

**STATE OF MARYLAND**

**Single Audit  
with  
Independent Auditors' Report**

**Year Ended June 30, 2005**

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**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS  
AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS  
AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The Honorable William D. Schaefer  
Comptroller of Maryland

We have audited the accompanying financial statements, not included herein of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of June 30, 2005 and for the year then ended, which collectively comprise the State's basic financial statements. These financial statements are the responsibility of the State's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of (1) Maryland State Lottery Agency; (2) Maryland Transportation Authority; (3) certain foundations included in the higher education component unit (4) Maryland Environment Service; (5) Maryland Food Center Authority; (6) Maryland Local Government Investment Pool; (7) Deferred Compensation Plan; (8) Maryland Unemployment Insurance Trust Fund (9) and certain Economic Development – Loan and Insurance Programs, which represent the percentages of the assets, net assets and revenues or additions of the opinion units listed below:

	Percentage of Opinion Unit		
	Total Assets	Total Net Assets	Total Operating Revenues
Business type activities:			
Economic Development-Loan Programs	46.61%	33.08%	7.36%
Unemployment Insurance Programs	12.76	21.75	22.06
Maryland State Lottery Agency	4.46	1.01	55.48
Maryland Transportation Authority	31.53	36.42	13.41
Economic Development-Insurance Programs	1.35	2.04	0.12
Total percentage of business type activities	96.71%	94.30%	98.43%



Component units:

Major -			
Higher Education Foundations	11.21%	17.05%	2.97%
Non-Major -			
Maryland Environmental Service	1.12	0.15	4.73
Maryland Food Center Authority	0.33	0.51	0.27
Total percentage of component units	<u>12.66%</u>	<u>17.71%</u>	<u>7.97%</u>

Fiduciary Funds:

Investment Trust Fund	4.51%	4.93%	56.05%
Deferred Compensation Plan	5.00	0.27	3.40
Total percentage of fiduciary funds	<u>9.51%</u>	<u>5.20%</u>	<u>59.45%</u>

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland as of June 30, 2005, and the respective changes in the financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2005, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of Federal awards is prepared on the basis of accounting described in Note 2 to the schedule of expenditures of Federal awards and excludes the expenditures associated with the Federal financial assistance programs for the Maryland Water Quality Financing Administration, an administration of the Maryland Department of Environment that had a separate OMB Circular A-133 audit. The information in the schedule of expenditures of Federal awards has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The management's discussion and analysis, required supplemental schedules of funding progress for the Pension and Retirement System and the Maryland Transit Administration Pension Plan; and the respective budgetary comparison for the budgetary general, special and Federal funds are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Maryland's basic financial statements. The combining financial statements, schedules, introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report and the financial schedules required by law have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.



Abrams, Foster, Nole & Williams, P.A.  
Certified Public Accountants  
Baltimore, Maryland

December 5, 2005

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER  
MATTERS BASED ON AN AUDIT OF THE FINANCIAL STATEMENTS  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Honorable William Donald Schaefer  
Comptroller of Maryland

We have audited the basic financial statements of the State of Maryland (State), as of and for the year ended June 30, 2005, and have issued our report thereon dated December 5, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the basic financial statements included disclosures regarding our references to the reports of other auditors. The financial statements of the Economic Development – Loan Programs (except for the Maryland Water Quality Financing Administration), the Maryland State Lottery Agency, the Maryland Transportation Authority, the Economic Development – Insurance Programs, the Maryland Industrial Development Financing Authority, the Maryland Local Government Investment Pool, the Maryland Transit Administration Pension Plan, and the Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the State's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

We noted other matters involving the internal control over financial reporting, which we have reported to the management of the University System of Maryland, Baltimore City Community College, St. Mary's College of Maryland and Morgan State University in separate letters dated November 4, 2005; November 16, 2005; October 7, 2005; and December 23, 2005, respectively.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of State management, the U.S. Department of Health and Human Services (cognizant agency), Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



Abrams, Foster, Nole & Williams, P.A.  
Certified Public Accountants  
Baltimore, Maryland

December 5, 2005

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable William Donald Schaefer  
Comptroller of Maryland

**Compliance**

We have audited the compliance of the State of Maryland (State) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2005. The State's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

The State's basic financial statements include the operations of the Maryland Water Quality Financing Administration, an administration of the Maryland Department of the Environment, which received Federal awards that are not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of this administration because the State engaged other auditors to perform a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the State's compliance with those requirements.

In our opinion, based on our audit, the State complied in all material respects with the requirements referred to above that are applicable to its major Federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the Schedule of Findings and Questioned Costs section of this report as Findings 2005-1 through 2005-25.

### **Internal Control over Compliance**

The management of the State is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the State's internal control over compliance with requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the State's ability to administer a major Federal program in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as Findings 2005-1, 2005-2, 2005-4, 2005-6, 2005-10, 2005-11, 2005-13, 2005-14, 2005-16, 2005-17, and 2005-20 through 2005-24.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.



This report is intended solely for the information and use of State management, the U.S. Department of Health and Human Services (cognizant agency), Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Abrams, Foster, Nole & Williams, P.A.*

Abrams, Foster, Nole & Williams, P.A.  
Certified Public Accountants  
Baltimore, Maryland

December 5, 2005

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Agriculture (DOA)</u></b>					
Contract / Other	10.58-1225-7-001	\$ 7,398	\$ -	\$ -	\$ 7,398
Contract / Other	10.RBS-03-22	-	-	17,522	17,522
Total Pass -Through Grants - Contract/Other		7,398	-	17,522	24,920
Agricultural Research: Basic and Applied Research	10.001	133	-	-	133
Agricultural Research: Basic and Applied Research	10.001	-	-	299,323	299,323
Pass-Through Auburn University	10.001	-	-	127,712	127,712
Total Agricultural Research: Basic and Applied Research		133	-	427,035	427,168
Plant and Animal Disease, Pest Control and Animal Care	10.025	-	-	915,586	915,586
Commodity Loans and Loan Deficiency Payments	10.051	-	-	144,829	144,829
Federal-State Marketing Improvement Program	10.156	-	-	30,627	30,627
Market Protection and Promotion	10.163	-	-	147,064	147,064
Grants for Agricultural Research, Special Research Grants	10.200	-	-	1	1
Pass-Through University of Vermont	10.200	-	-	127,665	127,665
Total Grants for Agricultural Research, Special Res. Grants		-	-	127,666	127,666
Grants for Agricultural Research: Competitive Research Grants	10.206	-	-	96,085	96,085
Food & Agricultural Sciences Nat'l Needs Graduate Fell. Grants	10.210	-	-	27,409	27,409
1890 Institution Capacity Building Grants	10.216	-	-	705,070	705,070
Higher Education Multicultural Scholars Program	10.220	-	-	1,000	1,000
Initiative for Future Agriculture and Food Systems	10.302	-	-	48,981	48,981
Integrated Programs	10.303	-	-	782,689	782,689
Pass-Through Pennsylvania State University	10.303	-	-	20,000	20,000
Total Integrated Programs		-	-	802,689	802,689
National Rural Development Partnership	10.353	-	-	58,946	58,946
Outreach and Assist. for Socially Disadvant. Frmrs. & Ranchers	10.443	-	-	115,125	115,125
Crop Insurance	10.450	-	-	442,896	442,896
Egg Products Inspection	10.476	-	-	2,992	2,992
Cooperative Extension Service	10.500	-	-	5,489,320	5,489,320
Pass-Through University of Delaware	10.500	-	-	3,275	3,275
Pass-Through University of Vermont	10.500	-	-	5,498	5,498
Total Pass-Through Cooperative Extension Service		-	-	8,773	8,773
Total Cooperative Extension Service		-	-	5,498,093	5,498,093
Food Donation	10.550	-	-	15,777,000	15,777,000
Food Stamp Cluster:					
Food Stamps	10.551	-	-	312,519,544	312,519,544

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Agriculture (DOA) (continued)</u></b>					
State Admin Grant for Food Stamp Program	10.561	-	-	33,751,493	33,751,493
Total Food Stamp Cluster		-	-	346,271,037	346,271,037
Child Nutrition Cluster:					
School Breakfast Program	10.553	-	-	23,538,227	23,538,227
National School Lunch Program	10.555	-	-	88,560,640	88,560,640
Special Milk Program for Children	10.556	-	-	514,700	514,700
Summer Food Service Program for Children	10.559	-	-	3,400,226	3,400,226
Total Child Nutrition Cluster		-	-	116,013,793	116,013,793
Special Suppl. Nutrition for Women, Infant and Children	10.557	-	-	59,519,051	59,519,051
Child & Adult Care Food Program	10.558	-	-	34,458,159	34,458,159
State Agency Expenses for Child Nutrition	10.560	-	-	1,880,966	1,880,966
Emergency Food Assistance Cluster:					
Emergency Food Assistance Pgm. Admin Cost	10.568	-	-	751,222	751,222
Emergency Food Assistance Pgm. Food Commodities	10.569	-	-	4,382,716	4,382,716
Total Emergency Food Assistance Cluster		-	-	5,133,938	5,133,938
WIC Farmers' Market Nutrition Program	10.572	-	-	378,456	378,456
Team Nutrition Grants	10.574	-	-	123,007	123,007
Senior Farmers Market Nutrition Program	10.576	-	-	114,607	114,607
Agricultural Mediation Pgm	10.645	-	-	20,890	20,890
Coop Forestry Assistance	10.664	-	-	1,780,593	1,780,593
National Forest - Dependent Rural Communities	10.670	-	-	141	141
Rural Development, Forestry and Communities	10.672	-	-	3,000	3,000
Urban and Community Forestry Program	10.675	-	-	6,284	6,284
Forest Land Enhancement Program	10.677	-	-	2,199	2,199
Rural Business Enterprise Grants	10.769	-	-	37,205	37,205
1890 Land Grant Institution Rural Entrepren. Outreach Prog.	10.856	-	-	112,020	112,020
Environmental Quality Incentives Program	10.912	-	-	357,761	357,761
Farm and Ranch Lands Protection Program	10.913	-	-	1,327,612	1,327,612
Agricultural Statistical Report	10.950	-	-	4,891	4,891
Technical Agricultural Assistance	10.960	-	-	1,016,046	1,016,046
International Training : Foreign Participant	10.962	-	-	-	-
Pass-Through American Soybean Association	10.962	-	-	95,599	95,599
Total International Training : Foreign Participant		-	-	95,599	95,599
Agricultural Marketing Service	10.RD	61,057	-	-	61,057
Agricultural Research Service	10.RD	2,843,821	-	-	2,843,821
Co-op. State Research, Education, & Extension Svcs. (CSREES)	10.RD	7,405,304	-	-	7,405,304
Pass-Through Colorado State University	10.RD	12,200	-	-	12,200
Pass-Through Cornell University	10.RD	109,018	-	-	109,018
Pass-Through Dartmouth College	10.RD	8,626	-	-	8,626
Pass-Through Kansas State University	10.RD	14,814	-	-	14,814
Pass-Through Mt. Sinai School of Medicine	10.RD	13,413	-	-	13,413
Pass-Through Pennsylvania State University	10.RD	29,858	-	-	29,858

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Agriculture (DOA) (continued)</u></b>					
Pass-Through University of Delaware	10.RD	46,501	-	-	46,501
Pass-Through University of Illinois at Urbana-Champaign	10.RD	(182)	-	-	(182)
Pass-Through University of Maine	10.RD	17,053	-	-	17,053
Pass-Through University of Missouri-Columbia	10.RD	24,411	-	-	24,411
Pass-Through University of Toledo	10.RD	33,604	-	-	33,604
Pass-Through University of Vermont	10.RD	70,800	-	-	70,800
Pass-Through Virginia Polytechnic Instit.and State Univ.	10.RD	68,064	-	-	68,064
Total Pass-Through CSREES		448,180	-	-	448,180
Total CSREES		7,853,484	-	-	7,853,484
Economic Research Service	10.RD	63,699	-	-	63,699
Foreign Agricultural Service	10.RD	2,202,750	-	-	2,202,750
Forest Service	10.RD	454,728	-	-	454,728
Natural Resources Conservation Service	10.RD	112,964	-	-	112,964
Rural-Business Cooperative Service	10.RD	-	-	-	-
Pass-Through University of Massachusetts	10.RD	9,551	-	-	9,551
Total Rural-Business Cooperative Service		9,551	-	-	9,551
Total DOA		13,609,585	-	594,043,870	607,653,455
<b><u>Department of Commerce (DOC)</u></b>					
Contract/Other	11Census8403/PA01	13,740	-	-	13,740
Census Special Tabulations and Services	11.005	-	-	134,705	134,705
Special American Business Internship Training Program	11.114	-	-	19,176	19,176
Economic Development: Technical Assistance	11.303	-	-	87,540	87,540
Economic Adjustment Assistance	11.307	-	-	6,265,887	6,265,887
Interjurisdictional Fisheries Act of 1986	11.407	-	-	57,178	57,178
Sea Grant Support	11.417	-	-	-	-
Pass-Through University of Delaware	11.417	-	-	34,768	34,768
Total Sea Grant Support		-	-	34,768	34,768
Coastal Zone Management Administration Awards	11.419	-	-	3,214,072	3,214,072
Coastal Zone Management Estuarine Research Reserves	11.420	-	-	655,392	655,392
Pass-Through Mid Shore Health Systems	11.420	-	-	314	314
Total Coastal Zone Mgmt. Estuarine Research Reserves		-	-	655,706	655,706
Financial Asst. for National Ctrs. for Coastal Ocean Science	11.426	-	-	214,099	214,099
Cooperative Fishery Statistics	11.434	-	-	38,975	38,975
Marine Mammal Data Program	11.439	-	-	73,441	73,441
Environmental Sciences, Applications, Data and Education	11.440	-	-	35,215	35,215
Unallied Industry Projects	11.452	-	-	513,544	513,544
Chesapeake Bay Studies	11.457	-	-	540,909	540,909
Special Oceanic and Atmospheric Projects	11.460	-	-	(11)	(11)
Habitat Conservation	11.463	-	-	13,133	13,133
Coastal Services Center	11.473	-	-	24,995	24,995
Atlantic Coastal Fisheries Cooperative Management Act	11.474	-	-	197,036	197,036
Educational Partnerships Program	11.481	-	-	2,879,561	2,879,561

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Commerce (DOC) (continued)</u></b>					
Administration	11.Unknown	-	-	-	-
Pass-Through Commissioners of Somerset County	11.52600102	-	-	5,307	5,307
Total Administration		-	-	5,307	5,307
Public Telecomm Facilities Planning and Construction Calibration Program	11.550	-	-	416,804	416,804
Measurement and Engineering Research and Standards	11.601	2,699	-	-	2,699
National Institute for Standards and Technology	11.609	-	-	493,524	493,524
Pass-Through Booz Allen and Hamilton, Inc	11.RD	6,195,062	-	-	6,195,062
Total National Institute for Standards and Technology	11.68450DS107	48,021	-	-	48,021
Total National Institute for Standards and Technology		6,243,083	-	-	6,243,083
Minority Business Development Centers	11.800	-	-	317,307	317,307
Pass-Through Abt Associates Inc.	11.RD	2,801	-	-	2,801
Total Minority Business Development Centers		2,801	-	317,307	320,108
National Oceanic and Atmosphere Administration	11.RD	13,061,168	-	-	13,061,168
Pass-Through Advanced Bioscience Laboratory	11.RD	9,943	-	-	9,943
Pass-Through Maryland Sea Grant College	11.RD	400,295	-	-	400,295
Pass-Through Research Found. of City Univ. of New York	11.RD	116,579	-	-	116,579
Pass-Through University of New Hampshire	11.RD	23,226	-	-	23,226
Pass-Through Virginia Institute of Marine Science	11.RD	(6,665)	-	-	(6,665)
Admin		543,378	-	-	543,378
Total National Oceanic and Atmosphere Administration		13,604,546	-	-	13,604,546
Department of Commerce - Other	11.RD	4,220	-	-	4,220
Total DOC		19,871,089	-	16,232,871	36,103,960
<b><u>Department of Defense (DOD)</u></b>					
Contract / Other	12.DCA 100-00D-4008	-	-	1,834,428	1,834,428
Contract / Other- National Security Agency	12.H-98230-04-2-0005	-	-	93,901	93,901
Contract / Other- National Security Agency	12.H-98230-05-C-0433	-	-	16,616	16,616
Total Contract / Other- National Security Agency		-	-	110,517	110,517
Contract / Other	12-W91ZLK-04-P-0950	60,098	-	-	60,098
Total Contract / Other		60,098	-	1,944,945	2,115,560
Procurement technical Assistance for Business Firms	12.002	-	-	382,328	382,328
Planning Assistance to States	12.110	-	-	83,038	83,038
State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	-	-	680,851	680,851
Basic and Applied Scientific Research	12.300	73,176	-	-	73,176
Basic and Applied Scientific Research	12.300	-	-	1,390,509	1,390,509
Pass-Through Oak Management	12.300	-	-	19,236	19,236
Pass-Through WILLCOR, Inc.	12.300	-	-	600,474	600,474
Total Pass-Through Basic and Applied Scientific Research		-	-	619,710	619,710
Total Basic and Applied Scientific Research		73,176	-	2,010,219	2,083,395
National Guard Military Construction	12.400	-	-	862,247	862,247
National Guard Military operations & Maintenance (O&M) Proj	12.401	-	-	8,435,269	8,435,269
National Guard Civilian Youth Opportunities	12.404	-	-	2,439,196	2,439,196
Military Medical Research & Development	12.420	-	-	8,921	8,921

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Defense (DOD) (continued)</u></b>					
Basic Scientific Research/Army Basic & Appl. Scientific Research	12.431	-	-	332,142	332,142
Basic Scientific Research/Army Basic & Appl. Scientific Research	12.431	1,260,615	-	-	1,260,615
Basic, Applied, and Advanced Research in Science and Engin.	12.630	-	-	40	40
Pass-through Academy of Applied Science	12.630	-	-	2,516	2,516
Contract/Other - Army		-	-	-	-
Pass-Through Jackson State University	12.64-6000507	-	-	23,280	23,280
Motor Week Energy	12.678	-	-	141,020	141,020
Air Force Defense Research Sciences	12.800	-	-	199,847	199,847
Air Force Defense Research Sciences	12.800	10,157	-	-	10,157
Language Grant Program	12.900	-	-	144,210	144,210
Mathematical Sciences Grant Program	12.901	-	-	90,493	90,493
Information Security Grant Program	12.902	-	-	107,801	107,801
Research and Technology Development:	12.910	-	-	-	-
Pass-Through Telecordia Technologies	12.910	-	-	100,285	100,285
Total Research and Technology Development		-	-	100,285	100,285
Department of the Army, Office of the Chief of Engineers	12.RD	72,691	-	-	72,691
Pass-Through Bellcore Company	12.RD	145,035	-	-	145,035
Total Dept of the Army, Office of the Chief of Engineers		217,726	-	-	217,726
U.S. Army, Material Command	12.RD	11,681,510	-	-	11,681,510
Pass-Through Boston University	12.RD	508,963	-	-	508,963
Pass-Through Honeywell	12.RD	(267)	-	-	(267)
Pass-Through University of California, Los Angeles	12.RD	54,613	-	-	54,613
Pass-Through University of Rochester Institute of Optics	12.RD	5,233	-	-	5,233
Total Pass-Through U.S. Army, Material Command		568,542	-	-	568,542
Total U.S. Army, Material Command		12,250,052	-	-	12,250,052
Department of the Navy, Office of Chief of Naval Research	12.RD	10,657,143	-	-	10,657,143
Pass-Through BBNT Solutions	12.RD	50,269	-	-	50,269
Pass-Through California Institute of Technology	12.RD	(7,826)	-	-	(7,826)
Pass-Through Johns Hopkins University	12.RD	399,897	-	-	399,897
Pass-Through University of Texas	12.RD	15,283	-	-	15,283
Total Pass-Through Dept.of Navy,Office of Chief of Naval Res.		457,623	-	-	457,623
Total Dept.of Navy,Office of Chief of Naval Research		11,114,766	-	-	11,114,766
Department of the Air Force, Material Command	12.RD	4,841,680	-	-	4,841,680
National Security Agency	12RD	26,709,531	-	-	26,709,531
Pass-Through George Mason University	12.RD	(8,620)	-	-	(8,620)
Total National Security Agency		26,700,911	-	-	26,700,911
Defense Advanced Research Projects Agency	12.RD	4,079,060	-	-	4,079,060
Pass-Through Brown University	12.RD	36,523	-	-	36,523
Pass-Through Object Video Corp.	12.RD	(1)	-	-	(1)
Total Pass-Through Def. Adv. Research Projects Agency		36,522	-	-	36,522
Total Def. Adv. Research Projects Agency		4,115,582	-	-	4,115,582

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Defense (DOD) (continued)</u></b>					
National Guard Bureau	12.RD	153,890	-	-	153,890
Office of the Secretary of Defense	12.RD	956,776	-	-	956,776
Pass-Through Georgia Institute of Technology	12.RD	34,685	-	-	34,685
Total Office of the Secretary of Defense		991,461	-	-	991,461
Contract / Other	12.Unknown	-	-	-	-
Pass-Through Battelle Memorial Institute	12.Unknown	-	-	258	258
Total Contract / Other		-	-	258	258
U.S. Army and Navy	12.Unknown	-	-	217,994	217,994
Total DOD		61,790,114	-	18,206,900	79,997,014
<b><u>Central Intelligence Agency (CIA)</u></b>					
Central Intelligence Agency	13.RD	901,391	-	-	901,391
Total CIA		901,391	-	-	901,391
<b><u>Department of Housing &amp; Urban Development (HUD)</u></b>					
Contract / Other	14.Unknown	-	-	540	540
Section 8 Project Based Cluster:					
Section 8 Housing Assistance Payments Program: Special Allocations	14.195	-	-	127,792,372	127,792,372
Lower Income Housing Assistance Program_Section 8 Moderate Rehabilitation	14.856	-	-	484,958	484,958
Section 8 Housing Choice Vouchers	14.871	-	-	12,224,285	12,224,285
Total Section 8 Project Based Cluster		-	-	140,501,615	140,501,615
Community Development Block Grants/Entitlement and (HUD Administered) Small Cities Cluster:					
Community Development Block Grants/Entitlement Grants	14.218	-	-	30,745	30,745
Comm. Dev. Blk. Grants/Small Cities Program	14.219	-	-	12,162,486	12,162,486
Total Comm. Dev. Blk Grants/Ent.(HUD Admin.) Sm Cities Cluster:		-	-	12,193,231	12,193,231
Comm. Dev. Blk. Grants/State's Program	14.228	-	-	1,662,216	1,662,216
Supportive Housing Program	14.235	-	-	608,913	608,913
Historically Black Colleges and Universities Programs	14.237	-	-	7,779	7,779
Shelter Plus Care	14.238	-	-	1,944,564	1,944,564
HOME Investment Partnership Program	14.239	-	-	13,482,076	13,482,076
Housing Opportunities for Persons with AIDS	14.241	-	-	602,607	602,607
Comm. Dev. BIK. Grants/Brownfields Economic Dev. Initiative	14.246	-	-	1,613,106	1,613,106
Comm. Dev. BIK. Grants/Brownfields Economic Dev. Initiative	14.246	13,224	-	-	13,224
Fair Housing Assistance Program: State and Local	14.401	-	-	380,398	380,398
Community Outreach Partnership Center Program	14.511	-	-	51,849	51,849
Doctoral Dissertation Research Grants	14.516	-	-	16,340	16,340
Historically Black Colleges and Universities Programs	14.520	-	-	933	933



