

Summary of Reports Issued and Recommended Committee Action

December 1, 2019 to September 30, 2020

Presentation to Joint Audit and Evaluation Committee

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October 20, 2020

Reports Issued December 1, 2019 to September 30, 2020

Summary

Total Reports Issued	55
Reports Recommended for Action	5

<u>Agency</u>	<u>Recommended Action</u>
1. Department of Information Technology	JAEC Letter of Concern
2. Maryland Public Broadcasting Commission	JAEC Letter of Concern
3. Board of Liquor License Commissioners for Baltimore City (Performance)	JAEC Letter of Concern
4. Maryland Department of Health (MDH) – Efforts to Identify and Analyze Improper Medicaid Payments (Performance)	JAEC Hearing
5. MDH – Pharmacy Services	JAEC Hearing

Summary of Recommended Action

Joint Audit and Evaluation Committee (JAEC) Hearing	2
JAEC Letter of Concern	<u>3</u>
Total	<u><u>5</u></u>

**REPORTS ISSUED
DECEMBER 1, 2019 TO SEPTEMBER 30, 2020**

<u>Agency</u>	<u>Report Date</u>	<u>Number of Pages</u>
Maryland 529	12/03/19	34
Maryland Economic Development Corporation	12/03/19	6
Frederick County Public Schools (Financial Management Practices Audit)	12/05/19	22
Department of General Services – Office of Procurement and Logistics	12/05/19	17
Montgomery County – Office of the Clerk of Circuit Court	12/11/19	5
State Board of Elections	12/12/19	14
Maryland Department of Transportation – Maryland Aviation Administration	12/12/19	11
Montgomery County – Office of the Register of Wills	1/02/20	5
Maryland Department of Health – Medical Care Programs Administration – Administrative Service Organization for Behavioral Health Services	1/13/20	12
Statewide Review of Budget Closeout Transactions for Fiscal Year 2019 (Special)	1/16/20	15
University System of Maryland – University of Maryland, Baltimore County	1/17/20	11
Maryland Environmental Service	1/31/20	15
Property Tax Assessment Appeals Boards	1/31/20	6
Caroline County – Office of the Register of Wills	2/03/20	5
Opioid Operational Command Center – Allegations Related to a Questionable Grant Awarded to a Nonprofit Organization (Special)	2/07/20	22
St. Mary's County – Office of the Clerk of Circuit Court	2/10/20	5
St. Mary's County – Office of the Register of Wills	2/11/20	5
Worcester County – Office of the Register of Wills	2/21/20	5
Worcester County – Office of the Clerk of Circuit Court	2/24/20	5
Wicomico County – Office of the Register of Wills	2/24/20	5
Wicomico County – Office of the Clerk of Circuit Court	2/24/20	5
Caroline County – Office of the Clerk of Circuit Court	3/09/20	6
University of Maryland Medical System Corporation – Board of Directors Activities (Special)	3/13/20	85
Maryland Department of Health – Clifton T. Perkins Hospital Center	3/17/20	7
Howard County – Office of the Register of Wills	3/25/20	5
Howard County – Office of the Clerk of Circuit Court	4/03/20	5
Maryland Department of Health – Laboratories Administration	4/10/20	7
Queen Anne's County – Office of the Register of Wills	4/14/20	5
Maryland Department of Labor – Office of the Commissioner of Financial Regulation	4/16/20	6
Maryland Department of Health – Medical Care Programs Administration - Managed Care Program	4/22/20	15
Maryland Department of Health – Spring Grove Hospital Center	4/22/20	16
State Archives	4/27/20	5
Anne Arundel County – Office of the Clerk of Circuit Court	4/30/20	5
Department of Information Technology	5/01/20	29
Queen Anne's County – Office of the Clerk of Circuit Court	5/05/20	5
Board of Liquor License Commissioners for Baltimore City (Performance)	5/11/20	35
Anne Arundel County – Office of the Register of Wills	5/18/20	5

REPORTS ISSUED
DECEMBER 1, 2019 TO SEPTEMBER 30, 2020 (Continued)

