover and multiple individuals overseeing the program—the agency has since made substantial improvements in its fiscal oversight. The current iteration of the CFL program (Reimbursable Grant 6911) now features well-documented expenditures that are actively monitored by a dedicated and accountable program manager. Therefore, we respectfully assert that the auditors' concerns are no longer applicable to this program. <i>[see Attachment L]</i>		

Maryland Department of Aging

Agency Response Form

Auditor's Comment: MDOA disagrees with our finding and recommendation 3a based on its belief that the CFL grantees were selected through a well-defined and transparent process and that NORC grantees have been in place since 2007. As noted in our analysis, MDOA was unable to provide documentation of the grantee selection processes. However, MDOA's response states it is committed to enhancing transparency and will implement a more structured process.

Additionally, MDOA disagrees with recommendation 3b because it has advised us that it has since implemented a process to document and monitor the CFL expenditures. Our finding is accurate based on the procedures and controls in place during our review and we continue to believe MDOA should review documentation for all grant payments and recover any grant payments that cannot be supported.

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