**State of Maryland**  
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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Housing &amp; Urban Development (HUD)</u></b>					
<b><u>(continued)</u></b>					
Lead-Based Paint Hazard Control in Priv. Owned Housing	14.900	-	-	1,817,582	1,817,582
Other Research and Development	14.RD	287,807	-	-	287,807
Total HUD		301,031	-	174,883,749	175,184,780
<b><u>Department of Interior (DOI)</u></b>					
Contract / Other	15. Unknown	-	-	-	-
Pass-Through University of New Jersey	15. Unknown	20,458	-	-	20,458
Pass-Through University of Rhode Island	15. Unknown	(2,642)	-	-	(2,642)
Total Pass-Through Contract/ Other		17,816	-	-	17,816
Total Contract / Other		17,816	-	-	17,816
Contract / Other	15.1443CA309701200	-	-	112,211	112,211
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	-	-	588,843	588,843
Abandon Mine Land Reclamation (AMLF) Program	15.252	-	-	1,546,375	1,546,375
Fish and Wildlife Cluster:					
Sport Fish Restoration	15.605	-	-	2,606,566	2,606,566
Wildlife Restoration	15.611	-	-	2,060,018	2,060,018
Pass-Through Pennsylvania Game Commission	15.611	-	-	34,839	34,839
Total Wildlife Restoration		-	-	2,094,857	2,094,857
Total Fish and Wildlife Cluster		-	-	4,701,423	4,701,423
Endangered Species Conservation	15.612	-	-	26,000	26,000
Coastal Wetlands Planning, Protection & Restoration Act	15.614	-	-	560,000	560,000
Clean Vessel Act	15.616	-	-	451,367	451,367
Wildlife Conservation Appreciation	15.617	-	-	4,529	4,529
Landowner Incentive	15.633	-	-	70,561	70,561
State Wildlife Grant	15.634	-	-	851,847	851,847
Assistance to State Water Resources Research Institutes	15.805	-	-	24,223	24,223
Geological Survey, Research and Data Collection	15.808	-	-	157,903	157,903
National Spatial Data Infrastructure Coop. Agreements Prog.	15.809	-	-	80,539	80,539
National Cooperative Geologic Mapping Program	15.810	-	-	15,689	15,689
Cooperative Research Units Program	15.812	-	-	1,994	1,994
Disposal of Surplus Wildlife	15.900	-	-	8,019	8,019
Historic Preservation Fund Grant-In-Aid	15.904	-	-	550,867	550,867
National Historic Landmark	15.912	-	-	185,741	185,741
Technical Preservation Services	15.915	-	-	656	656
Outdoor Recreation_Acquisition, Development Planning	15.916	-	-	121,203	121,203
Urban Park & Recreation Recovery Program	15.919	-	-	13,289	13,289
American Battlefield Protection	15.926	-	-	26,688	26,688
National Park Service	15.RD	914,402	-	-	914,402
U.S. Fish and Wildlife Service	15.RD	1,334	-	-	1,334
Geological Survey	15.RD	615,503	-	-	615,503
Other Department of Interior - Research and Development	15.RD	17,154	-	-	17,154
Total DOI		1,566,209	-	10,099,967	11,666,176

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Justice (DOJ)</u></b>					
Contract / Other	16.Unknown	-	-	1,970,100	1,970,100
Law Enforcement Assist. Narcs. and Dangerous Drugs Training	16.004	-	-	116,000	116,000
Urban Areas Security Initiative	16.011	-	-	1,157,659	1,157,659
Offender Reentry Program	16.202	-	-	128,778	128,778
Juvenile Accountability Incentive Block Grant	16.523	-	-	2,940,891	2,940,891
Juvenile Just. & Delinquency Preven. Allocation to States	16.540	-	-	1,380,660	1,380,660
Juvenile Just. & Delinquency Prevention Special Emphasis	16.541	-	-	978,704	978,704
Missing Children's Assistance	16.543	-	-	114,855	114,855
Title V: Delinquency and Prevention Program	16.548	-	-	256,235	256,235
Part E: State Challenge Activities	16.549	-	-	219,083	219,083
National Criminal History Improvement Program	16.554	-	-	167,524	167,524
National Institute of Justice Research, Eval., and Dev. Proj. Grants	16.560	-	-	3,858,876	3,858,876
Crime Lab. Improv. Comb. Offender DNA Index Sys. Backlog Red.	16.564	-	-	903,090	903,090
Crime Victim Assistance	16.575	-	-	6,260,059	6,260,059
Crime Victim Compensation	16.576	-	-	1,421,000	1,421,000
Byrne Formula Grant Program	16.579	-	-	6,989,911	6,989,911
Edward Byrne Memorial State & Loc. Law Enforce. Assist. Discretion. Grants Prg.	16.580	-	-	2,198,221	2,198,221
Crime Victim Assist/Discretionary Grants	16.582	-	-	100,000	100,000
Violent Offenders Incarcer. and Truth in Sentencing Incent. Grants	16.586	-	-	286,966	286,966
Violence Against Women Formula Grants	16.588	-	-	2,364,897	2,364,897
Local Law Enforcement Block Grant Program	16.592	-	-	315,341	315,341
Residential Substance Abuse Treatment for State Prisoners	16.593	-	-	1,294,039	1,294,039
State Criminal Alien Assistance Program	16.606	-	-	822,300	822,300
Bulletproof Vests Partnership Program	16.607	-	-	30,227	30,227
Wildlife Conservation & Protection	16.625	-	-	26,346	26,346
Public Safety Partnership and Community Policing Grants	16.710	-	-	903,582	903,582
Pass-Through Baltimore Substance Abuse Systems, Inc.	16.710	-	-	95,882	95,882
Pass-Through City of New Carrollton	16.710	-	-	16,407	16,407
Pass-Through Town of La Plata	16.710	-	-	8,606	8,606
Total Pass-Through Public Safety Part.and Com. Pol. Grants		-	-	120,895	120,895
Total Public Safety Partnership and Community Pol. Grants		-	-	1,024,477	1,024,477
Police Corps	16.712	-	-	61,611	61,611
Enforcing Underage Drinking Laws Program	16.727	-	-	557,251	557,251
Bureau of Prisons	16.RD	89,639	-	-	89,639
Bureau of Justice Statistics	16.RD	-	-	-	-

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Justice (DOJ) (continued)</u></b>					
Pass-Through Justice Research & Statistics Association	16.RD	24,438	-	-	24,438
Total Bureau of Justice Statistics		24,438	-	-	24,438
Office of Juvenile Justice and Delinquency Prevention	16.RD	-	-	-	-
Pass-Through University of Pennsylvania	16.RD	93,817	-	-	93,817
Prevention		93,817	-	-	93,817
Office of Justice Programs	16.RD	644,506	-	-	644,506
Pass-Through Virginia Polytechnic Instit. and State Univ	16.RD	49,535	-	-	49,535
Total Office of Justice Programs		694,041	-	-	694,041
Office of National Drug Control Policy	16.RD	7,850,050	-	-	7,850,050
Total DOJ		8,751,985	-	37,945,101	46,697,086
<b><u>Department of Labor (DOL)</u></b>					
Labor Force Statistics	17.002	-	-	1,411,188	1,411,188
Compensation and Working Conditions	17.005	-	-	206,896	206,896
Labor Certification for Alien Workers	17.203	-	-	1,126,663	1,126,663
Employment Service Cluster:					
Employment Service	17.207	-	-	13,147,249	13,147,249
Disabled Veterans Outreach Programs	17.801	-	-	1,693,803	1,693,803
Local Veterans Employment Representative Program	17.804	-	-	1,396,609	1,396,609
Total Employment Service Cluster		-	-	16,237,661	16,237,661
Unemployment Insurance	17.225	-	-	508,960,499	508,960,499
Senior Community Service Employment Program	17.235	-	-	1,127,415	1,127,415
Trade Adjustment Assistance_Workers	17.245	-	-	6,619,902	6,619,902
Demonstration and Research	17.249	-	-	(103,783)	(103,783)
GWIB - Health Worker Initiative	17.257	-	-	186,388	186,388
WIA Cluster:					
WIA Adult Grants	17.258	-	-	10,904,920	10,904,920
WIA Youth Activities	17.259	-	-	9,540,538	9,540,538
WIA Dislocated Workers	17.260	-	-	13,843,553	13,843,553
Pass-Through Chesapeake College	17.260	-	-	18,454	18,454
Total WIA Dislocated Workers		-	-	13,862,007	13,862,007
Total WIA Cluster		-	-	34,307,465	34,307,465
Employment and Training Administration Pilots, Demonstrations, and Research Projects	17.261	-	-	862,381	862,381
Work Incentives Grant	17.266	-	-	571,674	571,674
WIA Incentive Grants_Section 503 Grants to States	17.267	-	-	801,092	801,092
Occupational Safety and Health_State Program	17.503	-	-	2,452,068	2,452,068
Consultation Agreements	17.504	-	-	868,772	868,772
Mine Health and Safety Counseling and Technical Assistance	17.601	-	-	45,242	45,242
Disability Employment Policy Development	17.720	-	-	168,477	168,477
Employment and Training Administration	17.RD	1,553,622	-	-	1,553,622

**State of Maryland**  
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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Labor (DOL) (continued)</u></b>					
Occupational Safety and Health Administration	17.RD	31,992	-	-	31,992
Total DOL		<u>1,585,614</u>	<u>-</u>	<u>575,850,000</u>	<u>577,435,614</u>
<b><u>Department of State (DOS)</u></b>					
Contract / Other	19.Unknown	-	-	8,177	8,177
Educational Exchange_ University Lectures (Professors) and Research Scholars	19.401	-	-	-	-
Pass-Through Council for International Exchange Scholars	19.401	-	-	5,585	5,585
Pass-Through Institute of International Education	19.401	-	-	25,725	25,725
Total Pass-Through Ed. Exch._Univ. Lec. (Prof.) and Res. Sch.		<u>-</u>	<u>-</u>	<u>31,310</u>	<u>31,310</u>
Total Ed. Exch._Univ. Lec. (Prof.) and Research Scholars		<u>-</u>	<u>-</u>	<u>31,310</u>	<u>31,310</u>
Educational Partnerships Program	19.405	-	-	69,978	69,978
Educational Exchange: NIS Secondary School Initiative	19.411	-	-	168	168
Pass-Through Open Society Institute	19.411	-	-	164,526	164,526
Total Educational Exchange: NIS Secondary School Initiative		<u>-</u>	<u>-</u>	<u>164,694</u>	<u>164,694</u>
Educational Partnerships Program	19.424	-	-	-	-
Pass-Through Garrett College	19.424	-	-	2,633	2,633
Total Educational Partnerships Program		<u>-</u>	<u>-</u>	<u>2,633</u>	<u>2,633</u>
Office of Antiterrorism Assistance	19.RD	510,384	-	-	510,384
Bureau of Educational and Cultural Affairs	19.RD	141,792	-	-	141,792
Total DOS		<u>652,176</u>	<u>-</u>	<u>276,792</u>	<u>928,968</u>
<b><u>Department of Transportation (DOT)</u></b>					
Contract / Other	20.Unknown	-	-	351,582	351,582
Airport Improvement Program	20.106	-	-	17,707,679	17,707,679
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	-	-	627,684,791	627,684,791
Appalachian Development Highway System	23.003	-	-	(599,831)	(599,831)
Total Highway Planning and Construction Cluster		<u>-</u>	<u>-</u>	<u>627,084,960</u>	<u>627,084,960</u>
Highway Training and Education	20.215	-	-	274,661	274,661
Pass-Through Institute for Traffic Engineers	20.215	-	-	57,242	57,242
Pass-Through South Carolina State University	20.215	-	-	39,313	39,313
Total Pass-Through Highway Training and Education		<u>-</u>	<u>-</u>	<u>96,555</u>	<u>96,555</u>
Total Highway Training and Education		<u>-</u>	<u>-</u>	<u>371,216</u>	<u>371,216</u>
National Motor Carrier Safety	20.218	-	-	1,041,637	1,041,637
Pass-Through Edwards & Kelsey, Inc.	20.218	-	-	1	1
Total National Motor Carrier Safety		<u>-</u>	<u>-</u>	<u>1,041,638</u>	<u>1,041,638</u>
Commercial Driver License State Program	20.232	-	-	130,120	130,120
Federal Transit Cluster:					
Federal Transit_Capital Investment Grants	20.500	-	-	64,919,089	64,919,089

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Transportation (DOT) (continued)</u></b>					
Federal Transit_Formula Grants	20.507	-	-	85,129,605	85,129,605
Total Federal Transit Cluster		-	-	150,048,694	150,048,694
Federal Transit_Metropolitan Planning Grants	20.505	-	-	7,213,872	7,213,872
Formula Grants for Other Than Urbanized Areas	20.509	-	-	2,415,956	2,415,956
Capital Assistance Program for Elderly Persons With Disabilities	20.513	-	-	230,451	230,451
Job Access_Reverse Commute	20.516	-	-	4,195,858	4,195,858
State and Community Highway Safety	20.600	-	-	9,634,752	9,634,752
University Transportation Centers Program	20.701	81,419	-	-	81,419
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	-	-	189,222	189,222
Development and Promotion of Ports IntermodalTransportation	20.801	-	-	308,210	308,210
Federal Aviation Administration	20.RD	4,503,699	-	-	4,503,699
Pass-Through Texas A&M University	20.RD	128,694	-	-	128,694
Total Federal Aviation Administration		4,632,393	-	-	4,632,393
Federal Highway Administration	20.RD	142,007	-	-	142,007
Pass-Through National Coop Highway Research Prog	20.RD	373	-	-	373
Total Federal Highway Administration		142,380	-	-	142,380
Federal Motor Carrier Safety Administration	20.RD	-	-	-	-
Pass-Through University of North Carolina at Chapel Hill	20.RD	86,028	-	-	86,028
Total Federal Motor Carrier Safety Administration		86,028	-	-	86,028
National Highway Traffic Safety Administration	20.RD	96,710	-	-	96,710
Maritime Administration	20.RD	26,410	-	-	26,410
Other Research & Development	20.RD	10,665	-	-	10,665
Total DOT		5,076,005	-	820,924,210	826,000,215
<b><u>Department of Treasury (DOTR)</u></b>					
Internal Revenue Service	21.RD	-	-	-	-
Pass-Through MD Volunteer Lawyers Service Inc	21.RD	4,297	-	-	4,297
Total DOTR		4,297	-	-	4,297
<b><u>U.S. Postal Service (USPS)</u></b>					
Postal Service: Contract / Other	22.unknown	-	-	7,887	7,887
Total USPS		-	-	7,887	7,887
<b><u>Appalachian Regional Council (ARC)</u></b>					
Appalachian Regional Development	23.001	-	-	1,225	1,225
ARC Sectopm 207/MAHF	23.005	-	-	261,342	261,342
Appalachian Local Access Roads	23.008	-	-	265,538	265,538
Appalachian Research, Technical Assistance, and Demonstration Projects	23.011	-	-	183,071	183,071
Total ARC		-	-	711,176	711,176
<b><u>Equal Employment Opportunity Commission (EEOC)</u></b>					
Employment Discrimination_State and Local Fair Employment Practices Agency Contracts	30.002	-	-	418,652	418,652
Total EEOC		-	-	418,652	418,652

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Federal Trade Commission (FTC)</u></b>					
Federal Trade Commission	36.RD	490	-	-	490
Total FTC		490	-	-	490
<b><u>General Services Administration (GSA)</u></b>					
Business Services	39.001	-	-	14,051,585	14,051,585
Donation of Federal Surplus Personal Property	39.003	-	-	828,097	828,097
Total GSA		-	-	14,879,682	14,879,682
<b><u>Library of Congress</u></b>					
Library of Congress	42.RD	100,150	-	-	100,150
Total Library of Congress		100,150	-	-	100,150
<b><u>National Aeronautics and Space Administration (NASA)</u></b>					
Contract / Other	43.Unknown	-	-	31,168	31,168
Aerospace Education Services Program	43.001	3,449,531	-	-	3,449,531
Aerospace Education Services Program	43.001	-	-	1,458,560	1,458,560
Pass-Through Cuyahoga Community College	43.001	-	-	145,751	145,751
Pass-Through Diversified Career and Educational Services Program	43.001	-	-	8,980	8,980
Pass-Through Maryland Space Grant Consortium	43.001	-	-	4,521	4,521
Total Pass-Through Aerospace Education Services Program		-	-	159,252	159,252
Total Aerospace Education Services Program		3,449,531	-	1,617,812	5,067,343
NASA	43.RD	51,748,068	-	-	51,748,068
Pass-Through Smithsonian Astrophysical Observatory	43.NAS8-39073	5,467	-	-	5,467
Pass-Through AdTech Photonics, Inc	43.RD	35,288	-	-	35,288
Pass-Through Ball State University	43.RD	4,113	-	-	4,113
Pass-Through Boston University	43.RD	264,463	-	-	264,463
Pass-Through California Institute of Technology	43.RD	659,110	-	-	659,110
Pass-Through Carnegie Institute of Washington	43.RD	37,387	-	-	37,387
Pass-Through Carnegie Mellon University	43.RD	380,135	-	-	380,135
Pass-Through Columbia University	43.RD	24,739	-	-	24,739
Pass-Through Conservation Biology Institute	43.RD	52,205	-	-	52,205
Pass-Through Cornell University	43.RD	7,167	-	-	7,167
Pass-Through George Mason University	43.RD	15,817	-	-	15,817
Pass-Through Georgia Institute of Technology	43.RD	61,206	-	-	61,206
Pass-Through Jet Propulsion Lab	43.RD	360,907	-	-	360,907
Pass-Through Johns Hopkins Univ/Applied Physics Lab	43.RD	206,738	-	-	206,738
Pass-Through Lawrence Livermore National Laboratory	43.RD	20,275	-	-	20,275
Pass-Through Massachusetts Institute of Technology	43.RD	3,609	-	-	3,609
Pass-Through Michigan State University	43.RD	163,717	-	-	163,717
Pass-Through Midwest Research Institute	43.RD	94,453	-	-	94,453
Pass-Through National Institute of Aerospace	43.RD	750,018	-	-	750,018
Pass-Through Oregon State University	43.RD	10,284	-	-	10,284
Pass-Through Raytheon Systems	43.RD	90,491	-	-	90,491

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<b><u>National Aeronautics and Space Administration (NASA)</u></b>					
<b><u>(continued)</u></b>					
Pass-Through Rutgers University	43.RD	(31,876)	-	-	(31,876)
Pass-Through Smithsonian Astrophysical Observatory	43.RD	20,730	-	-	20,730
Pass-Through Southwest Research Institute	43.RD	52,133	-	-	52,133
Pass-Through Space Telescope Science Institute	43.RD	225,391	-	-	225,391
Pass-Through Texas A&M University	43.RD	7,082	-	-	7,082
Pass-Through Universities Space Research Association	43.RD	24,700	-	-	24,700
Pass-Through University of Arizona at Tucson	43.RD	2,422	-	-	2,422
Pass-Through University of California, Los Angeles	43.RD	54,044	-	-	54,044
Pass-Through Univ of Calif. at Berkley Space Science Lab	43.RD	163,491	-	-	163,491
Pass-Through University of New Mexico	43.RD	25,336	-	-	25,336
Pass-Through University of Texas-Austin	43.RD	102,811	-	-	102,811
Pass-Through University of Wisconsin	43.RD	135,521	-	-	135,521
Pass-Through Yale University	43.RD	23,158	-	-	23,158
Total Pass-Through NASA		4,052,532	-	-	4,052,532
Total NASA (RD)		55,800,600	-	-	55,800,600
Total NASA		59,250,131	-	1,648,980	60,899,111
<b><u>National Foundation on the Arts and Humanities (NFAH)</u></b>					
Promotion of the Arts: Grants to Organizations and Individ.	45.024	-	-	31,520	31,520
Promotion of the Arts_Partnership Agreements	45.025	-	-	627,497	627,497
Pass-Through Arts Midwest	45.025	-	-	1,500	1,500
Total Promotion of the Arts_Partnership Agreements		-	-	628,997	628,997
Promotion of the Arts_Leadership Initiatives	45.026	-	-	25,000	25,000
Promotion of the Humanities: Division of Preservation and Access	45.149	-	-	97,460	97,460
Promotion for the Humanities - Research	45.161	22,829	-	-	22,829
Promotion for the Humanities - Research	45.161	-	-	123,338	123,338
Promotion of the Humanities: Seminars and Institutes	45.163	86,940	-	-	86,940
Promotion of the Humanities: Seminars and Institutes	45.163	-	-	140,397	140,397
Museum for American Grants	45.301	-	-	17,607	17,607
Museum Assessment Program	45.302	-	-	1,704	1,704
Conservation Assessment Program	45.304	-	-	(54)	(54)
State Library Program	45.310	-	-	2,530,088	2,530,088
National Leadership Grants	45.312	-	-	9,998	9,998
Librarians for the 21st Century	45.313	-	-	28,249	28,249
National Endowment for the Humanities	45.RD	69,131	-	-	69,131
Total NFAH		178,900	-	3,634,304	3,813,204

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<b><u>National Science Foundation (NSF)</u></b>					
Engineering Grants	47.041	-	-	570,037	570,037
Engineering Grants	47.041	1,398,519	-	-	1,398,519
Pass-Through GE Foundation	47.041	-	-	118,642	118,642
Pass-Through Kauffman Foundations	47.041	-	-	1,663	1,663
Pass-Through MayaTech Corporation	47.041	-	-	18,906	18,906
Pass-Through Oak Ridge Associated University	47.041	-	-	5,000	5,000
Pass-Through University of Maryland	47.041	3,605	-	-	3,605
Pass-Through Alfred P Sloan Foundation	47.041	-	-	69	69
Pass-Through Johns Hopkins University	47.041	141,482	-	-	141,482
Total Pass-Through Engineering Grants		145,087	-	144,280	289,367
Total Engineering Grants		1,543,606	-	714,317	2,257,923
Mathematical and Physical Sciences	47.049	-	-	244,101	244,101
Pass-Through National Physical Science Consortium	47.049	-	-	6,250	6,250
Pass-Through Alfred P Sloan Foundation	47.049	-	-	105,581	105,581
Pass-Through Univ. of California, Los Angeles	47.049	-	-	15,000	15,000
Total Pass-Through Mathematical and Physical Sciences		-	-	126,831	126,831
Total Mathematical and Physical Sciences		-	-	370,932	370,932
Geosciences	47.050	11,667	-	-	11,667
Geosciences	47.050	-	-	462,718	462,718
Computer and Information Science and Engineering	47.070	-	-	34,463	34,463
Pass-Through Intel Foundation	47.070	-	-	50,710	50,710
Pass-Through Wayne State University	47.070	-	-	26,486	26,486
Total Pass-Through Computer and Info. Science and Eng.		-	-	77,196	77,196
Total Computer and Info. Science and Eng.		-	-	111,659	111,659
Biological Sciences	47.074	27,341	-	-	27,341
Biological Sciences	47.074	-	-	81,420	81,420
Pass-Through American Heart Association	47.074	-	-	37,594	37,594
Pass-Through George Washington University	47.074	-	-	122,823	122,823
Pass-Through Leakey Foundation	47.074	-	-	11,582	11,582
Pass-Through National Park Foundation	47.074	-	-	45,729	45,729
Pass-Through Alfred P Sloan Foundation	47.074	-	-	(1,140)	(1,140)
Pass-Through Southeastern Universities Research Association/Jefferson Lab	47.074	-	-	11,870	11,870
Total Pass-Through Biological Sciences		-	-	228,458	228,458
Total Biological Sciences		27,341	-	309,878	337,219
Social, Behavioral, and Economic Sciences	47.075	-	-	645,453	645,453
Pass-Through American Psychological Association	47.075	-	-	42,824	42,824
Pass-Through American Statistical Association	47.075	-	-	95,065	95,065
Pass-Through Earhart Foundation	47.075	-	-	31,606	31,606
Pass-Through Florida Education Fund	47.075	-	-	18,750	18,750