<u>Agency</u>	<u>Report Date</u>	<u>Number of Pages</u>
Comptroller of Maryland – Revenue Administration Division	6/01/20	19
Military Department	6/10/20	10
Maryland Department of Health – Efforts to Identify and Analyze Improper Medicaid Payments (Performance)	6/23/20	29
Maryland Public Broadcasting Commission	6/25/20	16
Kent County Public Schools (Financial Management Practices Audit)	7/06/20	27
Department of Housing and Community Development	7/10/20	25
Maryland Department of Health – Developmental Disabilities Administration – Follow-up Review (Special)	7/10/20	13
St. Mary's College of Maryland	7/14/20	17
Maryland Department of Health – Office of the Secretary and Other Units	7/14/20	22
Comptroller of Maryland – Information Technology Division – Annapolis Data Center Operations	7/27/20	11
University System of Maryland – Frostburg State University	8/05/20	13
University System of Maryland – Towson University	8/06/20	11
Review of Local Government Audit Reports – Fiscal Year Ending June 30, 2019 (Special)	8/27/20	13
Allegany County – Office of the Clerk of Circuit Court	8/31/20	5
Maryland Department of Health – Pharmacy Services	8/31/20	28
Allegany County – Office of the Register of Wills	9/08/20	6
Review of Community College Audit Reports – Fiscal Year Ending June 30, 2019 (Special)	9/11/20	7
Maryland Department of Transportation – Motor Vehicle Administration	9/23/20	25

Total Number of Reports Issued: 55

Reports Recommended for Committee Action

December 1, 2019 to September 30, 2020

1) Department of Information Technology (DoIT) (5/1/20 – 29 pages – 10 findings, including 2 repeats)

- OLA's audit disclosed certain deficiencies with DoIT's processes for overseeing the State's major information technology development projects (MITDPs). DoIT lacked sufficient documentation that it effectively monitored MITDPs through its review of annual status reports and other monthly monitoring activities. For example, our test of fiscal year 2019 annual status reports for four projects estimated to cost \$645.7 million disclosed that DoIT did not document its review and approval of any of these reports, and critical information had not been updated in the annual status reports from the preceding year for three of the projects estimated to cost \$471.1 million.
- DoIT had not established a process to independently evaluate the performance of oversight project managers supplied by its third-party vendor to oversee MITDPs. For one of these projects, the Shared Human Services Platform (MD THINK), we noted certain issues regarding project costs and timeliness.
- DoIT contracted with a vendor to design and implement the Maryland First Responders Interoperable Radio System Team (Maryland FIRST), but did not ensure that the vendor met certain contractual requirements prior to paying vendor invoices.
- Certain security control deficiencies relating to the networks and computer resources under DoIT's responsibility were identified. For example, intrusion detection and prevention system coverage did not exist for a substantial amount of untrusted network traffic flowing into the DoIT internal network. In addition, DoIT, in conjunction with the Comptroller of Maryland and the Department of Budget and Management, did not ensure that personally identifiable information (PII) for State vendors stored in the State's Financial Management Information System (FMIS) was adequately restricted. The PII was accessible to thousands of State employees.
- Deficiencies in a number of other areas of DoIT responsibilities were identified. For example, DoIT did not sufficiently control equipment and the monitoring of its contractor for the State's high-speed data network. DoIT also lacked formal written agreements with the 29 State agencies to clarify responsibilities for services it provides to them through the Enterprise Technology Support Services Initiative.

Recommended Committee Action – Letter of Concern

Reports Recommended for Committee Action

December 1, 2019 to September 30, 2020

2) Maryland Public Broadcasting Commission (MPBC) (6/25/20 – 16 pages – 4 findings, including 1 repeat)

- MPBC did not establish formal policies and procedures to address revenue generating activities of its affiliated foundation. MPBC also did not effectively monitor the affiliated foundation and could not document that it received and reviewed conflict of interest disclosures for foundation board members and officers. The audit report included a number of recommendations regarding the comprehensiveness of the agreement between MPBC's affiliated foundation and MPBC, and regarding the adequacy of the procedures to ensure and document that potential or actual conflicts of interest existing for foundation board members and officers were identified and properly resolved. MPBC initially disagreed with the analysis and recommendations of this finding based primarily on the premise that the foundation is an independent legal entity. Notwithstanding the aforementioned disagreement, MPBC subsequently indicated that it would (1) review the policies of the foundation to determine if any new ones need to be created, (2) continually monitor the foundation's revenue generating activities, and (3) document the receipt and review of the annual conflict of interest disclosures by foundation board members and officers.