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<b><u>National Science Foundation (NSF) (continued)</u></b>					
Pass-Through William T Grant Foundation	47.075	-	-	4,000	4,000
Pass-Through The William & Flora Hewlett Foundation	47.075	-	-	58,683	58,683
Pass-Through Japan Foundation for Global Partnership	47.075	-	-	11,019	11,019
Pass-Through Gilder Lehrman Institute	47.075	-	-	18,626	18,626
Pass-Through National Academy of Sciences	47.075	-	-	2,636	2,636
Pass-Through Open Society Institute	47.075	-	-	49,600	49,600
Pass-Through Alfred P Sloan Foundation	47.075	-	-	10,563	10,563
Pass-Through Target Stores	47.075	-	-	894	894
Total Pass-Through Social, Behavioral, and Econ.Sciences		-	-	344,266	344,266
Total Social, Behavioral, and Economic Sciences		-	-	989,719	989,719
Education and Human Resources	47.076	-	-	8,422,287	8,422,287
Pass-Through Association of American Colleges & Universities (AAC&U)	47.076	-	-	747	747
Pass-Through Massachusetts Found. for the Humanities	47.076	-	-	1,370	1,370
Pass-Through University of Missouri-St. Louis	47.076	-	-	154,747	154,747
Total Pass-Through Education and Human Resources		-	-	156,864	156,864
Total Education and Human Resources		-	-	8,579,151	8,579,151
National Science Foundation (NSF)	47.RD	53,823,182	-	-	53,823,182
Pass-Through Association for Institutional Research	47.RD	84	-	-	84
Pass-Through Auburn University	47.RD	83,397	-	-	83,397
Pass-Through AdTech Photonics Inc	47.RD	12,105	-	-	12,105
Pass-Through Baltimore County Public Schools	47.RD	(217,856)	-	-	(217,856)
Pass-Through Blue Wave SemiConductors	47.RD	57,331	-	-	57,331
Pass-Through California Institute of Technology	47.RD	88,123	-	-	88,123
Pass-Through Carnegie Mellon University	47.RD	4,015	-	-	4,015
Pass-Through Cornell University	47.RD	3,354	-	-	3,354
Pass-Through Columbia University	47.RD	23,123	-	-	23,123
Pass-Through Dartmouth College	47.RD	90,890	-	-	90,890
Pass-Through Duke University	47.RD	128,906	-	-	128,906
Pass-Through Johns Hopkins University	47.RD	3,503	-	-	3,503
Pass-Through Institute of Ecosystem Studies	47.RD	80,262	-	-	80,262
Pass-Through Institute for Genomic Research	47.RD	198,047	-	-	198,047
Pass-Through Institute for Systems Biology	47.RD	46,881	-	-	46,881
Pass-Through The Internatl. Society for Optical Engineering	47.RD	20,939	-	-	20,939
Pass-Through Kansas State University	47.RD	12,257	-	-	12,257
Pass-Through Medical University of South Carolina	47.RD	(28,899)	-	-	(28,899)
Pass-Through Michigan State University	47.RD	64,313	-	-	64,313
Pass-Through National Bureau of Economic Research, Inc	47.RD	5,945	-	-	5,945
Pass-Through New Jersey Institute of Technology	47.RD	15,505	-	-	15,505
Pass-Through Pennsylvania State University	47.RD	86,658	-	-	86,658
Pass-Through Purdue University	47.RD	97,104	-	-	97,104
Pass-Through Rutgers University	47.RD	718,928	-	-	718,928
Pass-Through Shoah Foundation	47.RD	574,512	-	-	574,512
Pass-Through Siena College	47.RD	119,202	-	-	119,202

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<b><u>National Science Foundation (NSF) (continued)</u></b>					
Pass-Through Syracuse University	47.RD	2,920	-	-	2,920
Pass-Through University of California, Irvine	47.RD	14,343	-	-	14,343
Pass-Through University of California, Los Angeles	47.RD	157,271	-	-	157,271
Pass-Through University of California, San Diego	47.RD	431,718	-	-	431,718
Pass-Through University of Connecticut	47.RD	116,060	-	-	116,060
Pass-Through University of Delaware	47.RD	67,931	-	-	67,931
Pass-Through University of Michigan	47.RD	72,457	-	-	72,457
Pass-Through University of Virginia	47.RD	41,974	-	-	41,974
Pass-Through University of Washington	47.RD	38,234	-	-	38,234
Pass-Through University of Western Michigan	47.RD	101,000	-	-	101,000
Pass-Through University of Wisconsin	47.RD	1,134,290	-	-	1,134,290
Pass-Through US Civilian Research and Devel. Found.	47.RD	(453)	-	-	(453)
Pass-Through Venture Group	47.RD	16,375	-	-	16,375
Pass-Through Virginia Commonwealth University	47.RD	65,072	-	-	65,072
Pass-Through Washington State University	47.RD	13,035	-	-	13,035
Pass-Through XMTT, Inc	47.RD	28,478	-	-	28,478
Total Pass-Through National Science Foundation (NSF)		4,589,334	-	-	4,589,334
Total National Science Foundation (NSF) (RD)		58,412,516	-	-	58,412,516
Total NSF		59,995,130	-	11,538,374	71,533,504
<b><u>Small Business Administration (SBA)</u></b>					
7(i) Technical Assistance	59.007	101,347	-	-	101,347
Small Business Development Center	59.037	-	-	1,796,388	1,796,388
SBA – Research and Development	59.RD	16,689	-	-	16,689
Total SBA		118,036	-	1,796,388	1,914,424
<b><u>Veterans Administration (VA)</u></b>					
Contract/Other	64.IPA-AGREEMENT	38,565	-	-	38,565
Veterans State Domiciliary Care	64.014	-	-	5,168,992	5,168,992
Burial Expenses Allowance for Veterans	64.101	-	-	675,680	675,680
Vocational Rehabilitation for Disabled Veterans	64.116	-	-	602	602
Vocational and Educational Counseling for Service members and Veterans	64.125	-	-	256,742	256,742
Veterans Benefits Administration – Research and Development	64.RD	7,526,511	-	-	7,526,511
Total VA		7,565,076	-	6,102,016	13,667,092
<b><u>Environmental Protection Agency (EPA)</u></b>					
Contract / Other	66.02-0IAA-189	80,935	-	-	80,935
Contract / Other	66.HQ.506.04.06N	54,211	-	-	54,211
Contract / Other	66.Unknown	-	-	-	-
Pass-Through Battelle Memorial Institute	66.68-D-02-061/WA2-08	11,024	-	-	11,024
Pass-Through RTI International Research Triangle Institute	66.GS-10F-0283K	1,132	-	-	1,132
Total Pass-Through Contract / Other		12,156	-	-	12,156
Total Contract / Other		147,302	-	-	147,302
Air Pollution Control Program Support	66.001	-	-	888,218	888,218

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<b><u>Environmental Protection Agency (EPA) (continued)</u></b>					
Surveys, Studies, Investigations, Demonstrations and Special Purpose Activities Relating to the Clean Air Act (B)	66.034	-	-	579,706	579,706
Water Pollution Control State and Interstate Program Support Surveys, Studies, Demonstrations and Special Purpose Grants- Section 1442 of the Safe Drinking Water Act (B)	66.419	-	-	35,751	35,751
State Public Water System Supervision Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements- Section 104(b)(3) of the Construction Management Assistance	66.432	-	-	410,294	410,294
Water Quality Planning and Management	66.436	-	-	89,577	89,577
Nonpoint Source Implementation Grants	66.438	-	-	185,011	185,011
Regional Wetland Program Development Grants	66.454	-	-	392,159	392,159
Water Quality Cooperative Agreements	66.460	-	-	2,423,818	2,423,818
Chesapeake Bay Program	66.461	-	-	353,605	353,605
Pass-Through Alliance for the Chesapeake Bay	66.466	-	-	6,000	6,000
Pass-Through Chesapeake Bay Foundation	66.466	-	-	5,675	5,675
Total Pass-Through Chesapeake Bay Program		-	-	11,675	11,675
Total Chesapeake Bay Program		-	-	4,783,213	4,783,213
State Grants to Reimburse Operators of Small Water Systems for Training and Certification Costs (A)	66.471	-	-	6,474	6,474
Beach Monitoring and Notification Program Implementation Grants (B)	66.472	-	-	294,393	294,393
Water Protection Grants to the States	66.474	-	-	69,541	69,541
Environmental Protection Consolidated Research	66.500	-	-	284,201	284,201
Performance Partnership Grants	66.605	-	-	8,900,081	8,900,081
Surveys, Studies, Investigations and Special Purpose Grants	66.606	94,210	-	-	94,210
Surveys, Studies, Investigations and Special Purpose Grants Training and Fellowships for the Environmental Protection Agency	66.606	-	-	799,004	799,004
	66.607	-	-	18,623	18,623
Environmental Information Exchange Network Grant Program	66.608	-	-	260,180	260,180
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	-	-	327,855	327,855
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	-	-	21,726	21,726
TSCA Title IV State Lead Grants Certification of Lead-Based Paint Professionals	66.707	-	-	252,218	252,218
Pollution Prevention Grants Program	66.708	-	-	77,685	77,685
Multi-Media Capacity Building Grants for States and Tribes	66.709	-	-	9,194	9,194

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<b><u>Environmental Protection Agency (EPA) (continued)</u></b>					
Hazardous Waste Management State Program Support	66.801	-	-	404,997	404,997
Superfund State , Political Subdivision, and Indian Tribe Site_Specific Cooperative Agreements	66.802	-	-	548,893	548,893
Leaking Underground Storage Tank Trust Fund	66.805	-	-	1,552,461	1,552,461
Solid Waste Management Assistance	66.808	-	-	15,581	15,581
Superfund State and Indian Tribe Core Prog. Coop Agreements	66.809	-	-	273,370	273,370
State and Tribal Response Program Grants	66.817	-	-	955,766	955,766
Brownfield Assessment and Cleanup Cooperative Agreements	66.818	-	-	94,330	94,330
Environmental Education Grants	66.951	-	-	22,276	22,276
Pass- Through MDOT	66.951	16,999	-	-	16,999
Total Environmental Education Grants		16,999	-	22,276	39,275
Environmental Protection Agency	66.RD	1,428	-	-	1,428
Pass-Through Chesapeake Research Consortium, Inc	66.RD	61,466	-	-	61,466
Pass-Through University of Missouri-Columbia	66.RD	5,629	-	-	5,629
Pass-Through University of Louisville	66.RD	17,331	-	-	17,331
Total Pass-Through Environmental Protection Agency		84,426	-	-	84,426
Total Environmental Protection Agency		85,854	-	-	85,854
Office of Administration	66.RD	125,956	-	-	125,956
Office of Environmental Education	66.RD	-	-	-	-
Pass-Through Washington State University	66.RD	(3,241)	-	-	(3,241)
Total Office of Environmental Education		(3,241)	-	-	(3,241)
Office of Research and Development	66.RD	2,439,142	-	-	2,439,142
Governments	66.RD	7,512	-	-	7,512
Pass-Through University of West Florida	66.RD	13,807	-	-	13,807
Total Pass-Through Office of Research and Development		21,319	-	-	21,319
Total Office of Research and Development		2,460,461	-	-	2,460,461
Office of Prevention, Pesticides and Toxic Substances	66.RD	490,867	-	-	490,867
Office of Water	66.RD	110,888	-	-	110,888
Pass-Through National Estuary Program	66.RD	8,619	-	-	8,619
Pass-Through Virginia Dept. of Conservation & Recreation	66.RD	44,940	-	-	44,940
Total Pass-Through Office of Water		53,559	-	-	53,559
Total Office of Water		164,447	-	-	164,447
Total EPA		3,582,855	-	25,623,257	29,206,112
<b><u>National Regulatory Commission (NRC)</u></b>					
Other National Regulatory Commission – Research and Development	77.RD	336,909	-	-	336,909
Total NRC		336,909	-	-	336,909
<b><u>Department of Energy (DOE)</u></b>					
Contract / Other	81.unknown	-	-	1,041	1,041
National Energy Information Center	81.039	-	-	8,112	8,112

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<b><u>Department of Energy (DOE) (continued)</u></b>					
State Energy Program	81.041	-	-	772,495	772,495
Weatherization Assistance for Low-Income Persons	81.042	-	-	2,613,392	2,613,392
Office of Science Financial Assistance Program	81.049	-	-	14,999	14,999
CONEG	81.052	-	-	9,094	9,094
University Coal Research	81.057	624,518	-	-	624,518
Conservation Research and Development	81.086	-	-	54,054	54,054
University Nuclear Science and Reactor Support Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical	81.114	-	-	121,716	121,716
	81.117	-	-	379,708	379,708
State Energy Program Special Projects	81.119	-	-	28,245	28,245
Office of Energy Efficiency and Renewable Energy	81.RD	-	-	-	-
Pass-Through Virginia Polytechnic Institute & State Univ.	81.RD	45,452	-	-	45,452
Total Office of Energy Efficiency and Renewable Energy		45,452	-	-	45,452
Office of Fossil Energy	81.RD	-	-	-	-
Pass-Through Carnegie Mellon University	81.RD	17,899	-	-	17,899
Total Office of Fossil Energy		17,899	-	-	17,899
Office of Nuclear Energy	81.RD	23,235	-	-	23,235
Pass-Through North Carolina State University	81.RD	68,241	-	-	68,241
Total Office of Nuclear Energy		91,476	-	-	91,476
Office of Science	81.RD	4,528,242	-	-	4,528,242
Pass-Through Advanced Materials Corporation	81.RD	17,923	-	-	17,923
Pass-Through Canada Centre for Remote Sensing	81.RD	1,358	-	-	1,358
Pass-Through Northern Arizona University	81.RD	49,427	-	-	49,427
Pass-Through Institute for Genomic Research	81.RD	20,898	-	-	20,898
Total Pass-Through Office of Science		89,606	-	-	89,606
Total Office of Science		4,617,848	-	-	4,617,848
Other Department of Energy – Research and Development	81.RD	5,771,094	-	-	5,771,094
Pass-Through Battelle Memorial Institute	81.DE-AC05- 76RL01830	9,518	-	-	9,518
Pass-Through Argonne National Lab	81.RD	(1)	-	-	(1)
Pass-Through Fermilab	81.RD	335,017	-	-	335,017
Pass-Through Lawrence Livermore National Laboratory	81.RD	6,670	-	-	6,670
Pass-Through Rutgers University	81.RD	60	-	-	60
Pass-Through Sandia National Labs	81.RD	11,287	-	-	11,287
Total Pass-Through Other Dept.of Energy – Res.and Devel.		362,551	-	-	362,551
Total Other Dept.of Energy – Res.and Devel.		6,133,645	-	-	6,133,645
Total DOE		11,530,838	-	4,002,856	15,533,694

**State of Maryland**  
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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Federal Emergency Management Agency (FEMA)</u></b>					
Federal Emergency Management Agency (FEMA)	83.539	-	-	(151,991)	(151,991)
FY'03 State Dam Safety Program	83.550	-	-	44,490	44,490
Total FEMA		-	-	(107,501)	(107,501)
<b><u>Department of Education (ED)</u></b>					
Contract/Other	84.unknown	-	-	52,371	52,371
Contract/Other	84.ED-04-CO-0141	-	-	179,427	179,427
Adult Education: State Grant Program	84.002	-	-	8,661,615	8,661,615
Federal Supplemental Educational Opportunity Grants	84.007	-	6,464,380	-	6,464,380
Title I Grants to Local Educational Agencies	84.010	-	-	169,197,515	169,197,515
Migrant Education- State Grant Program	84.011	-	-	619,159	619,159
Title I Program for Neglected and Delinquent Children	84.013	-	-	2,333,567	2,333,567
International Research & Studies	84.017	-	-	2,612	2,612
Overseas Faculty Research Abroad	84.019	-	-	90,838	90,838
International: Overseas: Group Projects Abroad	84.021	-	-	71,505	71,505
Overseas Doctoral Dissertation	84.022	-	-	13,068	13,068
Special Education Cluster:					
Special Education_Grants to States	84.027	-	-	161,955,648	161,955,648
Pass-Through Delaware Department of Education	84.027	-	-	189,810	189,810
Pass-Through DC Assistance Program	84.027	-	-	224,078	224,078
Pass-Through North Carolina State Board of Education	84.027	-	-	46,977	46,977
Pass-Through Public Schools of North Carolina	84.027	-	-	109,624	109,624
Pass-Through Virginia Department of Education	84.027	-	-	84,306	84,306
Total Pass-Through Special Education_Grants to States		-	-	654,795	654,795
Total Special Education_Grants to States		-	-	162,610,443	162,610,443
Special Education - Preschool Grants	84.173	-	-	6,602,767	6,602,767
Total Special Education Cluster		-	-	169,213,210	169,213,210
IDEA Part D- Special Education	84.029	-	-	(31,253)	(31,253)
Higher Education: Institutional Aid	84.031	-	-	12,951,990	12,951,990
Pass-Through Johns Hopkins University	84.031	-	-	92,376	92,376
Total Higher Education: Institutional Aid		-	-	13,044,366	13,044,366
Federal Family Educational Loans	84.032	-	225,379,985	-	225,379,985
Federal Work-Study Program	84.033	-	5,532,081	-	5,532,081
Federal Perkins Loan Cancellations	84.037	-	-	20,185	20,185
Federal Perkins Loan Program: Federal Capital Contributions	84.038	-	74,227,492	-	74,227,492
TRIO Cluster:					
TRIO: Student Support Services	84.042	-	-	1,707,184	1,707,184
TRIO: Talent Search	84.044	-	-	704,174	704,174

**State of Maryland**  
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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Education (ED) (continued)</u></b>					
TRIO: Upward Bound	84.047	-	-	4,311,449	4,311,449
TRIO: Educational Opportunity Centers	84.066	-	-	259,442	259,442
TRIO: McNair Post – Baccalaureate Achievement	84.217	-	-	717,713	717,713
Total TRIO Cluster:		-	-	7,699,962	7,699,962
Vocational Education: Basic Grants to States	84.048	-	-	17,789,191	17,789,191
Federal Pell Grant Program	84.063	-	71,871,546	-	71,871,546
Leveraging Educational Assistance Partnership	84.069	-	-	590,093	590,093
Fund for the Improvement of Postsecondary Education	84.116	-	-	251,118	251,118
Minority Science and Engineering Improvement	84.120	-	-	161,660	161,660
Rehabilitation Services_Vocational Rehabilitation Grants to States	84.126	-	-	40,447,982	40,447,982
Rehabilitation Long-Term Training	84.129	-	-	487,560	487,560
National Institute on Disability and Rehabilitation Research	84.133	-	-	98,886	98,886
Education Grants	84.151	-	-	13,077	13,077
Business and International Education Projects	84.153	-	-	76,816	76,816
Training for Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	84.160	-	-	-	-
Pass-Through Galludette University	84.160	-	-	1,248	1,248
Total Training for Inter.for Ind. Deaf and Ind. Deaf-Blind		-	-	1,248	1,248
Rehabilitation Services_Client Assistance Program	84.161	-	-	189,380	189,380
Eisenhower Mathematics and Science Education - State Grants	84.164	-	-	8,553	8,553
Independent Living- State Grants	84.169	-	-	440,655	440,655
Rehabilitation Services_Independent Living Services for Older Individuals Who are Blind	84.177	-	-	531,494	531,494
Special Education_Grants for Infants and Families with Disabilities	84.181	-	-	6,981,884	6,981,884
Safe and Drug-Free Schools and Communities_National Programs	84.184	-	-	339,532	339,532
Byrd Honors Scholarships	84.185	-	-	628,715	628,715
Safe and Drug-Free Schools and Communities_State Grants	84.186	-	-	6,381,340	6,381,340
Supported Employment Services for Individuals with Severe Disabilities	84.187	-	-	831,354	831,354
Bilingual Education: Professional Development	84.195	-	-	362,722	362,722
Education for Homeless Children and Youth	84.196	-	-	722,614	722,614
Graduate Assistance in Areas of National Need	84.200	-	-	1,638,245	1,638,245
Star Schools	84.203	-	-	1,150,944	1,150,944
Even Start - State Education Agencies	84.213	-	-	2,844,336	2,844,336
Fund for the Improvement of Education	84.215	-	-	477,067	477,067
Pass-Through Anne Arundel County Public Schools	84.215	-	-	15,473	15,473
Pass-Through Meeting the Challenge Inc.	84.215	-	-	5,192	5,192

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Education (ED) (continued)</u></b>					
Pass-Through Wicomico County Board of Education	84.215	-	-	232,622	232,622
Total Pass-Through Fund for the Improvement of Education		-	-	253,287	253,287
Total Fund for the Improvement of Education		-	-	730,354	730,354
Assistive Technology	84.224	-	-	368,101	368,101
Rehabilitation Services Demonstration and Training Programs	84.235	-	-	801,417	801,417
Tech Prep Education	84.243	-	-	1,536,682	1,536,682
Rehabilitation Training: Continuing Education	84.264	-	-	438,315	438,315
Rehabilitation Training_State Vocational Rehabilitation Unit In-Service Training	84.265	-	-	153,995	153,995
Federal Direct Student Loans	84.268	-	227,331,624	-	227,331,624
Institute for International Public Policy	84.269	-	-	-	-
Pass-Through United Negro College Fund	84.269	-	-	244,625	244,625
Total Institute for International Public Policy		-	-	244,625	244,625
GOALS 2000_State and Local Education Systemic Improvement Grants	84.276	-	-	(9,856)	(9,856)
Goals Assessment and Development	84.279	-	-	(7,858)	(7,858)
Eisenhower Professional Development State Grants	84.281	-	-	(41,234)	(41,234)
Charter Schools	84.282	-	-	750,789	750,789
Ready to Teach	84.286	-	-	528,397	528,397
Twenty-First Century Community Learning Centers	84.287	-	-	8,415,249	8,415,249
Pass-Through Somerset County Board of Education	84.287	-	-	2,699	2,699
Total Twenty-First Century Community Learning Centers		-	-	8,417,948	8,417,948
State Grants for Innovative Programs	84.298	-	-	6,727,270	6,727,270
Regional Technology in Education Consortia: Pass-Through Temple University	84.302	-	-	61,471	61,471
Even Start - Statewide Family Literacy Program	84.314	-	-	1,389	1,389
Education Technology State Grants	84.318	-	-	7,916,088	7,916,088
Special Education - State Personnel Development	84.323	-	-	1,681,719	1,681,719
Research in Special Education	84.324	-	-	146,840	146,840
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	-	-	1,577,303	1,577,303
Special Education_Technical Assistance and Dissemination to improve Services and Results for Children with Disabilities	84.326	-	-	276,548	276,548
Advance Placement Program	84.330	-	-	508,838	508,838
Grants to States for Incarcerated Youth Offenders	84.331	-	-	640,600	640,600
Comprehensive School Reform Demonstration	84.332	-	-	4,665,022	4,665,022
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	-	-	2,067,419	2,067,419
Pass-Through Garrett College	84.334	-	-	19,478	19,478
Total Gaining Early Aware. and Readiness for Under.Prog.		-	-	2,086,897	2,086,897



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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Education (ED) (continued)</u></b>					
Child Care Means Parents in School	84.335	-	-	108,792	108,792
Teacher Quality Enhancement Grants	84.336	-	-	1,417,929	1,417,929
Reading Excellence	84.338	-	-	(209,492)	(209,492)
Learn Anytime Anywhere Partnerships	84.339	-	-	139,142	139,142
Class Size Reduction	84.340	-	-	(36,951)	(36,951)
Preparing Tomorrow's Teachers to Use Technology	84.342	-	-	1,096,153	1,096,153
Preparing Tomorrow's Teachers to Use Technology	84.342A	-	-	66,386	66,386
Underground Railroad Educational and Cultural Program	84.345	-	-	176,647	176,647
Vocational Education_Occupational and Employment Information State Grants	84.346	-	-	171,616	171,616
Title I Accountability Grants	84.348	-	-	(7,303)	(7,303)
Transition to Teaching	84.350	-	-	563,733	563,733
School Renovation Grants	84.352	-	-	67,234	67,234
Reading First State Grants	84.357	-	-	14,612,096	14,612,096
Rural Education	84.358	-	-	36,540	36,540
English Language Acquisition Grants	84.365	-	-	5,234,179	5,234,179
Mathematics and Science Partnership	84.366	-	-	401,759	401,759
Improving Teacher Quality-State Grants	84.367	-	-	40,802,329	40,802,329
Grants for State Assessments and Related Activities	84.369	-	-	14,929,947	14,929,947
DED Contract / Other: Pass-Through Lower Shore Private Council	84.52-1309382	-	-	24,156	24,156
National Writing Project	84.928	-	-	250	250
Pass-Through Univ of California-Berkeley Natl' Writing Proj.	84.928	-	-	86,158	86,158
Total National Writing Project		-	-	86,408	86,408
2004 Unsolicited Grants (U955A040002)	84.955	-	-	3,679	3,679
Educational Research and Improvement	84.RD	54,038	-	-	54,038
Pass-Through Anne Arundel County Public Schools	84.RD	51,736	-	-	51,736
Pass-Through Baltimore City Public Schools	84.RD	159,698	-	-	159,698
Pass-Through Baltimore County Public Schools	84.RD	145,154	-	-	145,154
Total Pass-Through Educational Research and Improvement		356,588	-	-	356,588
Total Educational Research and Improvement		410,626	-	-	410,626
Office of Assistant Secretary for Innovation & Improvement	84.RD	-	-	-	-
Pass-Through Pacific Resource for Education & Learning	84.RD	3,770	-	-	3,770
Total Office of Assist. Sec. for Innovation & Improvement		3,770	-	-	3,770
Institute of Education Sciences	84.RD	2,980,065	-	-	2,980,065
Pass-Through George Mason University	84.RD	53,539	-	-	53,539
Total Institute of Education Sciences		3,033,604	-	-	3,033,604
Postsecondary Education	84.RD	3,174,869	-	-	3,174,869
Special Education and Rehabilitative Services	84.RD	183,203	-	-	183,203
Pass-Through Georgia Tech Research Corp	84.RD	1,780	-	-	1,780
Pass-Through University of California, San Francisco	84.RD	15,817	-	-	15,817

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Education (ED) (continued)</u></b>					
Pass-Through Vanderbilt University	84.RD	42,977	-	-	42,977
Total Pass-Through Special Ed. and Rehabilitative Services		60,574	-	-	60,574
Total Special Ed. and Rehabilitative Services		243,777	-	-	243,777
Total ED		6,866,646	610,807,108	574,024,185	1,191,697,939
<b><u>National Archives and Records Administration (NARA)</u></b>					
National Historical Publications & Records Grants	89.003	-	-	13,566	13,566
National Archives and Records Administration – R & D	89.RD	143,486	-	-	143,486
Total NARA		143,486	-	13,566	157,052
<b><u>Election Assistance Commission (EAC)</u></b>					
Help America Vote College Pollworker Program	90.400	-	-	25,000	25,000
Election Assistance Commission - Research & Development	90.RD	49,749	-	-	49,749
Total EAC		49,749	-	25,000	74,749
<b><u>Department of Health &amp; Human Services (HHS)</u></b>					
Contract / Other	93.Unknown	-	-	14,379	14,379
Contract / Other	93.Unknown	-	-	1,331,291	1,331,291
Contract / Other National Institute of Health	93.213-MA-216317	2,351	-	-	2,351
Public Health and Social Services Emergency Fund	93.003	-	-	9,184,960	9,184,960
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	207,870	-	-	207,870
Medical Reserve Corps Small Grant Program	93.008	-	-	51,324	51,324
Special Programs for the Aging_ Title VII Chapter 3_ Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	-	-	92,641	92,641
Special Programs for the Aging_ Title VII Chapter 2_ Long Term Care Ombudsman Services for Older Individuals	93.042	-	-	344,012	344,012
Special Programs for the Aging_ Title III Part D_ Disease Prevention and Health Promotion Services	93.043	-	-	367,748	367,748
Aging Cluster: Special Programs for the Aging_ Title III Part B_ Grants for Supportive Services and Senior Centers	93.044	-	-	6,562,374	6,562,374
Pass-Through Prince George's County Dept. of Family Svs.	93.044	-	-	35,921	35,921
Total Spec.Prog.for Ag.Tit.III Pt.B_Sup.Services/Sen Ctrs		-	-	6,598,295	6,598,295
Special Programs for the Aging_ Title III Part III Nutrition Services	93.045	-	-	8,397,840	8,397,840
Nutrition Services Incentive Program	93.053	-	-	1,885,987	1,885,987
Total Aging Cluster		-	-	16,882,122	16,882,122
Special Programs for the Aging_ Title III Part C_ Nutrition Services	93.048	-	-	306,970	306,970
Pass-Through Comprehensive Housing Assistance, Inc.	93.048	-	-	(5,743)	(5,743)
Total Spec.Prog.for the Ag.Tit.III Pt.C_Nutrition Services		-	-	301,227	301,227
National Family Caregiver Support	93.052	-	-	2,421,384	2,421,384

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Health &amp; Human Services (HHS) (continued)</u></b>					
Food and Drug Administration: Research	93.103	-	-	404,833	404,833
Bilingual/Bicultural Service Demonstration Grants	93.105	-	-	-	-
Pass-Through National Academy of Education	93.105	-	-	5,504	5,504
Total Bilingual/Bicultural Service Demonstration Grants		-	-	5,504	5,504
Biomedical and Behavioral Sciences	93.106	-	-	-	-
Pass-Through American Psychological Association	93.106	-	-	21,385	21,385
Total Biomedical and Behavioral Sciences		-	-	21,385	21,385
Maternal and Child Health Federal Consolidated Programs	93.110	-	-	356,391	356,391
Pass-Through Urban Institute	93.110	-	-	15,354	15,354
Total Maternal and Child Health Fed. Consolidated Programs		-	-	371,745	371,745
Maternal and Child Health Bureau	93.110W	2,342	-	-	2,342
Biological Response to Environmental Health Hazards	93.113	-	-	151,621	151,621
Proj. Grants & Co-op. Agreements for Tuberculosis Contr. Prog.	93.116	-	-	1,564,198	1,564,198
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	-	-	168,388	168,388
Emergency Medical Services for Children	93.127	-	-	133,118	133,118
Primary Care Services Resource Coordination and Development Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.130	-	-	229,680	229,680
Injury Prevention and Control Research and State and Community Based Programs	93.135	-	-	59,694	59,694
Community Program to Improve Minority Health Grant Program	93.136	-	-	892,943	892,943
	93.137	-	-	84,542	84,542
AIDS Education and Training Centers	93.145	-	-	-	-
Pass-Through Louisiana State University	93.145	-	-	59,874	59,874
Total AIDS Education and Training Centers		-	-	59,874	59,874
Projects for Assistance in Transition from Homelessness (PATH)	93.150	-	-	1,461,168	1,461,168
Coordinated Services and Access to Research for WIC, & Youth	93.153	-	-	1,479,001	1,479,001
Grants To States for Loan Repayment Program	93.165	-	-	200,000	200,000
Research related to Deafness and Communication Disorders	93.173	-	-	442,914	442,914
Nursing Workforce Diversity	93.178	-	-	189,573	189,573
National Research Services Awards	93.186	-	-	161,566	161,566
Allied Health Special Projects	93.191	-	-	81,455	81,455
Childhood Lead Poisoning Prevention Projects_ State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	-	-	1,178,023	1,178,023
Contract / Other	93.213-00-0005	-	-	1,834	1,834
Family Planning Services	93.217	-	-	4,163,362	4,163,362

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Health &amp; Human Services (HHS) (continued)</u></b>					
Consolidated Knowledge Development and Application (KD&A) Program	93.230	-	-	1,476,148	1,476,148
Traumatic Brain Injury State Demonstration Grant Program	93.234	-	-	100,000	100,000
Abstinence Education Program	93.235	-	-	694,823	694,823
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	-	-	73,809	73,809
Mental Health Research Grants	93.242	100,258	-	-	100,258
Mental Health Research Grants	93.242	-	-	34,556	34,556
Substance Abuse and Mental Health Services_Projects of Regional and National Significance	93.243	-	-	1,130,945	1,130,945
Advanced Education Nursing Grant Program	93.247	-	-	305,522	305,522
Public Health Training Centers Grant Program	93.249	117,304	-	-	117,304
Universal Newborn Hearing Screening	93.251	-	-	177,140	177,140
State Planning Grants Health Cares Access for the Uninsured	93.256	-	-	317,287	317,287
Rural Access to Emergency Devices Grant	93.259	-	-	124,716	124,716
Rapid Expansion of Antiretroviral Therapy Programs for HIV-Infected Persons	93.266	3,140,708	-	-	3,140,708
Immunization Grants	93.268	-	-	4,272,487	4,272,487
Drug Abuse Research Programs	93.279	47,373	-	-	47,373
Mental Health National Research Service Awards for Research Training	93.282	237,210	-	-	237,210
Mental Health National Research Service Awards for Research Training	93.282	-	-	447,910	447,910
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	17,067	-	-	17,067
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	-	-	27,976,246	27,976,246
Small Rural Hospital Improvement Grant Program	93.301	-	-	23,392	23,392
General Clinical Research Centers	93.333	-	-	386,671	386,671
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	-	12,450,291	-	12,450,291
Advanced Education Nursing Traineeships	93.358	-	-	374,046	374,046
Nurse Education Practice and Retention Grants	93.359	-	-	285,630	285,630
Nursing Student Loans	93.364	-	2,214,853	-	2,214,853
National Center for Research Resources	93.389	822,707	-	-	822,707
National Center for Research Resources	93.389	-	-	212,391	212,391
Minority Biomedical Research Support	93.375	609,141	-	-	609,141
Cancer Research Manpower	93.398	-	-	26,360	26,360
Cancer Control (Sub Award)	93.399	15,133	-	-	15,133
Promoting Safe and Stable Families	93.556	-	-	3,090,349	3,090,349

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Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Health &amp; Human Services (HHS) (continued)</u></b>					
Temporary Assistance for Needy Families	93.558	-	-	167,200,931	167,200,931
Child Support Enforcement	93.563	-	-	73,250,394	73,250,394
Refugee and Entrant Assistance: State Administered Programs	93.566	-	-	3,909,553	3,909,553
Low-Income Home Energy Assistance	93.568	-	-	34,780,780	34,780,780
Community Services Block Grant	93.569	-	-	8,745,895	8,745,895
Community Services Block Grant Discretionary Awards	93.570	-	-	235,350	235,350
CCDF Cluster:					
Child Care Development Block Grant	93.575	-	-	25,538,148	25,538,148
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	-	46,415,650	46,415,650
Pass-Through MD Child Care Center	93.596	-	-	192,023	192,023
Total CCDF Cluster		-	-	72,145,821	72,145,821
Refugee and Entrant Assistance_Discretionary Grants	93.576	-	-	811,556	811,556
Early Learning Fund	93.577	-	-	320,815	320,815
Empowerment Zone Program	93.585	-	-	12,885,000	12,885,000
State Court Improvement Program	93.586	-	-	226,861	226,861
Research on Healthcare Costs, Quality and Outcomes	93.591	104,664	-	-	104,664
Grants to States for Access and Visitation Programs	93.597	-	-	15,742	15,742
Chafee Education and Training Voucher Program (ETV)	93.599	-	-	453,835	453,835
Head Start	93.600	-	-	716,693	716,693
Adoption Incentive Payments	93.603	-	-	256,194	256,194
Developmental Disabilities Basic Support and Advocacy Grant	93.630	-	-	1,088,785	1,088,785
Developmental Disabilities Projects of National Significance	93.631	-	-	147,002	147,002
Children's Justice Grants to States	93.643	-	-	374,697	374,697
Child Welfare service - State-Grants	93.645	-	-	4,545,481	4,545,481
Social Services Research and Demonstration	93.647	-	-	41,757	41,757
Foster Care_Title IV-E	93.658	-	-	127,147,880	127,147,880
Adoption Assistance	93.659	-	-	17,348,039	17,348,039
Social Services Block Grant	93.667	-	-	54,933,782	54,933,782
Child Abuse and Neglect State Grant	93.669	-	-	418,555	418,555
Family Violence Prevention and Services/Grants for Battered Women's Shelters_Grants to States and Indian Tribes	93.671	-	-	1,735,646	1,735,646
Chafee Foster Care Independence Program	93.674	-	-	2,376,095	2,376,095
State Children's Insurance Program	93.767	-	-	111,781,613	111,781,613
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768	-	-	246,923	246,923
Medicaid Cluster:					
State Medicaid Fraud Control Units	93.775	-	-	1,418,786	1,418,786

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Health &amp; Human Services (HHS) (continued)</u></b>					
State Survey and Certification of Health Care Providers and Suppliers	93.777	-	-	5,201,723	5,201,723
Medical Assistance Program	93.778	-	-	2,480,810,272	2,480,810,272
Total Medicaid Cluster		-	-	2,487,430,781	2,487,430,781
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	-	-	629,800	629,800
Pass-Through Rutgers Center for State Health Policy	93.779	-	-	29,947	29,947
Total (CMS) Research, Demonstrations and Evaluations		-	-	659,747	659,747
State Pharmaceutical Assistance Programs	93.786	-	-	34,176	34,176
Health Careers Opportunity Program: Pass-Through Western Maryland Area Health Education Program	93.822	198,579	-	-	198,579
Health Careers Opportunity Program: Pass-Through Western Maryland Area Health Education Program	93.822	-	-	9,398	9,398
Lung Diseases Research	93.838	-	-	-	-
Pass-Through John Hopkins University	93.838	-	-	1,799	1,799
Total Lung Diseases Research		-	-	1,799	1,799
Diabetes, Endocrinology and Metabolism Research	93.847	3,778	-	-	3,778
Microbiology and Infectious Disease Research	93.856	116,461	-	-	116,461
Biomedical Research and Research	93.859	165,436	-	-	165,436
Biomedical Research and Research	93.859	-	-	471,735	471,735
Genetics and Developmental Biology Research and Research Training	93.862	-	-	59,729	59,729
Child Health and Human Development Extramural Research	93.865	167,853	-	-	167,853
Child Health and Human Development Extramural Research	93.865	-	-	164,902	164,902
Aging Research	93.866	-	-	368,518	368,518
Vision Research	93.867	10,887	-	-	10,887
Medical Library Assistance	93.879	-	-	181,854	181,854
Minority Access to Research Careers	93.880	-	-	299,462	299,462
Grants to States for Operation of Office of Rural Health	93.913	-	-	138,154	138,154
HIV Emergency Relief Project Grants	93.914	-	-	155,828	155,828
HIV Care Formula Grants	93.917	-	-	38,158,688	38,158,688
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	-	263,056	-	263,056
HIV Prevention Activities_Health Department Based	93.940	24,020	-	-	24,020
HIV Prevention Activities_Health Department Based Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population	93.943	-	-	144,360	144,360
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Syndrome (AIDS) Surveillance	93.944	-	-	2,684,331	2,684,331

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Health &amp; Human Services (HHS) (continued)</u></b>					
Trauma Care Systems Planning and Development	93.952	-	-	41,961	41,961
Block Grants for Community Mental Health Services	93.958	-	-	8,083,938	8,083,938
Blk Grt. for Prevention and Treatment of Substance Abuse	93.959	-	-	29,230,035	29,230,035
Special Minority Initiatives	93.960	-	-	181,986	181,986
Pass-through Montgomery College	93.960	-	-	8,333	8,333
Total Special Minority Initiatives		-	-	190,319	190,319
Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.977	-	-	1,425,036	1,425,036
Mental Health Disaster Assistance and Emergency Health Programs	93.982	-	-	314,370	314,370
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988	-	-	380,089	380,089
Preventive Health and Health Services Block Grant	93.991	-	-	2,819,470	2,819,470
Maternal and Child Health Services Block Grant to the States	93.994	-	-	12,620,883	12,620,883
Pass-Through Sandia Corporation	93.RD	(1,795)	-	-	(1,795)
Total Mat. and Child Health Services Blk Grant to the States		(1,795)	-	12,620,883	12,619,088
Center for Disease Control	93.RD	10,677,126	-	-	10,677,126
Pass-Through Albert Einstein Health Care Network	93.RD	(20,425)	-	-	(20,425)
Pass-Through University of North Texas	93.RD	70	-	-	70
Pass-Through University of Pennsylvania	93.CCR321284	9,605	-	-	9,605
Total Pass-Through Center for Disease Control		(10,750)	-	-	(10,750)
Total Center for Disease Control		10,666,376	-	-	10,666,376
Food and Drug Administration	93.RD	2,571,013	-	-	2,571,013
Pass-Through Texas Engineer Experiment Station	93.RD	(36,212)	-	-	(36,212)
Total Food And Drug Administration		2,534,801	-	-	2,534,801
Health Resources and Services Administration	93.RD	6,420,774	-	-	6,420,774
Pass-Through Smithsonian Astrophysical Observatory	93.RD	(19,948)	-	-	(19,948)
Pass-Through Spire Corporation	93.RD	(17,834)	-	-	(17,834)
Total Pass-Through Health Resources and Services Admin.		(37,782)	-	-	(37,782)
Total Health Resources and Services Admin.		6,382,992	-	-	6,382,992
National Institutes of Health	93.RD	208,483,431	-	-	208,483,431
Pass-Through Advanced Science Laboratory	93.RD	(5,164)	-	-	(5,164)
Pass-Through American Registry of Pathology	93.RD	72,538	-	-	72,538
Pass-Through Boston University	93.RD	45,366	-	-	45,366
Pass-Through Brown University	93.RD	10,605	-	-	10,605
Pass-Through Children's Hospital of Pittsburgh	93.RD	55,296	-	-	55,296
Pass-Through Children's Research Institute	93.RD	71,355	-	-	71,355
Pass-Through Columbia University	93.RD	278,734	-	-	278,734
Pass-Through Cornell University	93.RD	200,542	-	-	200,542
Pass-Through Fidelity	93.RD	570	-	-	570
Pass-Through Hartford Hospital	93.RD	91,383	-	-	91,383

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Department of Health &amp; Human Services (HHS) (continued)</u></b>					
Pass-Through Indiana University	93.RD	181,146	-	-	181,146
Pass-Through Johns Hopkins University	93.RD	366,852	-	-	366,852
Pass-Through Kennedy Krieger Institute	93.RD	139,064	-	-	139,064
Pass-Through Medical University of South Carolina	93.RD	82,504	-	-	82,504
Pass-Through Nanospectra Biosciences, Inc.	93.RD	60,779	-	-	60,779
Pass-Through New York University	93.RD	271,506	-	-	271,506
Pass-Through North Carolina State University	93.RD	109,443	-	-	109,443
Pass-Through Oregon Health Sciences	93.RD	45,386	-	-	45,386
Pass-Through Pennsylvania State University	93.RD	327,356	-	-	327,356
Pass-Through Profectus, Inc.	93.RD	52,805	-	-	52,805
Pass-Through RAND Corp	93.RD	23,592	-	-	23,592
Pass-Through Thomas Jefferson University	93.RD	40,058	-	-	40,058
Pass-Through Tuskegee University	93.RD	4,649	-	-	4,649
Pass-Through University of Alabama at Birmingham	93.RD	26,522	-	-	26,522
Pass-Through University of Cincinnati	93.RD	99,466	-	-	99,466
Pass-Through University of Massachusetts	93.RD	228,531	-	-	228,531
Pass-Through University of Mississippi	93.RD	19,496	-	-	19,496
Pass-Through University of North Carolina at Chapel Hill	93.RD	(570)	-	-	(570)
Pass-Through University of Pennsylvania	93.RD	(282)	-	-	(282)
Pass-Through University of Rhode Island	93.RD	58,098	-	-	58,098
Pass-Through University of Texas	93.RD	103,134	-	-	103,134
Pass-Through University of Utah	93.RD	10	-	-	10
Pass-Through University of Washington	93.RD	25,935	-	-	25,935
Pass-Through Verachem	93.RD	91,965	-	-	91,965
Total Pass-Through National Institutes of Health		3,178,670	-	-	3,178,670
Total National Institutes of Health		211,662,101	-	-	211,662,101
Administration for Children and Families	93.RD	43,694	-	-	43,694
Pass-Through University of Chicago	93.RD	19,779	-	-	19,779
Total Administration for Children and Families		63,473	-	-	63,473
Centers for Medicare and Medicaid Services	93.RD	48,186	-	-	48,186
Pass-Through Delmarva Foundation for Medical Care	93.RD	190,090	-	-	190,090
Total Centers for Medicare and Medicaid Services		238,276	-	-	238,276
Office of the Secretary	93.RD	324,189	-	-	324,189
Total HHS		237,981,555	14,928,200	3,381,604,145	3,634,513,900
<b><u>Corporation for National and Community Service (CNCS)</u></b>					
State Commissions	94.003	-	-	408,202	408,202
Learn & Serve America_School and Community Based Progs.	94.004	-	-	223,248	223,248
Pass-Through Georgetown University	94.004	-	-	42,327	42,327
Total Learn & Serve America_School Comm.Based Progs.		-	-	265,575	265,575
Learn and Serve America: Higher Education	94.005	-	-	(4,384)	(4,384)
AmeriCorps	94.006	-	-	3,453,696	3,453,696



**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Corporation for National and Community Service (CNCS)</u></b>					
<b><u>(continued)</u></b>					
Planning and Program Development Grants	94.007	-	-	22,809	22,809
Training and Technical Assistance	94.009	-	-	77,453	77,453
Foster Grandparent Program	94.011	-	-	310,628	310,628
Volunteers in Service to America	94.013	-	-	10,951	10,951
Corporation for National and Community Service	94.RD	80,486	-	-	80,486
Total CNCS		80,486	-	4,544,930	4,625,416
<b><u>Social Security Administration (SSA)</u></b>					
Social Security Administration (SSA) Contract/Other	96.Unknown	-	-	35,638	35,638
Disability Insurance/ SSI Cluster:					
Social Security_Disability Insurance	96.001	-	-	24,919,233	24,919,233
Supplemental Security Income	96.006	-	-	2,088,974	2,088,974
Total Disability Insurance/ SSI Cluster		-	-	27,008,207	27,008,207
Soc. Sec.Benefits Planning, Assistance, and Outreach Program	96.008	-	-	342,637	342,637
Developmental Disabilities Project	96.631	-	-	27,336	27,336
Total SSA		-	-	27,413,818	27,413,818
<b><u>Department of Homeland Security (DHS)</u></b>					
Contract/ Other	97.Other	-	-	14,765	14,765
State Domestic Preparedness Equipment Support Program	97.004	-	-	37,585,226	37,585,226
State and Local Homeland Security Training Program	97.005	-	-	7,856	7,856
Urban Areas Security Initiative	97.008	-	-	6,928,247	6,928,247
Boating Safety Financial Assistance	97.012	-	-	1,723,350	1,723,350
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	-	-	98,152	98,152
Flood Mitigation Assistance	97.029	-	-	47,373	47,373
Public Assistance Grants	97.036	-	-	10,503,607	10,503,607
First Responder Counter-Terrorism Training Assistance	97.038	-	-	1,418,818	1,418,818
Hazard Mitigation Grant	97.039	-	-	789,274	789,274
Chemical Stockpile Emergency Preparedness Program	97.040	-	-	1,856,531	1,856,531
Emergency Management Performance Grants	97.042	-	-	1,921,930	1,921,930
Emergency Management Performance Grants Pre-Disaster Mitigation	97.047	-	-	434,827	434,827
State and Local All Hazards Emergency Operations Planning	97.051	-	-	682,851	682,851
Emergency Operations Centers	97.052	-	-	64,658	64,658
Citizens Corps	97.053	-	-	106,044	106,044
Community Emergency Response Teams	97.054	-	-	344,990	344,990
Homeland Security Information Tech.and Evaluation Program	97.066	-	-	253,711	253,711
Homeland Security Gant Program	97.067	-	-	2,831,032	2,831,032
Buffer Zone Protection Plan (BZPP)	97.078	-	-	1,433	1,433
Department of Homeland Security	97.RD	147,250	-	-	147,250
Department of Homeland Security	97.RD	-	-	765,326	765,326
Total DHS		147,250	-	68,380,001	68,527,251

**State of Maryland**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

Federal Grantor/ Pass-Through Grantor/ Program Title	CFDA Number	Research and Development Cluster	Student Financial Assistance Cluster	Other Expenditures	Total Expenditures
<b><u>Agency for International Development (USAID)</u></b>					
Agency for International Development	98.RD	133,424	-	-	133,424
Pass-Through United Negro College Fund	98.TELP-UMES	-	-	491	491
Total Agency for International Development		<u>133,424</u>	<u>-</u>	<u>491</u>	<u>133,915</u>
Corporation International	98.RD	781,628	-	-	781,628
USAID Foreign Assistance for Programs Overseas	98.001	-	-	-	-
Pass-through National Endowment for Arts	98.001	-	-	31	31
Pass-Through University Research Corporation International	98.001	-	-	2,369,708	2,369,708
Total Pass-Through USAID Foreign Assist.for Prog.Overseas		<u>-</u>	<u>-</u>	<u>2,369,739</u>	<u>2,369,739</u>
Total USAID Foreign Assistance for Programs Overseas		<u>-</u>	<u>-</u>	<u>2,369,739</u>	<u>2,369,739</u>
Non-Governmental Organization Strengthening	98.004	-	-	-	-
Pass-through University of MD Foundation	98.004	-	-	68,441	68,441
Total Non-Governmental Organization Strengthening		<u>-</u>	<u>-</u>	<u>68,441</u>	<u>68,441</u>
John Ogonowski Farmer-to-Farmer Program	98.009	57,173	-	-	57,173
Total USAID		<u>972,225</u>	<u>-</u>	<u>2,438,671</u>	<u>3,410,896</u>
Total Federal Expenditures		<u>\$ 503,009,408</u>	<u>\$ 625,735,308</u>	<u>\$ 6,377,163,846</u>	<u>\$ 7,505,908,562</u>

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

**1. SINGLE AUDIT REPORTING ENTITY**

The State includes expenditures in its Schedule of Expenditures of Federal Awards for all Federal programs administered by the funds, agencies, boards and commissions, including component units, included in the State's reporting entity used for its basic financial statements, including the component unit higher education funds—the University System of Maryland, the Baltimore City Community College, Morgan State University, and St. Mary's College of Maryland. However, the Schedule of Expenditures of Federal Awards excludes the Maryland Water Quality Financing Administration of the Maryland Department of the Environment. A separate single audit is conducted for this entity, which is part of an enterprise fund of the State of Maryland.