Considering the significant revenue provided to MPBC by the foundation from corporate underwriters and sponsors, MPBC needs to ensure comprehensive and appropriate documented oversight of the foundation's activities is in place. Our report highlighted areas where MPBC's policies and procedures could be enhanced for that purpose.

- MPBC's procurement policies and procedures were not sufficiently comprehensive and certain critical provisions were not approved by MPBC's governing Commission. In addition, MPBC did not obtain approval for certain exempt procurements and did not publish certain non-exempt contract awards on *eMaryland Marketplace*, as required.
- MPBC did not obtain and review the required independent control review of its fundraising services vendor and, as a result, certain security concerns over fundraising data were not identified by MPBC and addressed with the vendor timely.
- MPBC had either not performed or did not adequately perform monthly reconciliations of its donor collections to its donor database for the period from August 2018 to August 2019.

Recommended Committee Action – Letter of Concern

Reports Recommended for Committee Action

December 1, 2019 to September 30, 2020

3) Board of Liquor License Commissioners for Baltimore City (BLLC) (Performance) (5/11/20 – 35 pages – 8 findings, including 1 repeat)

This audit report contained a number of recommendations related to the eight report findings. Although BLLC agreed to implement the majority of the recommendations, BLLC continues to disagree with two recommendations. Since we believe all report recommendations are appropriate and necessary, we attempted to obtain BLLC concurrence on these two issues through the OLA's routine audit follow-up process. Unfortunately, OLA was unable to persuade BLLC to implement the recommended necessary controls.

State Government Article, Section 2-1224(g)(1)(v) of the Annotated Code of Maryland requires the OLA to advise the Joint Audit and Evaluation Committee (JAEC) when the response by the agency is not considered appropriate to carry out an audit recommendation. For that reason, OLA recommends, as a first step, that the JAEC issue a letter of concern to the BLLC requesting implementation of the recommended corrective action for the following items.

- BLLC's Standard Operating Procedures (SOPs) did not include certain critical aspects of the inspection process, including if and when follow-up inspections should be conducted after issues or violations are noted. The audit report recommended that BLLC enhance its SOPs to address the critical aspects of the inspection process enumerated in the report finding. In a recent follow-up letter response, BLLC indicated it had made policy enhancements regarding follow-up inspections and included references to specific sections of the SOPs. However, the referenced sections did not relate to follow-up inspections related to violations. We continue to believe that the standard operating procedures should specify when follow-up inspections are performed on licensees with violations.
- BLLC inspectors did not always follow up on inspections violations and did not always document conclusions when conducting inspections. The audit report recommended that BLLC conduct follow-up inspections or take other appropriate actions to ensure violations noted during inspections are resolved. In a recent follow-up letter response BLLC stated that it continues to disagree with this recommendation because it lacks the capacity to conduct these follow-up investigations independently. BLLC's response also stated that the Baltimore Police Department (BPD) determines when and where these follow-up inspections can be conducted. Based on the nature of the violations, we continue to believe it is both reasonable and appropriate to conduct follow-up inspections to determine if noted violations or issues have been resolved. However, we acknowledged that there may be reasons why a follow-up inspection is not practical or cannot be performed, and in those instances, we countered that BLLC document the reason(s) why follow-up inspections cannot be performed, such as the unavailability of BPD resources. BLLC disagreed with OLA suggested accommodation.

Recommended Committee Action – Letter of Concern

Reports Recommended for Committee Action

December 1, 2019 to September 30, 2020

- 4) Maryland Department of Health (MDH) – Efforts to Identify and Analyze Improper Medicaid Payments (Performance) (6/23/20 – 29 pages – 9 findings)**
- 5) MDH – Pharmacy Services (8/31/20 – 28 pages – 7 findings, including 1 repeat)**

Recommended Committee Action – JAEC Hearing