**2. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards has been presented on the accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid.

The noncash expenditures of \$15,777,000 reported under CFDA No. 10.550, Food Donation, represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2004. These food commodities were received by the Maryland Department of Education from the U.S. Department of Agriculture for the year ended June 30, 2005.

The noncash expenditures of \$4,382,716 relating to the Emergency Food Assistance Program reported under CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities), represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2004. The food commodities were received by the Maryland Department of Human Resources from the U.S. Department of Agriculture for the year ended June 30, 2005.

Expenditures reported under CFDA No. 10.551, Food Stamps, represent the fair market value of food stamps distributed for participants' food-stamp purchases during the fiscal year ended June 30, 2005.

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

**2. BASIS OF ACCOUNTING (Continued)**

Amounts reported as noncash expenditures for CFDA No. 39.003, Donation of Federal Surplus Personal Property, is recorded at 25 percent of the Federal Government's original acquisition cost (OAC), per the General Services Administration (GSA) of the Federal property transferred to recipients by the State.

**3. CATEGORIZATION OF EXPENDITURES**

The Schedule of Expenditures of Federal Awards reflects Federal expenditures for all individual grants that were active during the year. The categorization of expenditures by program included in the Schedule of Expenditures of Federal Awards is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued in June and December of each year. In accordance with the State's policy, the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2005 reflects CFDA changes issued through December 2004.

**4. STATE NONMONETARY FEDERAL FINANCIAL ASSISTANCE**

The State distributes Federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. The total inventory balance of Federal surplus food on hand as of June 30, 2005 was \$724,454 for CFDA No. 10.550, Food Donation Program and \$395,509 for CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities). The surplus food was valued using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2004.

The value of donated Federal surplus property on hand as of June 30, 2005 was \$828,097, which represents the GSA's OAC of the property. When the related surplus property is transferred to recipients, it is valued at 25 percent of its OAC, which represents an estimated fair market value of the property transferred. The adjusted amount is reported as noncash expenditure in the Schedule of Expenditures of Federal Awards under CFDA No. 39.003, Donation of Federal Surplus Personal Property Program.

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

**5. OTHER AUDIT FINDINGS**

Other audit reports exist that have also identified findings and questioned costs affecting the State's various Federal programs during the year ended June 30, 2005. Because those issues have been previously reported to the affected Federal agencies and based on guidance received from the State's cognizant agency, the issues identified in other audit reports have not been repeated in the single audit Findings and Questioned Costs for the year ended June 30, 2005.

The State believes that none of the matters questioned will have a significant impact on the Schedule of Expenditures of Federal Awards.

**6. UNEMPLOYMENT INSURANCE**

In accordance with the Department of Labor, Office of Inspector General instructions, the State recorded State Regular Unemployment Compensation (UC) benefits under CFDA No. 17.225 on the Schedule of Expenditures of Federal Awards. The individual State and Federal portions are as follows:

State Regular UC benefits	\$427,499,158
Federal UC benefits	16,158,728
Federal UC administrative costs	<u>65,302,613</u>
Total benefits	<u>\$508,960,499</u>

**7. FEDERAL MORTGAGE PLANS**

The State operates several programs that purchase Federally guaranteed loans, primarily mortgages, from the originators. As the State has no responsibility for determining eligibility or compliance, these guarantees are not considered Federal financial assistance for purposes of the single audit.

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

**8. LOAN PROGRAMS**

**St. Mary's College of Maryland**

The College administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038). The College received no Federal funds under the Program for the fiscal year ended June 30, 2005. The outstanding loan balance of \$528,916 as of June 30, 2004, and the loan expenditures of \$16,000 for the fiscal year ended June 30, 2005 are not considered current-year Federal expenditures. The Schedule of Expenditures of Federal Awards includes \$11,774 for Program administrative fees.

During the fiscal year ended June 30, 2005, the College processed the following amount of new loans under the Federal Family Education Loan Program, which includes the Stafford Loan and PLUS Loan. Since this program is administered by outside financial institutions, new loans made during the fiscal year ended June 30, 2005 relating to this program are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made during the fiscal year ended June 30, 2005 are reported in the Schedule of Expenditures of Federal Awards.

<b><u>CFDA</u></b>	<b><u>Number</u></b>	<b>Loan Expenditures For Fiscal Year Ended <u>June 30, 2005</u></b>
84.032	Stafford Loan Program	\$3,807,997
84.032	PLUS Loan	<u>4,952,341</u>
		<u>\$8,760,338</u>

**Baltimore City Community College**

The College administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038) and Nursing Student Loans (CFDA No. 93.364). The outstanding loan balances as of June 30, 2004 were \$204,209 and \$14,460, respectively. There were no new loans made in the fiscal year ended June 30, 2005. The outstanding balances are considered current-year Federal expenditures. These amounts are reported in the Schedule of Expenditures of Federal Awards.

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

**8. LOAN PROGRAMS (Continued)**

**Morgan State University**

The University administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038). The outstanding loan balance of \$3,080,291 as of June 30, 2004, and the loan expenditures of \$647,197 for the fiscal year ended June 30, 2005 are considered current-year Federal expenditures. These amounts are reported in the Schedule of Expenditures of Federal Awards.

During the fiscal year ended June 30, 2005, the University processed \$23,850,811 of new loans under the Federal Direct Loan Program (CFDA No. 84.268). Since this program is administered by outside financial institutions, new loans made in the fiscal year ended June 30, 2005 relating to this program are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended June 30, 2005 are reported in the Schedule of Expenditures of Federal Awards.

**University System of Maryland**

The System administers the following Federal Student Financial Assistance Programs:

<b><u>CFDA Number</u></b>		<b><u>Outstanding Balance as of June 30, 2004</u></b>	<b><u>Loan Expenditures For Fiscal Year Ended June 30, 2005</u></b>
84.038	Perkins Loan Program	\$58,115,273	\$12,168,748
93.364	Federal Nursing Loan – Undergraduate	1,419,871	583,894
93.364	Federal Nursing Loan – Graduate	164,658	31,970
93.342	Health Professional Loan – Dental	4,417,650	1,249,864
93.342	Health Professional Loan – Medical	605,981	-0-
93.342	Health Professional Loan – Pharmacy	862,933	511,323
93.342	Primary Care Loan	4,039,146	763,394
	Total	<u>\$69,625,512</u>	<u>\$15,309,193</u>

The outstanding loan balances as of June 30, 2004 and the loan expenditures for the fiscal year ended June 30, 2005 are considered current-year Federal expenditures. These amounts are reported on the Schedule of Expenditures of Federal Awards.

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2005**

**8. LOAN PROGRAMS (Continued)**

**University System of Maryland** (Continued)

During the fiscal year ended June 30, 2005, the System processed the following amount of new loans under the Federal Family Education Loan Program, which includes the Stafford Loan and PLUS Loan, and the Direct Loan Program. Since these loan programs are administered by outside financial institutions, new loans made in the fiscal year ended June 30, 2005 relating to these programs are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended June 30, 2005 are reported in the Schedule of Expenditures of Federal Awards.

<b><u>CFDA</u></b>		<b>Loan</b>
<b><u>Number</u></b>		<b>Expenditures</b>
		<b>For Fiscal</b>
		<b>Year Ended</b>
		<b><u>June 30, 2005</u></b>
84.032	Stafford Loan Program	\$186,465,488
84.032	PLUS Loan	30,154,159
84.268	Subsidized Ford Federal Direct Student Loan	93,068,119
84.268	Unsubsidized Ford Federal Direct Student Loan	77,799,318
84.268	Ford Federal Direct Parent Loan	<u>32,613,376</u>
	Total	<u>\$420,100,460</u>

The System also administers loans under the Economic Adjustment Assistance Program (CFDA No. 11.307). Under this program, the System uses revolving loan funds to enhance economic activity. The revolving loan fund assists business development and expansion. The outstanding loan balance as of June 30, 2004 of \$4,541,051 and new loans made in the fiscal year ended June 30, 2005 of \$1,724,836 are considered current-year Federal expenditures and are reported in the Schedule of Expenditures of Federal Awards.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued

Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?  yes  no
- Reportable condition(s) identified that are not considered to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?

yes  none reported

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified  yes  no
- Reportable condition(s) identified that are not considered to be material weakness(es)?  yes  none reported

Type of auditor’s report issued on compliance for major programs

Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

yes  no

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section I – Summary of Auditor’s Results (Continued)**

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Federal Program or Cluster</i>	<i>Federal Expenditures</i>
10.557	Special Supplement Program WIC	\$ 59,519,051
10.558	Child & Adult Care Food Program	34,458,159
14.182, 14.195, 14.856, 14.249.	Section 8 Project-Based Cluster	140,501,615
17.258, 17.259, 17.260.	WIA Cluster	34,307,465
20,500, 20.507.	Federal Transit Cluster	150,048,694
84.010	Title 1 Grant to LEA	169,197,515
84.027, 84.173.	Special Ed Cluster	169,213,209
84.126	Rehabilitation Services – Vocational	40,447,982
84.367	Improving Teacher Quality	40,802,329
93.558	Temporary Assistance to Needy Families	167,200,931
93.563	Child Support Enforcement	73,250,394
93.568	Low-Income Home Energy	34,780,780
93.596, 93.575.	Child Care Development Funds Cluster	72,145,821
93.658	Foster Care – Title IV E	127,147,880
93.667	Social Services Block Grant	54,933,782
93.767	MD Children’s Health Program	111,781,613
93.775, 93.777, 93.778.	Medicaid Cluster	2,487,430,781
93.917	HIV Care Formula Grants	38,158,688
93.959	Block Grants for Prevention of Drug Abuse	29,230,035
96.001, 96.006.	Disability Insurance/SSI Cluster	27,008,207
84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 93.108, 93.342, 93.364, 93.820, 93.925.	Student Financial Aid Cluster	625,735,308
Various	Research and Development Cluster	503,009,408
97.004	State Domestic Preparedness Equipment Support Program	37,585,226
None	Passenger Facility Charge	<u>49,446,610</u>
		<u>\$5,277,341,483</u>

The Passenger Facility Charge relates to collections by the Maryland Aviation Administration in accordance with Section 158.67(c) of 14 Code of Federal Regulations Part 158, “Passenger Facility Charge” and are not technically considered to be Federal Financial Assistance as defined by OMB Circular A-133, but have been included in the scope of the audit.

Dollar threshold used to distinguish  
between Type A and Type B Programs: \$22,517,726

Auditee qualified as low-risk Auditee?      \_\_\_yes       X no

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section II – Financial Statement Findings**

None.

**Section III. – Federal Awards Findings and Questioned Costs**

See Findings Number 2005-1 through 2005-25.

**Section IV -- Schedule of Prior-Year Findings**

See Findings Number 2004-1 through 2004-44 and 2003-1 through 2003-21.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs**

**Finding 2005-1**

**Morgan State University**

**CFDA No. 43.001 NASA – Aerospace Education Services Program**

**Morgan State University lacks internal controls over record keeping for inventory management of equipment.**

***Condition:***

Morgan State University (Morgan) did not independently identify equipment acquired under NASA award during the current year. As a result, we were unable to trace selected purchases to the property records. We were also unable to determine if there were any dispositions of equipment due to lack of identification of equipment.

***Criteria:***

Circular A110.34 (f) CFR states, “The recipient’s property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

- i. A description of the equipment.
- ii. Manufacturer’s serial number, model number, Federal stock number, national stock number or other identification number.
- iii. Source of the equipment, including the award number.
- iv. Whether title vests in the recipient or the Federal Government.
- v. Acquisition date and cost.
- vi. Information from which one can calculate the percentage of Federal participation in the cost of the equipment.
- vii. Location and condition of the equipment and the date the information was reported.
- viii. Unit acquisition cost.
- ix. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-1 (Continued)**

***Cause:***

Morgan has inadequate internal controls over separately maintaining inventory records of equipment acquired with Federal funds.

***Effect:***

Without proper controls in place, there is no assurance that Morgan is adequately disposing, safeguarding or maintaining equipment acquired with Federal funds.

***Recommendation:***

We recommend Morgan strengthen internal controls over equipment inventory records to ensure that equipment purchases acquired with Federal funds are properly identified by Grant in accordance with Federal regulations.

***Auditee Response and Corrective Action Plan:***

The University disagrees with the Finding. We are in the process of researching this matter and expect shortly to provide the auditors with the results of our research, which we believe will satisfactorily address their concerns.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-2**

**Maryland State Department of Education (MSDE)**

CFDA No 84.027 Special Education – Grant to States (IDEA, Part B)

**Internal control weakness exists over monitoring earmarking compliance requirements.**

***Condition:***

We applied the Federal Awards allocation table to calculate the limit to which Maryland State Department of Education (MSDE) may use program funds for administration cost and compared this figure to the amount charged to the program for administration as reflected on MSDE's general ledger. We noted that MSDE charged the program actual administration costs in excess of the amount allocated in the Federal award notice. MSDE expended \$3,477,654 for administration cost; whereas, the limit allowed per the Federal allocation table was \$3,222,132, resulting in excess administration expenses of \$255,522.

***Criteria:***

20 USC 1411 (f) (2) (A) (i) states in part:

“Each state may use not more than twenty percent of the amount it may retain for administration and other state activities.”

***Cause:***

MSDE did not charge administration expenses in accordance with OMB Circular A-133 earmarking compliance requirements.

***Effect:***

MSDE failed to monitor the allocation of administration costs under the program, therefore exceeding the twenty percent limit as stipulated in the grant.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-2 (Continued)**

***Recommendation:***

We recommend that MSDE monitor its administration costs more accurately to ensure it does not charge more than allocated per earmarking compliance requirements specified in OMB Circular A-133.

***Auditee Response and Corrective Action Plan:***

MSDE agrees with the Finding regarding CFDA No. 84.027. However, upon subsequent review of the information provided and used by the auditors in their calculations, MSDE has determined that nonadministrative costs were inaccurately charged to this fund. MSDE is in the process of determining the amount of these costs for subsequent reclassification. Also, as recommended, MSDE will create and utilize controls that monitor the level of administrative costs on an ongoing basis.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated. We noted that MSDE corrected the administrative costs subsequent to yearend.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-3**

**Maryland State Department of Education (MSDE)**  
CFDA No 84.126 Rehabilitation Services – Vocational Rehabilitation

**MSDE should comply with eligibility determination requirements on a consistent basis.**

***Condition:***

We noted that Rehabilitation Services failed to properly determine whether individuals were eligible for Vocational Rehabilitation (VR) services within a time frame less than or equal to 60 days after an individual submits an application as required by 29 United States Code (USC) 722.

We found that services were provided outside the required timeframe in 7 of 25 closed case files selected for testing. The time frames for the 7 case files ranged from 65 days to 120 days.

We also noted that 2 of the case files did not have supervisor signatures as a sign off.

***Criteria:***

29 USC Section 722 (a) (6) states:

The timeframe for making an eligibility determination

- a. The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this subchapter within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless –
  - i. Exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-3 (Continued)**

- ii. The designated State unit is exploring an individual's abilities, capabilities, and capacity to perform in work situations under paragraph (2) (B).

***Cause:***

Rehabilitation Services supervisors' did not properly monitor the eligibility timeframe for recipients as required. We noted that the counselors did not adhere to eligibility requirements for services within the period of time after:

- The completed and signed application for Rehabilitation Services, the Health Status: Self Report and the Release of Information forms were received by the Division.

***Effect:***

The Rehabilitation Services – Vocational Rehabilitation is not in compliance with the requirements as stipulated in the Federal award notice.

***Recommendation:***

We recommend that MSDE Rehabilitation Services monitor its eligibility timeframes to ensure that the timeframe for making an eligibility determination is in compliance with OMB Circular A-133 and 29 USC Sec. 722.

***Auditee Response and Corrective Action Plan:***

MSDE agrees with the Finding. The above-cited Finding was limited to a single DORS Office, which had experienced a high level of staff turnover, including the local manager. Subsequent to this Finding, agency management has been directed to more closely monitor case flow by all staff and to ensure that eligibility decisions are in compliance with OMB Circular A-133 and 29 USC Sec. 722. Local managers will review each month's Activity Due Report to ensure that eligibility decisions are made within established timeframes. Timeframes for eligibility determination will be a topic for emphasis at the next Statewide supervisors' meeting on March 30, 2006. Counselors that fail to demonstrate an ability to make decisions in a timely manner will receive a

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-3 (Continued)**

***Auditee Response and Corrective Action Plan:*** (Continued)

deficiency rating on their agency performance evaluations. Local and regional managers must also demonstrate an ability to ensure that staff is making timely eligibility decisions which will also be included in management's Performance Evaluations. Central Office staff will monitor Activity Due Reports for the State and will address specific areas of concern with the regional managers.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-4**

**Maryland State Department of Education (MSDE)**

CFDA 10.558 Child & Adult Care Food Program

CFDA 84.126 Rehabilitation Services

CFDA 96.001 Social Security Disability Insurance

CFDA 84.027 Special Education Grants to States (IDEA Part B)

CFDA 84.173 Special Education Preschool

CFDA 84.010 Title 1

**Schedule G - Internal control weakness exist over reconciliation of the Schedule G.**

***Condition:***

We noted that Maryland State Department of Education (MSDE) did not properly reconcile Schedule G with the general ledger (R\*Stars) receivable balances. The Schedule G net receivables were understated for the combined programs listed above by approximately \$3,703,494 due to lack of appropriate reconciliations of receivables at year end. Consequently, incorrect beginning receivable balances are brought forward each year.

***Criteria:***

Objectives of internal control pertaining to the compliance requirements for federal programs noted in the Office of Management and Budget (OMB) Circular A-133.105(1)(i) and (2)(i) are:

“Transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and Federal reports. Transactions are executed in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a direct and material effect on a Federal program.”

Furthermore OMB Circular A-133.300 (b) states “the auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-4 (Continued)**

***Cause:***

The accounts receivable balances for the Federal Programs listed above had been understated or overstated as a result of a lack of performance of reconciliations and related documented supervisory review.

***Effect:***

The reported net federal receivables for the above programs are understated by approximately \$3,703,494 as of June 30, 2005. The net effect of the incorrect receivable balances impacts the accuracy of federal drawdown requests and related expenditures for subsequent periods.

***Recommendation:***

We recommend that MSDE perform quarterly reconciliations of amounts drawn and expended to properly determine the balance due from or payable to the Federal Government on a federal program basis.

We also recommend that prior year receivable balances be resolved so that balances in subsequent years are accurate.

***Auditee Response and Corrective Action Plan:***

MSDE agrees with the Finding that the ending receivables per the Schedule G do not reconcile in all cases to the individual grant receivables shown in R\*STARS. However, on a total basis, receivables do reconcile between the Schedule G and the general ledger (R\*STARS). By December 31, 2006, receivables will be reconciled by grant.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-5**

**Department of Health and Mental Hygiene (DHMH)**

CFDA No. 93.778 – Medicaid Assistance Program Medicaid Cluster

CFDA No. 93.767 – State Children’s Health Insurance Program

**Compliance over the eligibility determination process for medical assistance benefits.**

***Condition:***

On July 1, 1985 the Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for Medical Assistance on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH.

The DHR Local Department of Social Service (LDSS) offices did not obtain the necessary documentation and perform the necessary verifications of income and resources to support eligibility determinations for medical assistance benefit payments.

We reviewed 50 newly established Medical Assistance and MCHIP cases processed during the fiscal year ended June 30, 2005 and noted that 4 of the 50 cases (8 percent) and 2 out of 10 cases (2 percent) lacked required verifications or was not processed within the required timeframe to determine eligibility, as follows:

- For 4 of the 50 cases, the applicant’s income was not verified.
- For 2 of the 10 cases, the applications were not processed within the required timeframe to determine eligibility.

This is, in part, a repeat finding from Fiscal Years Ended June 30, 2003 and 2004 Single Audit Report Finding Number 2003-7 and 2004-24, respectively.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-5 (Continued)**

***Criteria:***

42 CFR 435.907 (a) states, “The agency must require a written application from the applicant, an authorized representative, or if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.”

42 CFR 435.948 (a) states, “Except as provided in paragraphs (d), (e), and (f) of this section, the agency must request information from the sources specified in this paragraph for verifying Medicaid eligibility and the correct amount of medical assistance payments for each applicant (unless obviously ineligible on the face of his or her application) and recipient. The agency must request:

- (1) State wage information maintained by the SWICA during the application period and at least on a quarterly basis.
  
- (6) Any additional income, resource, or eligibility information relevant to determinations concerning eligibility or correct amount of medical assistance payments available from agencies in the State or other States administering the following programs as provided in the agency’s State plan:
  - i. AFDC;
  - ii. Medicaid;
  - iii. State-administered supplementary payment programs under Section 1616(a) of the Act;
  - iv. SWICA;
  - v. Unemployment compensation;
  - vi. Food stamps; and
  - vii. Any State program administered under a plan approved under Title 1 (assistance to the aged), X (aid to the blind), XIV (aid to the permanently and totally disabled), or XVI (aid to the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands) of the Act.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-5 (Continued)**

***Criteria:*** (Continued)

42 CFR 435.913 (a) states, “The agency must include in each applicant’s case record facts to support the agency’s decision on his application.”

***Cause:***

DHR personnel did not obtain the necessary documentation to perform verifications of income, resources, and/or social security numbers prior to determining the eligibility of the applicant.

***Effect:***

Since documentation and verifications were not performed in accordance with program requirements, DHR does not have adequate assurance that eligibility for medical assistance benefits is being properly determined.

***Questioned Costs:***

Questioned costs are undeterminable.

***Recommendation:***

We recommend that DHR comply with established Federal regulations for determining eligibility to include obtaining the required documentation and performing verifications to support eligibility decisions.

***Auditee Response and Corrective Action Plan:***

The Administration does not concur with this Finding. The Administration is currently reviewing six cases cited in the Finding. If it is determined that these six cases are lacking in proper documentation, a letter will be sent to the Department of Human Resources, Family Investment Administration (FIA) advising them of the audit Findings and requesting a corrective action plan.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-5 (Continued)**

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-6**

**Department of Health and Mental Hygiene (DHMH)**

CFDA No. 93.767 – State Children’s Insurance Program (SCHIP)

**Internal control weakness over the Financial Reporting Process**

***Condition:***

The CMS-21 (Quarterly SCHIP Statement of Expenditures for Title XXI) form is a sub-report within the overall CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistant Program) quarterly report. The Junior Level staff at the Department of Health and Mental Hygiene (DHMH) receives all vendor invoices for goods ordered and services rendered. The supervisor is responsible for reviewing the junior level staffs’ work relative to CMS-64 reports. The reports are forwarded to upper level management review for completeness and accuracy. After upper level management reviews the reports, a final oversight review is performed by the Director, who also signs the report.

We selected two quarters of the CMS-21 Base Reports for testing and noted that there was no signature of a final oversight review and approval prior to submission to the Centers for Medicare and Medicaid Services (CMS).

***Criteria:***

OMB Circular A-133 Subpart C Section .300 (b) states, “The auditee shall maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

***Cause:***

DHMH does have adequate internal control procedures over the review and submission of the CMS-21 Base report, however weaknesses exist at the Directors’ level and the controls over monitoring did not catch the omission.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-6 (Continued)**

***Effect:***

CMS-21 Base Reports may contain inaccuracies that could be corrected if proper controls are observed.

***Recommendation:***

We recommend that DHMH strengthen internal control procedures to ensure the appropriate final review and signature is applied to the CMS-21 Base Reports prior to submission to CMS.

***Auditee Response and Corrective Action Plan:***

The Administration confirms that the CMS 21 Reports tested were not signed by the Director of Finance, Office of Planning and Finance (OPF). These reports, however, are reviewed in detail at two successive senior-management levels immediately below the Director. This internal control process ensures no potential inaccuracies in the reports. The Administration will consistently obtain the sign-off of the Director and display a sign-off for the senior management level reviews on the report file copy retained at DHMH.

***Auditor's Conclusion:***

Based on above, the Findings remain as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-7**

**Department of Health and Mental Hygiene (DHMH)**

CFDA No. 93.778 – Medical Assistance Program – Medicaid Cluster

**The Department of Health and Mental Hygiene did not maintain audit evidence verifying that subrecipients were not suspended or debarred.**

***Condition:***

We reviewed 22 contract files between the Department of Health and Mental Hygiene and the contractor/subrecipient to ensure that the suspended and debarred certifications were obtained in accordance with the provisions of OMB Circular A-102 and other procurement requirements specific to an award. We noted that 4 out of the 22 contracts made to subrecipients did not have suspension and debarment certifications verifying that the entity is not suspended or debarred. This is a repeat finding.

***Criteria:***

OMB Circular A-102 (d) states “**Debarment and Suspension.** Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Nonprocurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the nonprocurement debarment and suspension common rule.”

***Cause:***

DHMH was aware that they had to obtain suspended or debarred certifications from entities that had subawards due to that this was a finding in the prior year audit.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-7 (Continued)**

***Effect:***

Contracts between DHMH and subrecipients were made without proper suspension and debarment reviews. DHMH made contracts with subrecipients who could potentially be suspended and debarred.

***Recommendation:***

We recommend that DHMH adhere to the provisions of OMB Circular A-102 and obtain and maintain suspension and debarment certifications for all covered contracts and subawards.

***Auditee Response and Corrective Action Plan:***

The Department concurs with this Finding. The Department modified its standard Memorandum of Understanding language to include the requirements of Circular A-102(d), “Debarment and Suspension” in July 2005. Federal agencies have not awarded assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in Federal Assistance Programs under Executive Order 12549. This contract language includes signatory documentation by the partnering entity that a search of the Federal Debarment List must be conducted and yields no debarment violation on the part of any entity of the contract, prime or subcontractor.

Additional internal controls require that a printout substantiating no debarment violations from the Federal Debarment List be a part of the DHMH contract file.

***Auditor’s Conclusion:***

Based on the above, the Findings remain as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-8**

**Department of Health and Mental Hygiene (DHMH)**

CFDA No. 93.778 – Medical Assistance Program

**DHMH has not complied with the State agency standards of receiving a risk assessment report once every two years**

***Condition:***

DHMH has established and maintains a program for conducting periodic risk analyses to ensure appropriate, cost effective safeguards are incorporated into the MMIS-II application. As part of the analysis, DHMH received a review of the ADP system security supporting the application. An independent accounting firm was responsible for preparing the most recent MMIS-II Risk Assessment Report. The report was issued on September 8, 2003 covering the period January 8, 2003 through August 15, 2003.

The risk analysis identified 67 vulnerabilities covering 20 vulnerability areas. The 50 most severe vulnerabilities were noted in the report. The accounting firm recommended that these vulnerabilities be corrected to avoid losses to the MMIS-II assets and resources. The accounting firm also recommended twenty-two (22) safeguards which, if implemented, would substantially reduce the losses to DHMH if these threats occurred or would prevent the threats from occurring altogether.

***Criteria:***

The State must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. The State must review the ADP system security installations involved in the administration of HHS programs on a biennial basis. These reviews, at a minimum, must include an evaluation of physical and data security operating procedures, and personnel practices. The State must maintain reports on its biennial ADP system security reviews for HHS on-site reviews.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-8 (Continued)**

***Cause:***

DHMH has not conducted a review of its security systems since 2003. Nor have we received any documentation that DHMH has implemented any of the recommendations from the most recent report.

***Effect:***

Since DHMH has not received a risk assessment report since 2003, nor implemented the recommendations contained in that report, DHMH cannot ensure that appropriate and cost effective safeguards are incorporated into their existing systems.

***Recommendation:***

We recommend that DHMH conduct a risk analysis to determine DHMH's capability to protect the confidentiality, integrity, and availability of sensitive data and critical systems.

***Auditee Response and Corrective Action Plan:***

The Administration will procure a vendor to conduct a risk analysis to determine DHMH's capability to protect the confidentiality, integrity, and availability of sensitive data and critical systems. The Administration will procure a vendor by the end of calendar year 2006.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-9**

**Department of Health and Mental Hygiene (DHMH)**

CFDA No. 93.778 – Medical Assistance Program Cluster

**DHMH did not adequately monitor the contract for inpatient and outpatient bill audits to ensure that the contractor was in compliance with the contract requirements.**

***Condition:***

On July 1, 2000, the Department of Health and Mental Hygiene (DHMH) entered into a contract with Integrated Healthcare Auditing Services, Inc. (IHAS) to perform audits of inpatient bills. The contract required that IHAS review a minimum of 25% of the inpatient bills submitted to them by DHMH. DHMH did not monitor and evaluate the performance of IHAS to ensure that they conducted audits covering at least 25% of the inpatient bills. During our review, we noted that of the 7,529 inpatient bills, IHAS completed only 1,344 or 18% of the inpatient bills.

On May 1, 2003, the Department of Health and Mental Hygiene (DHMH) entered into a contract with Integrated Healthcare Auditing Services, Inc. (IHAS) to perform audits of outpatient bills. The contract required that IHAS review a minimum of 50% of the outpatient bills submitted to them by DHMH. DHMH did not monitor and evaluate the performance of IHAS to ensure that they conducted audits covering at least 50% of the inpatient bills. During our review, we noted that of the 6,530 outpatient bills, IHAS completed only 1,933 or 30% of the inpatient bills. This is a repeat finding.

***Criteria:***

42 CFR 431.630 (b) states “The State Plan must provide that the contract with the QIO – (1) meets the requirement of Sec. 434.6(a) of this part; (2) includes a monitoring and evaluation plan by which the State ensures satisfactory performance by the QIO.”

***Cause:***

DHMH personnel did not properly monitor the performance of the contractor to ensure that the contractor was in compliance with the contract terms.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-9 (Continued)**

***Effect:***

Since IHAS did not review the required outpatient bills, DHMH does not have adequate assurance that the invoices were properly billed.

***Recommendation:***

We recommend that DHMH establish internal controls to adequately monitor and evaluate contractor performance to ensure the contract requirements are met.

***Auditee Response and Corrective Action Plan:***

Although we agree with the auditor's Finding that the contractor did not meet the contract requirements for the inpatient and outpatient bills submitted by DHMH, we do not agree that the Department inadequately monitored the contracts. As specified in the 2004 audit response, the Department realized that the 25 percent and 50 percent requirements, respectively, were not reasonable standards because the financial return is not significant enough for a contractor to earn an adequate contingency fee. Consequently, we modified the contract requirements to more reasonable standards.

Effective August 1, 2005, the contract for inpatient bills requires the contractor to audit 100 percent of the bills identified through a special selection criteria. The modification changes the selection of targeted bills from a random 25 percent of each tape to 100 percent of those bills identified as having potential savings. The Department approves the selection criteria and receives a monthly summary of the auditor's Findings.

Effective December 1, 2005, the contract for outpatient bills requires the contractor to audit 100 percent of the bills identified through a special selection criteria. The modification changes the selection of targeted bills from a random 50 percent of each tape to 100 percent of those bills identified as having potential savings. The Department approves the selection criteria and receives a monthly summary of the auditor's Findings.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-10**

**Department of Health and Mental Hygiene (DHMH)**  
CFDA No. 93.778 – Medical Assistance Program Cluster

**Internal control weakness over the Financial Reporting Process**

***Condition:***

The PMS 272 Federal Cash Transaction Report is a report of all drawdowns posted to the Payment Management Systems (PMS), which is maintained by the Division of Payment Management (DPM). The PMS 272 report is prepared quarterly and is required to be submitted forty-five (45) days after the end of the quarter.

We selected two PMS 272 Quarterly Cash Transactions Reports for testing and noted that the 2<sup>nd</sup> quarter report was not submitted forty five (45) days after the end of the quarter to the Payment Management System.

***Criteria:***

OMB Circular A-133 Subpart C Section .300 (b) states, “The auditee shall maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

***Cause:***

DHMH does not have adequate internal control procedures over timely submission of the PMS-272 report to the Payment Management System.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-10 (Continued)**

***Effect:***

There is no assurance that the PMS-272 reports are submitted timely.

***Recommendation:***

We recommend that DHMH establish proper internal control procedures to ensure the PMS-272 report is submitted within forty five (45) days to the Payment Management System.

***Auditee Response and Corrective Action Plan:***

The Department agrees that the 2<sup>nd</sup> quarter PMS 272 was filed three days late. The Department has developed a report which will facilitate the timely filing of the PMS 272 report.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-11**

**Department of Health and Mental Hygiene (DHMH)**

CFDA No. 93.778 – Medical Assistance Program

**Internal control weakness over the Schedule G Reconciliation process.**

***Condition:***

State agencies are required to prepare Schedule G and G-1, if applicable, for all federal assistance received. Data on the schedule G must agree with program level data shown in R\*STARS for federal funds, and the reconciling items must be disclosed and fully explained on the form. We noted that DHMH recorded more expenditures on the Centers for Medicare and Medical Services (CMS) 64 report than was recorded on R\*STARS and Schedule G. The CMS 64 is the vehicle used by DHMH to report expenditures to the Federal Government. After all known reconciling items were applied, DHMH still had an unreconciled difference of \$1,629,471 between the CMS 64 and Schedule G expenditures.

***Criteria:***

OMB Circular A-133 Subpart C Section .300 (b) states, “The auditee shall maintain internal controls over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

***Cause:***

Management’s internal control weakness in the reconciliation process of the Schedule G, R\*STARS and CMS 64 could not identify the cause of unreconciled differences in expenditures reported in R\*STARS and those reported quarterly to the Federal Government on the CMS 64 reports.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-11 (Continued)**

***Effect:***

There is no assurance that expenditures submitted to the Federal Government are accurate and that internally developed systems to prevent errors in reporting are being adhered to.

***Recommendation:***

We recommend that DHMH establish and document correct procedures to reconcile the CMS 64 quarterly reports to R\*STARS and Schedule G.

***Auditee Response and Corrective Action Plan:***

The Department agrees that there was an unexplained difference of \$1.6 million between the CMS 64 and R\*STARS and Schedule G. Beginning with the quarterly report ending March 31, 2006, the Division of General Accounting and Office of Planning and Finance will reconcile the CMS 64 to the Schedule G. The unexplained difference of \$1.6 million represents less than 0.07 percent of the amount spent, by the Department, on Medicaid.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-12**

**Department of Health and Mental Hygiene (DHMH)**

**Medicaid Cluster**

CFDA No. 93.778 – Medical Assistance Program

**The Department of Health and Mental Hygiene needs to improve the internal controls over procedures to determine quarterly if uncashed or cancelled checks are credited to the Centers for Medicare and Medicaid Services in Accordance with Federal regulations.**

***Condition:***

On a quarterly basis, the Maryland State Department of Health and Mental Hygiene (DHMH) is required to identify and refund all FFP claimed and received for checks which remained uncashed or cancelled beyond a period of 180 days after issuance. In fiscal year 2005, the FFP portion of escheated warrants was credited on the CMS 64 quarterly reports and as of the audit date, DHMH was current with refunding FFP for all uncashed or cancelled checks. However, the amounts credited through the Maryland Medicaid Information System (MMIS II) represented refund of FFP for fiscal years 1997 through December 2003. Therefore, the refunded FFP associated with escheated warrants was not in agreement with what was processed and reflected on MMIS II reports.

***Criteria:***

42 CFR 433.40 (c) states, “Credit of Federal Financial Participation (FFP) for uncashed checks –

- (1) General provisions. If a check remains uncashed beyond a period of 180 days from the date it was issued; i.e., the date of the check, it will no longer be regarded as an allowable program expenditure. If the State has claimed and received FFP for the amount of the uncashed check, it must refund the amount of the FFP received.
- (2) Report of Refund. At the end of each calendar quarter, the State must identify those checks which remain uncashed beyond a period of 180 days after issuance. The State agency must refund all FFP that it received for uncashed checks by adjusting the Quarterly Statement of Expenditures for that quarter.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-12 (Continued)**

42 CFR 433.40 (c) states, “Refund of Federal Financial Participation (FFP) for uncashed checks (Continued)

- (2) If an uncashed check is cashed after the refund is made, the State may file a claim. The claim will be considered to be an adjustment to the costs for the quarter in which the check was originally claimed. This claim will be paid if otherwise allowed by the Act and the regulations issued pursuant to the Act.”
- (3) If a State does not refund the appropriate amount specified in paragraph (c) (2) of this section, the amount will be disallowed.”

42 CFR 433.40 (d) states, “Refund of FFP for cancelled (voided) checks –

- (1) General Provisions. If a State has claimed and received FFP for the amount of a cancelled (voided) check, it must refund the amount of FFP received.
- (2) Report of Refund. At the time of each calendar quarter, the State agency must identify those checks which were cancelled (voided) checks by adjusting the Quarterly Statement of Expenditures for that quarter.
- (3) If a State does not refund the appropriate amount as specified in paragraph (d) (2) of this section, the amount will be disallowed.”

***Cause:***

DHMH lacks adequate procedures to ensure that the correct FFP amount is returned to CMS and MMIS II is updated in a timely manner to reflect escheated warrants transactions.

***Effect:***

DHMH needs to improve the procedures and processes in place to ensure compliance with the Federal regulations relative to escheated warrants in a timely manner.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-12 (Continued)**

***Recommendation:***

We recommend that DHMH implement procedures to comply with federal regulations to identify uncashed or cancelled checks that are beyond 180 days after issuance on a quarterly basis and refund the appropriate FFP amount back to CMS in a timely manner. Additionally, we recommend DHMH reconcile the FFP amount returned to the actual escheated warrants and take appropriate action.

***Auditee Response and Corrective Action Plan:***

DHMH agrees with the recommendation. DHMH will reconcile the amount of refunded Federal Financial Participation (FFP), which was above and beyond the level of DHMH liability through the audit period. DHMH will continue to make adjustments on a quarterly basis.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-13**

**Department of Labor, Licensing and Regulation (DLLR)**

CFDA No. 17.258 – WIA Adult Program

CFDA No. 17.260 – WIA Dislocated Workers

CFDA No. 17.259 – WIA Youth Activities

**Internal control weakness related to client file maintenance.**

***Condition:***

We noted that our test of a Local Workforce Investment Board's (LWIB) subrecipient disclosed internal control weaknesses in case management file documentation. Out of 14 files selected for testing for a LWIB, we found 7 files that had missing documentation for case management, intensive services, and core services received.

***Criteria:***

OMB Circular A-133 (Compliance Supplement) states in part:

Each State must conduct an annual on-site monitoring review of each local area's compliance with Department of Labor (DOL) uniform administrative requirements, including the appropriate administrative requirements and cost principles for subrecipients and other entities receiving Workforce Investment Act (WIA) funds.

***Cause:***

DLLR did not properly review files of LWIB for compliance with requirements.

***Effect:***

DLLR was unable to ensure that the LWIB's are in compliance with DOL administrative requirements for subrecipients receiving WIA funds and OMB Circular A-133.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-13 (Continued)**

***Recommendation:***

We recommend DLLR review LWIB file maintenance procedures and monitor them annually as required by OMB Circular A-133. DLLR should provide training to case managers to instruct them in proper file maintenance procedures, and implement supervisory review to monitor adherence to stipulated procedures.

***Auditee Response and Corrective Action Plan:***

The agency concurs with the recommendation to review and monitor file maintenance procedures DLLR has recently developed and is using the Maryland Workforce Exchange (MWE), a state-of-the-art case management system. The MWE was created to improve access to information on job training and workforce support throughout Maryland. The documentation for services received is maintained in the MWE system. Furthermore, DLLR has provided training for both State and local staff on the MWE system and issued a policy directive regarding file maintenance. Three program monitors have recently been trained and hired to ensure that the policy directive is being followed.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-14**

**Department of Labor, Licensing and Regulation (DLLR)**

CFDA No. 17.258 – WIA Adult Program

CFDA No. 17.260 – WIA Dislocated Workers

CFDA No. 17.259 – WIA Youth Activities

**Internal control weakness related to subrecipient monitoring**

***Condition:***

We noted that the Department of Labor, Licensing and Regulation (DLLR) failed to properly monitor and follow up on findings for one of the local Workforce Investment Board's (LWIB). DLLR informed us that a LWIB had been placed on probation for problems noted during fiscal year ended June 30, 2005. Upon review of the special report prepared by the State Legislative auditors, it has been determined that DLLR had not conducted an evaluation of this LWIB in fiscal years 2001 and 2004 and that the prior evaluation in fiscal year 1999 disclosed significant problems at the LWIB requiring follow up, namely; questioned costs for expenditures and lack of supporting documentation. We noted as well, that problems occurred for this LWIB in fiscal year 2004 to include; (1) excess funding overpayment due back to DLLR, (2) failure to complete the fiscal year 2004 audit report and (3) questionable fiscal integrity observed. These problems were not resolved during fiscal year 2005.

***Criteria:***

OMB Circular A-133, subpart D – Federal Agencies and Pass-Through Entities Responsibilities

Para. 400 (d) states in part that “A pass-through entity shall perform the following for the Federal awards it makes:

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-14 (Continued)**

*Criteria:* (Continued)

- (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity.
- (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

The Workforce Investment Act of 1998 requires the following:

Sec.183 Monitoring – (a) “In general, the Secretary is authorized to monitor all recipients of financial assistance under this title to determine whether the recipients are complying with the provisions of this title including regulations issued under this title.”

Sec. 184 Fiscal Controls; Sanctions

- (a) Establishment of Fiscal Controls by States:
  - (1) In general, each State shall establish such fiscal control and fund accounting as may be necessary to assure the proper disbursement of, and accounting for, Federal funds allocated to local areas under subtitle B. Such procedures shall ensure that all financial transactions carried out under Subtitle B are conducted and records maintained in accordance with generally accepted accounting principles applicable in each State.
  - (2) Cost Principles:
    - (a) In general, each State, local area, and provider receiving funds under this title shall comply with the applicable uniform cost principles included in the appropriate circulars of the Office of Management and Budget for the type of entity receiving the funds.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
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**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-14 (Continued)**

- (3) Uniform administrative requirements:
  - (a) In general, each State, local area, and provider receiving funds under this title shall comply with the appropriate uniform administrative requirements for grants and agreements applicable for the type of entity receiving the funds, as promulgated in circulars or rules of the Office of Management and Budget.
- (4) Monitoring: “Each Governor of a State shall conduct on an annual basis onsite monitoring of each local area within the State to ensure compliance with the uniform administrative requirements referred to in paragraph 3, section 184.”

***Cause:***

DLLR did not perform annual monitoring of subrecipients or review files at the local level in a timely manner to ensure compliance with OMB Circular A-133, the Uniform Administrative Requirements and with appropriate cost principles of the OMB Circulars as stipulated under Sec 184 of the Workforce Investment Act of 1998.

***Effect:***

DLLR was unable to timely ensure that all local workforce investment boards fulfilled requirements as stipulated by OMB Circular A-133 and the Workforce Investment Act of 1998.

***Questioned Costs:***

Amount of questioned costs is indeterminable.

***Recommendation:***

We recommend that DLLR monitor subrecipients in accordance with the stipulations of OMB Circular A-133 and the Workforce Investment Act of 1998. We understand that DLLR has initiated new monitoring procedures and processes to fulfill their responsibility. We also recommend that DLLR provide timely follow up to ensure that the LWIB’s compliance with corrective actions has been satisfied.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-14 (Continued)**

***Auditee Response and Corrective Action Plan:***

The agency concurs with the recommendation that DLLR conduct annual monitoring reviews in accordance with Federal requirements. To strengthen the management of the workforce development activities at the State level, the Division of Workforce Development was restructured beginning in July 2004. This restructuring included replacing the supervisory staff person previously responsible for overseeing monitoring of the local Workforce Investment Boards (LWIB) as well as the hiring of two fiscal monitors and three program monitors. DLLR is currently in the process of recruiting for a third fiscal monitoring position. Furthermore, DLLR has implemented new monitoring procedures to ensure that all subrecipients are in compliance with federal requirements. As required, DLLR has completed the annual on-site monitoring for all of the LWIB's for Fiscal Years 2005 and 2006.

The agency also concurs with the recommendation that DLLR ensures that the LWIB is in compliance with all of the required corrective actions, including:

1. DLLR has and will continue to pursue the full recovery of any funds owed to the State. County officials are well aware of the requirement to repay these grant funds and are working with DLLR to resolve this issue. The County provided a check in the amount of \$127,334 for repayment of STEP funds in August 2005, and has agreed to repay other funds after final accounting of each grant is completed.
2. The Independent Audit Report for the year ended June 30, 2004 for the LWIB has been completed, and field work for the FY 2005 audit is currently in process.
3. To ensure the fiscal integrity of the LWIB, DLLR has already taken steps to designate the County government as the new grant recipient and the Economic Development Corporation of the county as the new administrative entity for the Federal Workforce Investment Act grant funds. The effective date of this designation was July 1, 2005. These steps will ensure County government oversight on all financial transactions, including competitive bidding and appropriate supporting documentation.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
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**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-14 (Continued)**

4. DLLR, in conjunction with the United States Department of Labor, is working with County officials to establish administrative controls in accordance with federal requirements and generally accepted accounting procedures.

***Auditor's Conclusion:***

Based on the above, the Findings remain as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
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**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-15**

**University System of Maryland (USM)**  
**Research and Development Cluster**  
CFDA 43.RD NASA Grant  
CFDA 47.RD NSF Grant

**The University of Maryland College Park (UMCP) does not adequately monitor subrecipients.**

***Condition:***

We noted that UMCP did not adequately monitor subrecipients to ensure that those subrecipients that expended more than \$500,000 in Federal funds during fiscal year 2004 had met the audit requirements of OMB Circular A-133. We reviewed 4 subrecipient agreements and noted that for all 4 subrecipients the UMCP did not request the subrecipient to certify their compliance with the audit requirements of OMB Circular A-133 for the fiscal year ended June 30, 2004. The audit reports for the fiscal year ended June 30, 2004 should have been received by UMCP by March 31, 2005 for UMCP to be in compliance with the subrecipient requirements of OMB Circular A-133.

***Criteria:***

OMB Circular A-133 subpart D Section .400 (d)(4) states, “pass-through entities should ensure that subrecipients expending \$500,000 or more in federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.”

OMB Circular A-133 subpart D section .400 (d) (5) states, “pass-through entity should issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.”

***Cause:***

The UMCP does not have an adequate system in place to identify and monitor subrecipient compliance with OMB Circular A-133 subpart D.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

Section III – Federal Award Findings and Questioned Cost (**Continued**)

**Finding 2005-15** (Continued)

***Recommendation:***

We recommend that UMCP strengthen its internal control procedures to adequately identify and monitor subrecipient compliance with the audit requirements of OMB Circular A-133 subpart D.

***Auditee Response and Corrective Action Plan:***

We agree with the auditor's finding. In response to a similar comment in last year's report, we agreed to implement the position of Compliance Coordinator in our Office of Research Administration and Advancement. We hired a person for that position in November 2005 and have been working since then to train this individual and improve processes and procedures related to monitoring subrecipient audit disclosures. We will ensure that this individual understands the correct procedures and timelines for monitoring and obtaining appropriate audit reports going forward. Since the audit, we have obtained the appropriate certifications on the four subcontracts reviewed and found that two had audit findings that required follow-up on our part.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-16**

**Department of Human Resources (DHR)**

CFDA No. 93.563 – Child Support Enforcement

**Inadequate internal controls over child support Inter-and Intra-State cases**

***Condition:***

To be considered eligible to receive Child Support services, a filer must complete an application. The filer is also required to pay an application fee unless she/he is referred by another State support program, such as the Temporary Cash Assistance program. In 1 of the 13 Initiating Cases, there was no application in the case file.

When a Child Support Enforcement Interstate Case is initiated by the State of Maryland (Maryland), Maryland has 10 days to review the case and notify the responding State of any change or deviation in the case. When a Child Support Enforcement Interstate Case is initiated by another State and Maryland is responding, Maryland has 10 days to review and notify the initiating State of any changes or deviations in the case. During our review, we noted that in 1 out of 13 initiating cases, or 7.69%, the responding State was not notified within the proper time frame of a change in the case.

After an application is filed, the Child Support Intake Division is obligated to locate or document attempts to locate the non-custodial parent within 75 days. If the non-custodial parent is not located within the specified time frame the Intake Division is to document the reason for the delay. During our review, we noted that in 1 out of 12 responding cases, or 8.33%, the non-custodial parent was not located within 75 days and no documentation was provided as to why she had not been located.

When a delinquency is acknowledged, the Child Support Enforcement division has 30 days to perform some action of enforcement and it must be documented. During our review we noted that 1 out of the 25 Interstate cases, or 4.00%, performed no enforcement action after a delinquency was acknowledged.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-16 (Continued)**

The Child Support Enforcement division is obligated to determine whether adequate health insurance policy has been obtained and, if so, must obtain the policy name, number, and name(s) of the person(s) covered. During our review of the 25 interstate cases, we noted that in the 1 case in which the custodial parent requested medical insurance be provided and there was no insurance information obtained, nor any documentation or reasoning for not obtaining the information in the case files.

This is a repeat finding from the Fiscal Year 2004, Single Audit Report finding number 2004-44.

***Criteria:***

45 CFR 303.2 (a) (3) states, “The IV-D agency must...Accept an application as filed on the day it and the application fee are received. An application is a written document provided by the State which indicates that the individual is applying for child support enforcement services under the State's title IV-D program and is signed by the individual applying for IV-D services.

45 CFR 303.7 (b) (5) states, “Within 10 working days of receipt of an interstate IV-D case from an initiating State, the central registry must:

- (ii) Forward the case for necessary action either to the State PLS for location services or to the appropriate agency for processing...”

45 CFR 303.3 (b) (3) states, “Within no more than 75 calendar days of determining that location is necessary, access all appropriate location sources, including transmitting appropriate cases to the Federal PLS, and ensure that location information is sufficient to take the next appropriate action in a case...”

45 CFR 303.6 (c) (2) states, “Taking any appropriate enforcement action (except income withholding and Federal and State income tax refund offset) unless service of process is necessary, within no more than 30 calendar days of identifying a delinquency or other support-related non-compliance with the order or the location of the non-custodial parent, whichever occurs later.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
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**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-16 (Continued)**

45 CFR 303.30 (a) (7) states, “The IV-D agency shall obtain the following information on the case: whether the non-custodial parent has a health insurance policy and, if so, the policy name(s) and number(s) and name(s) of person(s) covered.”

***Cause:***

The inadequate internal controls over the various child support cases caused DHR to be out of compliance with several of the Federal guidelines and, at times, resulted in misuse of resources.

***Effect:***

DHR is unable to meet and follow Federal guidelines in child support cases and are non-compliant with certain areas of the Federal guidelines.

***Questioned Costs:***

Unknown

***Recommendations:***

We recommend that DHR put a process in place in which DHR ensures all staff members are aware of the Federal guidelines and put tracking mechanisms in place to ensure that the guidelines are being met. DHR should develop and document internal controls so that a supervisor review occurs over the processing of the Child Support interstate and intrastate cases to ensure compliance with Federal guidelines. Management should supervise and review to ensure that all areas are in compliance.

***Auditee Response and Corrective Action Plan:***

A. No application in case file

We disagree. The application and appropriate documents are in the case file.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-16 (Continued)**

***Auditee Response and Corrective Action Plan:*** (Continued)

B. Failed to notify responding State within 10 days

We disagree. Case was worked by staff from the 10/10/2004-application date to the date the Uniform Interstate Family Support Act (UIFSA) packet was sent to responding State on 12/21/2004.

Application for Child Support Services taken by Intake Unit on 10/12/2004. Case assessed to Locate Unit by worker on 10/12/2004 to obtain location of Non-Custodial Parent (NCP) Location information required for UIFSA filing received 11/05/2004. Case reassessed by worker from Locate Unit to Establishment Unit on 11/08/2004 awaiting receipt of required forms from custodial parent (CP). Completed UIFSA forms received from CP and UIFSA Packet prepared by worker on 12/20/2004. As required in this local office, the UIFSA Packet was referred to Supervisor to ensure all required forms were contained in packet. UIFSA Packet sent 12/21/2004 to Central Registry of responding State. Acknowledgement received from responding State on 1/28/2005. From this date forward, the initiating State is required to inform responding State within 10 working days of any new information received in case. In short, 10-day regulation does not come into play until responding State has received the required UIFSA packet from the initiating State.

This case met all time constraints.

C. Non-Custodial Parent was not notified within 75 days and lack of documentation of reason

We disagree. CFR 303.7(c)(4) states: “Within 75 calendar days of receipt of an Interstate Child Support Enforcement Transmittal Form, and documentation **from its interstate central registry**, the IV-D agency must:

- (iii) **Process** and enforce orders referred by another State.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-16 (Continued)**

***Auditee Response and Corrective Action Plan:*** (Continued)

- C. Non-Custodial Parent was not notified within 75 days and lack of documentation of reason (Continued)

Petition to register Delaware's support order was forwarded to the County by Maryland's interstate central registry unit on 9/1/04. First action taken on this case 9/6/04 when the County began the **process of registering** Delaware's order with Maryland by forwarding the UIFSA packet to their Clerk's Office for filing and service by the Sheriff's office.

The non-custodial parent (NCP) was served on 9/22/04, after which time the law allows a 30-day period for NCP to file response. There is no indication that a response was received from the NCP during this time, and the order confirming registration of Delaware's order was filed with the County's Clerk of the Court for signature on 10/21/04, well within the 75-day timeframe. Maryland may not take enforcement action on another state's order until the order is first registered with a Maryland court. The order confirming registration of Delaware's support order was received from the Clerk's Office on 11/19/04, and an earnings withholding order was generated to the non-custodial parent's employer on 11/14/05.

- D. No action of enforcement performed when delinquency acknowledged

We disagree.

The court order in this case was signed by the County court and became effective on 1/17/06. This date falls within the current review year. Additionally, per CFR 303.6(b) and (c) Maryland is responsible for identifying the date on which the obligor becomes 30 days in arrears (2/17/06). Maryland then has an additional 30 days to take appropriate enforcement actions after identifying that such a delinquency exists (3/17/06).

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**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Costs (Continued)**

**Finding 2005-16 (Continued)**

***Auditee Response and Corrective Action Plan:*** (Continued)

E. No Medical Health Insurance Information obtained or documented

We disagree.

The request for medical insurance was in the petition as submitted to the County court. The resulting order for support did not include a provision for medical support. The court order stipulates that the child support awarded is that which is recommended by the child support guidelines contained in Family Law Article 12-204(e) for the parties' respective incomes and allowable expenses. Maryland cannot be held accountable for enforcing provisions that are not contained in the support order.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-17**

**Morgan State University**

**Student Financial Aid Cluster**

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

CFDA No. 84.038 – Federal Perkins Loans (FPL)

CFDA No. 84.007 – Federal Supplemental Educational Opportunity Grants (FSEOG)

**Morgan State University lacks internal controls over the return of Title IV funds.**

***Condition:***

Morgan State University (Morgan) does not calculate and return unearned Title IV funds to the Department of Education (ED) when students withdraw from the institution.

We reviewed the refund calculation for 25 students and was unable to obtain audit evidence to verify that the funds were returned within the 30 day timeframe for 13 of those students. We also noted that there was no management approval for review of the calculated unearned amount or for the return of these unearned funds to the ED.

***Criteria:***

34 CFR section 668.22 states, in part, that an institution is required to have a fair and equitable refund policy. It also specifies the maximum time frame for the institution to return the SFA portion of a refund to program accounts. For the Pell, FDLP, FSEOG, and FPL programs, an institution must return the Federal portion within 30 calendar days of the date the student officially withdraws or the date the school discovers that the student has unofficially withdrawn.

Per 34 CFR section 668.22, when a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV aid unearned by the student as of the student's withdrawal date. The unearned portion of Title IV funds must be returned to ED within 30 calendar days of the date the student officially withdraws.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-17 (Continued)**

***Cause:***

Morgan has inadequate internal controls over the return of unearned Title IV funds.

***Effect:***

Without proper controls in place, there is no assurance that ED is receiving Title IV refunds within 30 days of student withdrawal from the institution.

***Recommendation:***

We recommend Morgan strengthens internal controls over file maintenance of changes in student status to provide timelier processing of withdrawals and return of Title IV refunds to ED. These controls should consist of proper record keeping, documentation, supervision and calculation of the returns within the required 30 days enforced by the ED.

***Auditee Response and Corrective Action Plan:***

The University has recently implemented a new integrated administrative system that will become fully operational in the fall 2006 semester. This system will significantly assist the University in reducing the timeframe between when a student withdraws and when the Office of Financial Aid is notified of that withdrawal. The new system will allow the University to better meet the “timeframe for the Return of Title IV Funds.”

***Auditor’s Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-18**

**Morgan State University**

**Student Financial Aid Cluster**

CFDA No. 84.007 – Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.038 – Federal Perkins Loans (FPL)

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

**Morgan State University lacks adequate documentation of the cash drawdown process for Federal ED programs.**

***Condition:***

Per our test of the University's procedures for forecasting cash needs and cash drawdown requests, we tested five drawdown requests and reviewed the accounting procedures to agree to the accounting records. We were unable to agree the drawdowns to the accounting records because drawdown amounts were inconsistently calculated based on a formula used by the Finance Department.

***Criteria:***

Per OMB Circular, A-133, Subpart C, Section 300 (b), "The auditee shall maintain internal controls over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts and grant agreements that could have a material effect on each of its Federal programs."

***Cause:***

Morgan lacks internal controls over the Cash Management of Title IV funds.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-18 (Continued)**

***Effect:***

When the University draws down funds, ED considers those funds to have been expended by the grantee for the awards identified and cumulative drawdown amounts in Grants Administration and Payment System (GAPS) should accurately reflect actual disbursements for each award. Per our review of the drawdowns, the GAP does not accurately reflect actual disbursements. The adjustments to reflect actual disbursements are recorded and funds requested by the University at yearend.

***Recommendation:***

We recommend that the University prepare drawdowns in accordance with the actual disbursements, per accounting records, each month. Or if not, the University should prepare monthly reconciliations of the difference between the drawdown and the disbursements. We observed that the drawdowns were calculated to be less than the disbursements and adjustments made at yearend to obtain the correct receipts of Federal funds.

***Auditee Response and Corrective Action Plan:***

The Assistant Director of Financial Aid had been assisting the Restricted Funds Accounting Department in identifying the appropriate drawdown amounts. This assistance is needed to verify that excess amounts are not requested from the Department of Education. The University will be modifying its procedures so that an analysis of the University's financial records is documented on our future Federal drawdowns.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-19**

**Morgan State University**

**Student Financial Aid Cluster**

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

**Morgan State University did not perform reconciliations for loan disbursements for the Direct Loan program.**

***Condition:***

Morgan does not perform monthly reconciliations of the Direct Loan Student Account Statement to the institution's financial records. We noted that the Financial Aid department is not performing monthly reconciliations as required by the ED with the School Account Statement (SAS). Each month Morgan receives from the Common Origination and Disbursement (COD) a Student Account Data File consisting of a Cash Summary, Cash Detail and Loan Detail Records. Morgan must report all loan disbursements to the Direct Loan Servicing Center via COD within 30 days of the disbursement. This is a repeat finding.

***Criteria:***

34 CFR 685.102 3(b) states:

“the school performs the following functions: creates a loan origination record, transmits the record to the Servicer, prepares the promissory note, obtains a completed and signed promissory note from the borrower, transmits the promissory note to the Servicer, receives the funds electronically, disburses a loan to a borrower, creates a disbursement record, transmits the disbursement record to the Servicer, and reconciles on a monthly basis.”

***Cause:***

Morgan does not perform monthly reconciliations as required by the ED for the Direct Loan program.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-19 (Continued)**

***Effect:***

Without evidence of monthly reconciliations, Morgan cannot determine on a timely basis whether the amount of direct loans awarded by the ED and received by the University balances with the Direct Loans accepted or rejected by COD.

***Recommendation:***

We recommend that Morgan perform monthly reconciliations of the SAS files. We also recommend that the Financial Aid office maintain documentation to verify that reconciliations are being performed as stated in the provision of 34 CFR 685.102.

***Auditee Response and Corrective Action Plan:***

The University reconciles on a cumulative basis, using the DLSAS report that is produced on a monthly basis by the Federal Department of Education. This file is loaded into the University's student information system and a comparative report is generated. To comply with the auditor's request, the University has begun to keep records of the reconciliation process with monthly cutoffs. The implementation of the new integrated administrative system will also greatly assist us in this endeavor.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-20**

**Morgan State University**

**Student Financial Aid cluster**

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

**Pell Payment Data (disbursement records) are not being submitted to the Department of Education in the required time period.**

***Condition:***

Institutions are required to submit disbursement records by September 30<sup>th</sup> following the end of the award year. The reporting process includes preparation and submission of origination records and disbursement records. We noted no evidence to support that Morgan is preparing and submitting the Pell Payment Data to the ED.

***Criteria:***

34 CFR 690.83 states:

“(i) The institution submits to the Secretary the student's Payment Data for that award year in the manner and form prescribed in paragraph (a) (2) of this section by September 30 following the end of the award year in which the grant is made, or, if September 30 falls on a weekend, on the first weekday following September 30; and (ii) The Secretary accepts the student's Payment Data.”

“(b) (1) An institution shall report to the Secretary any change in enrollment status, cost of attendance, or other event or condition that causes a change in the amount of a Federal Pell Grant for which a student qualifies by submitting to the Secretary the student's Payment Data that discloses the basis and result of the change in award for each student. The institution shall submit the student's Payment Data reporting a change to the Secretary by the end of that reporting period that next follows the reporting period in which the change occurred.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-20 (Continued)**

***Cause:***

Morgan is lacking proper internal controls to ensure that appropriate reports are prepared and submitted to the ED within the time periods stipulated by the Federal Government.

***Effect:***

Without proper record keeping, appropriate staffing and effective internal controls over the preparation and submission of disbursement records for the Pell Grant, there is no assurance that the ED is receiving complete data within the specified time period from the institution.

***Recommendation:***

We recommend that Morgan gain appropriate staffing to complete the assigned tasks from the ED within the designated time periods for Title IV policies.

***Auditee Response and Corrective Action Plan:***

As indicated, with the implementation of the new integrated administrative system, the University will be able to submit its Pell payment data within the required 30-day timeframe.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-21**

**Morgan State University**

**Student Financial Aid cluster**

CFDA No. 84.268 – Federal Direct Student Loans

**Morgan State University lacks effective internal controls over notifying National Student Loan Data System of changes in student’s status timely and accurately.**

***Condition:***

Institutions are required to report to the National Student Loan Data System (NSLDS) student status changes within 30 days unless the institution anticipates completing its next Roster File within 60 days. We reviewed the student status change for 25 students and noted that Morgan State University (MSU) did not process changes for 19 of the 25 tested in a timely manner. Timely reporting of student status changes impacts the timeliness of establishing a repayment plan for the loan.

***Criteria:***

Pursuant to 34 CFR 685.309 (b) 2:

“(b) Student status confirmation reports. A school shall—

- (1) Upon receipt of a student status confirmation report from the Secretary, complete and return the report to the Secretary within 30 days of receipt; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary within the next 60 days, notify the Secretary within 30 days if it discovers that a Direct Subsidized, Direct Unsubsidized, or Direct PLUS Loan has been made to or on behalf of a student who--
  - (i) Enrolled at that school but has ceased to be enrolled on at least a half-time basis;
  - (ii) Has been accepted for enrollment at that school but failed to enroll on at least a half-time basis for the period for which the loan was intended; or
  - (iii) Has changed his or her permanent address.”



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-21 (Continued)**

***Cause:***

Morgan receives the Student Status Confirmation Report (SSCR) electronically every 30 days from NSLDS. Morgan downloads the information for the student status changes and sends the file back to NSLDS. NSLDS forwards an error report of incorrect and missing data from the file back to Morgan. Morgan is not downloading student status changes within 30 days of the student status changes.

***Effect:***

Student status changes are not being reported in a timely and accurate manner. As a result, the direct loan repayment process cannot be properly established when a student withdraws or drops out during the period.

***Recommendation:***

We recommend that Morgan establish internal control procedures to retrieve updated status changes in a timely manner. In addition, we recommend that Morgan review the student status confirmation reports and forward all changes in a timely and accurate manner.

***Auditee Response and Corrective Action Plan:***

The University completes and sends SSCR reports to NSLDS every 60 days. The new integrated administrative system will greatly enhance the University's ability to report information to internal and external parties on a timelier basis and in a more accurate manner.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-22**

**Morgan State University**

**Student Financial Aid cluster**

CFDA No. 84.038 Federal Perkins Loans (FPL)

CFDA No. 84.033 Federal Work Study Program (FWS)

CFDA No. 84.007 Federal Supplemental Educational Opportunity Grants (FSEOG)

**Morgan State University lacks effective internal controls over FISAP completion. The required information was missing.**

***Condition:***

Institutions are required to submit the Fiscal Operations Report and Application to Participate (FISAP) by September 30, 2005 for the fiscal year ended June 30, 2005. The Fiscal Operations Report is used to report the institution's student financial aid expenditures in the previous award year and the Application to Participate is used to apply for funds for the next award year. OMB Circular A-133 requires that certain key line items be tested and traced to the institution's financial records.

We were unable to trace financial data from the FISAP to Morgan's general ledger or other supporting records for the FPL, FSEOG and FWS, as follows:

1. Expected Family Contribution (EFC) calculation was omitted from the FISAP.
2. Community service employment data was omitted.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-22 (Continued)**

***Criteria:***

34CFR668.24 states:

“(e) Record retention. Unless otherwise directed by the Secretary—

- (1) An institution shall keep records relating to its administration of the Federal Perkins Loan, FWS, FSEOG, or Federal Pell Grant Program for three years after the end of the award year for which the aid was awarded and disbursed under those programs, provided that an institution shall keep—
  - (i) The Fiscal Operations Report and Application to Participate in the Federal Perkins Loan, FSEOG, and FWS Programs (FISAP), and any records necessary to support the data contained in the FISAP, including “income grid information,” for three years after the end of the award year in which the FISAP is submitted; and
  - (ii) Repayment records for a Federal Perkins loan, including records relating to cancellation and deferment requests, in accordance with the provisions of 34 CFR 674.19;
- (f) Examination of records. (1) An institution that participates in any title IV, HEA program and the institution's third-party servicer, if any, shall cooperate with an independent auditor, the Secretary, the Department of Education's Inspector General, the Comptroller General of the United States, or their authorized representatives, a guaranty agency in whose program the institution participates, and the institution's accrediting agency, in the conduct of audits, investigations, program reviews, or other reviews authorized by law.
- (2) The institution and servicer must cooperate by—
  - (i) Providing timely access, for examination and copying, to requested records, including but not limited to computerized records and records reflecting transactions with any financial institution with which the institution or servicer deposits or has deposited any title IV, HEA program funds, and to any pertinent books, documents, papers, or computer programs.”

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-22 (Continued)**

**Criteria:** (Continued)

34 CFR 675.18(g) states:

- “(g) Community service. (1) For the 2000-2001 award year and subsequent award years, an institution must use at least seven percent of the sum of its initial and supplemental FWS allocations for an award year to compensate students employed in community service activities. In meeting this community service requirement, an institution must include at least one—
- (i) Reading tutoring project that employs one or more FWS students as reading tutors for children who are preschool age or are in elementary school; or
  - (ii) Family literacy project that employs one or more FWS students in family literacy activities.”

**Cause:**

Morgan lacks internal controls over properly reporting information on the FISAP to ED.

**Effect:**

Without maintaining records to support the FISAP, there is no assurance that amounts sent to ED are accurate or correct.

**Recommendation:**

We recommend that Morgan maintain documentation to support calculations within the FISAP. We also recommend that Morgan monitor and follow the requirements for allocating at least 7 percent of FWS funds for community service.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-22 (Continued)**

***Auditee Response and Corrective Action Plan:***

The University has contacted the Department of Education about submitting a revised FISAP. The revised FISAP, if needed, will actually report the University exceeded the DOB requirement with a 15 percent FWS community service allocation.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-23**

**Maryland Transit Administration (MTA)**

**Federal Transit Cluster**

CFDA No. 20.500 - Federal Transit\_ Capital Investment Grants

CFDA No. 20.507 - Federal Transit\_ Formula Grants

**The Maryland Transit Administration (MTA) did not follow the internal control procedures they have in place over the fixed asset process.**

***Condition:***

Based on our inquiry of MTA's management, we noted the last physical inventory was done for the fiscal year ended June 30, 2004. However, that inventory has not been reconciled to the general ledger as the date of this report.

During our test of internal controls, we noted MTA has not identified and recorded dispositions of all fixed assets purchased with Federal grants in their accounting system.

***Criteria:***

OMB Circular A-110, Subpart C - .34 (f) states, "The recipient's property management standards for equipment acquired with Federal funds and federally-owned equipment shall include all of the following:

- (1) Equipment records shall be maintained accurately and shall include the following information:
  - a. A description of the equipment.
  - b. Manufacturer's serial number, model number, Federal stock number, national stock number, or other identification number.
  - c. Source of the equipment, including the award number.
  - d. Whether title vests in the recipient or the Federal Government
  - e. Acquisition date (or date received, if the equipment was furnished by the Federal Government) and cost.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-23 (Continued)**

**Criteria:** (Continued)

- (1)
  - f. Information from which one can calculate the percentage of Federal participation in the cost of the equipment (not applicable to equipment furnished by the Federal Government).
  - g. Location and condition of the equipment and the date the information was reported.
  - h. Unit acquisition cost.
  - i. Ultimate disposition data, including date of disposal and sales price or the method used to determine current fair market value where a recipient compensates the Federal awarding agency for its share.
  
- (3) A physical inventory of equipment shall be taken and the results reconciled with the equipment record at least once very two years. Any differences between quantities determined by the physical inspection and those shown in the accounting records shall be investigated to determine the causes of the difference. The recipient shall, in connection with the inventory, verify existence, current utilization, and continued need for the equipment.

**Cause:**

MTA does not have written procedures on all aspects of fixed asset management and disposition policies. The MTA also does not have the adequate staff in the fixed asset department to adequately perform the necessary quality control procedures to ensure fixed assets are being tracked and properly accounted for in the accounting records.

**Effect:**

Physical inventories for fiscal year 2004 of all fixed assets purchased have not been reconciled back to the financial records of MTA as of the date this report. The internal controls for dispositions of all fixed assets purchased with Federal grants are not operating to allow MTA to ensure all disposals are approved and handled in accordance with the grant agreement.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-23 (Continued)**

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that MTA develop written policies and procedures for all fixed asset management to help train and educate personnel on the policies that must be followed to ensure all fixed assets, including those purchased with Federal grants, are properly tracked and accounted for in the accounting records of MTA. We recommend MTA ensure they have the necessary resources to implement the policies and procedures. We also recommend the differences identified between the physical inventory and the accounting records be addressed as quickly as possible.

***Auditee Response and Corrective Action Plan:***

There are numerous Findings and Recommendations included in this note. There has been a significant turnover in personnel, which has created a backlog in posting entries and reconciling the assets with the general ledger. MTA will pursue compliance with written policy and procedure; however, it is unlikely that additional personnel resources will be allocated to this function. Variances between the ledger and physical inventory will be pursued as resource allocation permits.

***Auditor's Conclusion:***

Based on the above, the Finding remains as stated.



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-24**

**Maryland Transit Administration (MTA)**

**Federal Transit – Capital Investment grants and Federal Transit – Formula Grants Cluster**  
CFDA Nos. 20.500 and 20.507

**The Maryland Transit Administration (MTA) did not have adequate support or documentation to support certain Federal expenditures or the proper documentation to support the expenditures being charged to certain grants.**

***Condition:***

During our testing of activities allowed and allowable cost, we noted a lack of adequate documentation supporting Federal grant expenditures and monitoring, as follows.

1. The support for allocating cost on specific items within a construction contract between Federal and State funding sources was not adequate for 5 of 36 expenditure transactions reviewed relating to construction activities on contracts T-0492-1140 and T-0492-1340.
2. Adequate records to permit the tracing of expenditures to source documentation was not maintained for 1 of 36 transactions relating to bus and rail preventative maintenance repairs and Light Rail Shuttle Bus Service.
3. Documentation maintained did not include adequate written evidence of review and approval of expenditures by appropriate capital programming supervisory personnel for 11 of 36 transactions relating to bus and rail preventative maintenance wages and repairs; and 8 of the 11 transactions did not have proper documentation to support the Federal grant charged.

***Criteria:***

49 CFR 18.20 a (2) states in part, "...Fiscal control and accounting procedures of the State...must be sufficient to... (2) Permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes...."

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-24 (Continued)**

49 CFR 18.20 a (6) Source Documentation states, “Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subgrant award document, etc.”

***Cause:***

MTA does not have adequate management controls and oversight to ensure all proper documentation is retained.

***Effect:***

We cannot attest to the propriety of the transactions and expenditures charged to Federal grants.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend the MTA maintain adequate documentation to support all Federal grant expenditures and the grant those expenditures relate to.

***Auditee Response and Corrective Action Plan:***

The MTA disagrees with the finding. The exit conference revealed that if a change was made to primary documentation that supports a transaction, the change was not detailed with notations to signify approval for the change. The change to 5 of 36 pieces of primary documentation happened because an excel template that placed the grant number in a column to show the distribution of payment was not updated with the correct grant number. The correct number was written in to override the incorrect grant number in the template or a copy of the previous distribution schedule that was partially updated. This alone is not a material breach in controls, because the Federal drawdown, ECHO Web Payment Report, is reconciled with the payments made to the contractors when the drawdown is received. The auditor did not provide information supporting Conditions 2 and 3; therefore, MTA cannot agree with the finding or recommendation.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-24 (Continued)**

*Auditor's Comments:*

Based on the above, the Finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-25**

**Maryland Transit Administration (MTA)**

**Federal Transit – Capital Investment grants and Federal Transit – Formula Grants Cluster**  
CFDA Nos. 20.500 and 20.507

**The Maryland Transit Administration (MTA) does not track program income earned on Federal grants to allow them to ensure the income is being used in accordance with program requirements.**

***Condition:***

Based on inquires from MTA's management and the audit of the financial statements for the fiscal year ended June 30, 2005, we noted advertising income generated from property purchased with Federal grant funds are not tracked and identifiable in their accounting records. The MTA records all advertising income earned throughout the year in the general ledger for MTA; however, that income is not identifiable by grant.

***Criteria:***

OMB Circular A-110 Appendix A, Subpart - .2(x) defines program income as “gross income earned by the recipient that is directly generated by a supported activity or earned as a result of the award. Program income includes, but is not limited to, income from fees for services performed, the use or rental of real or personal property acquired under Federally-funded projects, the sale of commodities or items fabricated under an award, license fees and royalties on patents and copyrights, and interest on loans made with award funds.”

OMB Circular A-110, Subpart - .24(b) states, “program income earned during the project period shall be retained by the recipients, in accordance with Federal awarding agency regulations or the terms and conditions of the award, and shall be used in one or more of the ways listed in the following:

- (1) Added to funds committed to the project by the Federal awarding agency and recipient and used to further eligible project or program objectives;
- (2) Used to finance the non-Federal share of the project or program;

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-25 (Continued)**

- (3) Deducted from the total project or program allowable cost in determining the net allowable costs on which the Federal share of the costs is based.”

***Cause:***

MTA does not have a policy or procedure in place to identify and track program income generated from these Federal grants and contracts.

***Effect:***

The program income generated from these Federal grants was not determinable from the accounting records and could not be tested to ensure the income was being spent in accordance with program requirements.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that MTA discuss this with the Federal Transit Administration and develop policies and procedures to identify all program income earned from specific Federal grants and develop a method to track that income by grant in their accounting records so it can be used in accordance with the program requirements.

***Auditee Response and Corrective Action Plan:***

The MTA disagrees with the finding and the auditor’s interpretation concerning the tracking of program revenue earned from Federal grants. Program Revenue is tracked when received and is accounted for as the category of revenue it is (i.e., advertising revenue). All of the earned revenue is closed to the Transportation Trust Fund. The Transportation Trust Fund finances the expenditures of the MTA and this satisfies the OMB Circular A-110, subpart.24b requirement.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2005**

**Section III – Federal Award Findings and Questioned Cost (Continued)**

**Finding 2005-25 (Continued)**

*Auditee Response and Corrective Action Plan:* (Continued)

The MTA disagrees with the auditor's cause statement. The policies and procedures are established by the State and are implemented by the Maryland Department of Transportation (MDOT). MTA's treatment of program income is consistent with MDOT policy.

*Auditor's Comments:*

Based on the above, the Finding remains as stated.

**SECTION IV – STATUS OF PRIOR-YEAR FINDINGS**

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004**

*Finding Number*     **2004-1**

*Department*            **Comptroller of Maryland - General Accounting Division (GAD)**  
*Finding*                    **Improvements of Comprehensive Annual Financial Report (CAFR)**  
                                     **Preparation Process**

**Comment**

**Resolved by the Federal Government**

**Auditor's Conclusion:** There was no similar Finding for fiscal year 2005.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-2</b>
<i>Department</i>	<b>University System of Maryland (USM) Financial Reporting and Analysis</b>
<i>Finding</i>	<b>Lack of Integrated Financial Management Systems</b>

**Comment**

**Resolved by the Federal Government**

***Auditor's Conclusion:***

Corrective action was taken. There was no similar Finding for fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*    **2004-3**

*Department*        **State Treasurer's Office**  
*Program*            **National School Lunch Program (NSLP); Child and Adult Care Food Program; State Administrative Matching Grants for Food Stamp Program; Unemployment Insurance; Federal Transit: Capital Investment Grants; Federal Transit: Formula Grants; Title I Grants to Local Education Agencies; Special Education: Grants to States; Rehabilitation Services: Vocational Rehabilitation Grants to States; Temporary Assistance to Needy Families; Child Support Enforcement; Low-Income Home Energy Assistance(LIHEAP); Foster Care: Title IVE; State Children's Insurance Program (MCHIP); Medical Assistance Program (Medicaid); Block Grants for Prevention and Treatment of Substance Abuse**

*CFDA Number*      **10.555, 10.558, 10.561, 17.225, 20.500, 20.507, 84.010, 84.027, 84.126, 93.558, 93.563, 93.568, 93.658, 93.767, 93.778, and 93.959**

*Finding*            **The State Treasurer's Office did not maintain documentation supporting two check clearance patterns referenced in the Cash Management Improvement Act Agreement between the State Treasurer of Maryland and the Secretary of the Treasury - United States Department of -Treasury (CMIA Agreement).**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

Please be advised that in March 2005, the State Treasurer's Office completed development and recertification of the average clearance patterns. We replaced Average Clearance Vendor (9 Day Pattern) and Average Clearance Payroll (1 Day Pattern) with Dollar Weighted Clearance Day Vendor (8 Day Pattern) and Dollar Weighted Clearance Day Payroll (1 Day Pattern) accordingly. We developed the clearance patterns in accordance with a method approved by Financial Management Service (FMS), U.S. Department of Treasury. The new check clearance patterns included auditable calculations and the appropriate supporting documentation.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*      **2004-3 (Continued)**

***Auditee Updated Response and Corrective Action Plan:*** (Continued)

All of the appropriate State agencies have been using the new check clearance patterns since March 28, 2005. It should be noted that the predecessor independent auditors were made aware of these changes in February 2005 during field work to complete State of Maryland, Single Audit Report for June 30, 2004. However, since the State Treasurer's Office was in the process of implementing the new clearance patterns effective March 2005, the predecessor independent auditors did not review the documentation supporting the time components that were on file and used in the development of the dollar weighted clearance day vendor and dollar weighted clearance day payroll patterns in the CMIA Agreement.

We believe the State's Treasurer's Office took the appropriate follow-up action to correct the 2003 finding; but since the predecessor independent auditors did not review our supporting documentation, the item was repeated as Finding 2004-3 in the State of Maryland, Single Audit Report for June 30, 2004.

***Auditor's Conclusion***

We noted the clearance pattern documentation was auditable in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-4</b>
<i>Department</i>	<b>Student Financial Aid Cluster (Morgan State University)</b>
<i>Program</i>	<b>Federal Direct Student Loans</b>
<i>CFDA Number</i>	<b>84.268</b>
<i>Finding</i>	<b>Monthly reconciliations of the Direct Loan Student Account Statement to Morgan State University's financial records were not performed.</b>

**Comment**

**Unresolved by the Federal Government –**

***Auditee Updated Response and Corrective Action Plan:***

The University began establishing and maintaining a file for all monthly reconciliation reports to better document the reconciliation process.

***Auditors' Conclusion:***

Repeat Finding in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-5</b>
<i>Department</i>	<b>Student Financial Aid Cluster (Morgan State University)</b>
<i>Program</i>	<b>Federal Direct Student Loans</b>
<i>CFDA Number</i>	<b>84.268</b>
<i>Finding</i>	<b>Morgan State University lacks effective internal controls over notifying the National Student Loan Data System of changes in the student's status in a timely and accurate manner.</b>

**Comment**

**Unresolved by the Federal Government**

**Auditee Updated Response and Corrective Action Plan:** The University has implemented procedures that provide for timely review of confirmation reports and correction of noted errors.

We expect that the implementation of the new student information system during fiscal year 2006 will further enhance the University's ability to report similar information to internal and external entities in a timely and accurate manner.

***Auditors' Conclusion:***

Repeat Finding in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-6</b>
<i>Department</i>	<b>Student Financial Aid Cluster (Morgan State University)</b>
<i>Program</i>	<b>Federal Pell Grant Program</b>
<i>CFDA Number</i>	<b>84.063</b>
<i>Finding</i>	<b>Pell Grant Payment Data (Originations and Disbursements) are not being submitted in the required 30-day timeframe after a Pell Grant payment has been made by Morgan State University.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The University is in the process of implementing a new student information and financial aid system that will enhance the University's ability to report information timely and accurately. The modules are expected to be implemented in March 2006.

***Auditors' Conclusion:***

Repeat Finding in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-7</b>
<i>Department Program</i>	<b>Student Financial Aid Cluster (Morgan State University) Federal Supplemental Educational Opportunity Grants, Federal Work Study Program, Federal Pell Grant Program, Federal Direct Student Loans</b>
<i>CFDA Number</i>	<b>84.007, 84.033, 84.063, and 84.268</b>
<i>Finding</i>	<b>Internal controls over the cash management process at Morgan State University were weak.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The University is in the process of implementing an integrated administrative software system that will improve its drawdown of Federal funds. The finance module of this integrated system was implemented on July 1, 2004. The financial aid and student modules are expected to be implemented in March 2006. Cash drawdown capabilities have been enhanced and are expected to be implemented in March 2006.

***Auditors' Conclusion:***

Repeat Finding in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-8</b>
<i>Department</i>	<b>Student Financial Aid Cluster (Morgan State University)</b>
<i>Program</i>	<b>Federal Work Study Program</b>
<i>CFDA Number</i>	<b>84.033</b>
<i>Finding</i>	<b>Morgan State University did not effectively perform reconciliations for payroll expenditures incurred for the Federal Work Study program.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The University is adopting new administrative software and procedures to address the finding. On July 1, 2004 and January 1, 2005, the University implemented integrated financial and human resource systems, respectively. The financial aid and student information systems are scheduled to be implemented by March 1, 2006. The University is confident that these integrated systems will improve the payroll reconciliation process.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-9**

*Department*                **Student Financial Aid Cluster (Morgan State University)**

*Program*                      **Federal Pell Grant Program, Federal Direct Student Loans**

*CFDA Number*              84.063 and 84.268

*Finding*                      **Title IV refunds were not returned by Morgan State University to the U.S. Department of Education in accordance with Federal regulations.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The University is in the process of implementing an integrated administrative software system that will ensure that Title IV refunds are properly calculated and returned within the required 30 day timeframe.

***Auditors' Conclusion:***

Repeat Finding in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-10</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, University College and Towson University)</b>
<i>Program</i>	<b>Federal Direct Loan Student Loans</b>
<i>CFDA Number</i>	<b>84.268</b>
<i>Finding</i>	<b>Monthly reconciliation of the Direct Loan Student Account Statement to the University of Maryland, University College, and Towson University's financial records were not performed.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, University College - As indicated in the University's original response, the U.S. Department of Education requirements are being met. Daily reconciliations of all cash receipts are performed by the Office of Finance.

Towson University – This finding relates to the reconciliation issues discovered in the newly installed PeopleSoft Student Information System. When these Findings became apparent, manual procedures that began in September 2004 corrected the problem. PeopleSoft also modified the software in July 2005, and that action reduced the need for manual intervention.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-11</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, Baltimore)</b>
<i>Program</i>	<b>Federal Family Education Loans</b>
<i>CFDA Number</i>	<b>84.032</b>
<i>Finding</i>	<b>The University of Maryland, Baltimore lacked effective internal controls over notifying the National Student Loan Data System of changes in the student's status in a timely and accurate manner.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The problem has been corrected. After further examination of the process, the Institution found that a required parameter in our system was not set correctly to extract the information of current students. All required data for the UMB financial aid recipients has been and continues to be transmitted as required by Federal regulations.

The University will be implementing the use of the National Student Clearinghouse program for reporting of student data effective awarded in year 2006-2007. Testing and installation of this software will begin March, 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-12</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, University College)</b>
<i>Program</i>	<b>Federal Perkins Loans</b>
<i>CFDA Number</i>	<b>84.038</b>
<i>Finding</i>	<b>The University of Maryland, University College's Capital Contribution match share of Federal Perkins Loan program was not met.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

UMUC has reviewed the documentation for the required Perkins ICC match in fiscal year 2004 and is in disagreement with the initial finding, based on the match made in 2004 was in fact appropriate. The confusion resulted from the movement of Federal Capital Contribution (FCC) from Perkins to the FSEOG and FWS programs. The additional \$5,000 match has been reversed.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-13</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, University College, University of Maryland, Baltimore)</b>
<i>Program</i>	<b>Federal Direct Student Loans, Federal Work Study</b>
<i>CFDA Number</i>	<b>84.268 and 84.033</b>
<i>Finding</i>	<b>Internal controls over the cash management process at University of Maryland, University College and University of Maryland, Baltimore, can be enhanced.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, University College – UMUC Cash drawdowns are now being performed on a regular monthly basis. The employee charged with drawing cash must obtain supervisory approval prior to the drawing of funds. The supervisor performs a full review of each request prior to approval.

**Unresolved by the Federal Government –**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, Baltimore – The University implemented a system of reporting where Financial Aid verifies Work Study payroll expenditures and provides that information to Student Accounting. The University draws down funds for Work Study expenditures quarterly. The Fiscal Officer presents proof of each drawdown and the supporting documentation for review and signoff by the Bursar.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-14**

*Department*                **Student Financial Aid Cluster (University of Maryland,  
University College and University of Maryland, College Park)**

*Program*                      **Federal Perkins Loans**

*CFDA Number*              **84.038**

*Finding*                      **The amounts shown on the Fiscal Operations Report and  
Application to Participate were not supported by the  
University of Maryland, University College and University of  
Maryland, College Park's financial records.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, University College – Accounting records related to the FISAP report for 2004 have been reviewed and reconciled. The Department of Education has accepted the edited FISAP for UMUC. All data are supported by the accounting records. The form for 2005 has been submitted and accepted. All data again match the accounting records. A thorough review will be conducted annually prior to submission.

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, College Park – The annual Student Aid Management (SAM) /Fiscal Operations and Application to Participate (FISAP) reconciliation was performed and prepared in a timely manner for fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
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**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-15</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, University College, University of Maryland, College Park and Towson University)</b>
<i>Program</i>	<b>Federal Direct Student Loans, Federal Family Education Loans, Federal Pell Grant Program</b>
<i>CFDA Number</i>	<b>84.268, 84.032, and 84.063</b>
<i>Finding</i>	<b>Title IV refunds were not returned by the University of Maryland, University College, University of Maryland, College Park, and Towson University to the U.S. Department of Education in accordance with Federal regulations.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, University College - UMUC has implemented a monthly review and approval process at a supervisory level to ensure that Return of Title IV calculations are completed within regulatory time frames and that none are missed. All Return of Title IV funds calculations are being completed within the 30 day regulatory limit, and documentation of this is retained by the Student Financial Aid Office.

Towson University - This finding relates to the reconciliation issues discovered in the newly installed PeopleSoft Student Information System. When these Findings became apparent, manual procedures that began in September 2004 corrected the problem. PeopleSoft also modified the software in July 2005 that reduced the need for manual intervention.

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, College Park – As indicated in our original response, staffing changes were made to ensure a more timely process.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-16</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, Baltimore)</b>
<i>Program</i>	<b>Federal Family Education Loans, Federal Pell Grant Program, Federal Perkins Loans - Federal Capital Contribution, Federal Supplemental Educational Opportunity Grants, Federal Work Study Program, Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students, Nursing Student Loans</b>
<i>CFDA Number</i>	<b>84.032, 84.063, 84.038, 84.007, 84.033, 93.342 and 93.364</b>
<i>Finding</i>	<b>Student Financial Aid funds were not disbursed in accordance with Federal regulations by the University of Maryland, Baltimore.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

Changes were made immediately for implementation in the current award year 2005-2006. No financial aid funds from any of the programs administered through the Financial Aid Office are disbursed more that 10 days prior to the beginning of classes.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-17**

*Department*                **Student Financial Aid Cluster (University of Maryland, College Park, Towson University)**

*Program*                      **Federal Pell Grant Program**

*CFDA Number*               **84.063**

*Finding*                        **Pell Payment Data (Originations and Disbursements) are not being submitted in the required 30-day timeframe after a Pell grant payment has been made by the University of Maryland, College Park and Towson University.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

University of Maryland, College Park - In our original response, dated in the Spring 2005, we implemented software enhancements which automatically schedule the Pell Grant origination and disbursement files, for transmission to the U.S. Department of Education, every other Monday (14 days).

Towson University - This finding relates to the reconciliation issues discovered in the newly installed PeopleSoft Student Information System. When these Findings became apparent, manual procedures that began in September 2004 corrected the problem. PeopleSoft also modified the software in July 2005 that reduced the need for manual intervention.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-18</b>
<i>Department</i>	<b>Research and Development Cluster (University of Maryland, College Park)</b>
<i>Finding</i>	<b>The University of Maryland, College Park does not adequately monitor subrecipients.</b>

**Comment**

**Resolved by the Federal Government**

***Auditee Updated Response and Corrective-Action Plan:***

As indicated in our original response, the University agrees with the Finding. The Office of Research Administration and Advancement has established the position of Compliance Coordinator. This position is responsible for subrecipient monitoring. Procedures have been put in place to facilitate this function.

***Auditor's Conclusion:***

There was a repeat Finding in fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-19**

*Department*                **Research and Development Cluster (University of Maryland,  
Baltimore)**

*Finding*                      **Time and effort reports were not completed to substantiate  
payroll charges to Federal awards by the University of Maryland,  
Baltimore.**

**Comment**

**Resolved by the Federal Government**

***Auditor's Conclusion:***

Corrective action was taken. There was no similar Finding for fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-20**

*Department*                **Research and Development Cluster (University of Maryland,  
Baltimore)**

*Finding*                      **Internal controls at the University of Maryland, Baltimore over  
the cash management process are weak.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

Cash drawdowns are currently performed on a semimonthly basis.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-21</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>State Survey and Certification of Health Care Providers and Suppliers and Medical Assistance Program (Medicaid Cluster)</b>
<i>CFDA Number</i>	<b>93.777, 93.778</b>
<i>Finding</i>	<b>Internal Control weakness over the Federal cash drawdown process</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

We noted that the audit issue is one of documentation of this procedure – not a question of actual performance of supervisory review, approval and oversight. The weekly calculations and memoranda of Federal cash draws have been consistently reviewed and approved by appropriate supervisory personnel. The four draws for which there was no written evidence of supervisory review (signoff) were for an interim period in fiscal year 2004, which predated the auditor's submission of the previous (SFY 2003) Finding on this matter. Since receipt of the previous fiscal year 2003 audit finding on this issue (received in SFY 2004), the reviewing supervisor in this Division has signed off on each cash drawdown as documentation of supervisory review and approval.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-22**

*Department*                **Department of Health and Mental Hygiene (DHMH)**

*Program*                     **Medical Assistance Program**

*CFDA Number*            **93.778**

*Finding*                     **The Department of Health and Mental Hygiene used a check clearance pattern to make drawdowns that was not agreed to in the Cash Management Improvement Act Agreement (CMIA) between the State Treasurer of Maryland and the Secretary of the Treasury.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Treasurer's Office has removed the Grants to Local Health Department component from the 2005 CMIA agreement.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-23</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Medical Assistance Program (Medicaid Cluster)</b>
<i>CFDA Number</i>	<b>93.778</b>
<i>Finding</i>	<b>Internal control weakness over Financial Reporting Process</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

With regard to the Title XIX and XXI components of the PMS-272 (Payment Management System), supervisory personnel within the Office of Planning and Finance, Medical Care Programs, have consistently reviewed and approved the reconciliation prior to forwarding to the General Accounting Division. In response to this audit issue, the reviewing supervisory personnel will sign and date each completed review.

Signoff for the complete Department-wide PMS-272 is the responsibility of the DHMH Division of General Accounting. The Division of General Accounting (DGA) requires that a screen print of the information to be reported be verified and approved, in writing, by a supervisor prior to the electronic submission of the PMS-272 Report.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-24</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Medical Assistance Program (Medicaid Cluster)</b>
<i>CFDA Number</i>	<b>93.778</b>
<i>Finding</i>	<b>Internal control weakness over eligibility determination process for medical assistance benefits</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

On August 9, 2005, the Secretary of the Maryland Department of Health and Mental Hygiene sent the Secretary of the Department of Human Resources a letter regarding this issue. On August 23, 2005, the Secretary of the Department of Human Resources responded that since his office did not have the records in question, the findings were sent to the jurisdictions involved that were requested to review, research and take the appropriate action. On September 21, 2005, the Executive Director of the Family Investment Administration (DHR) sent the Executive Director of the Office of Operations, Eligibility and Pharmacy (DHMH) information regarding the various corrective actions taken for each case. A review of these corrective actions is in process to determine if the measures taken will correct the problems identified.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*        **2004-25**

*Department*            **Department of Health and Mental Hygiene (DHMH)**

*Program*                **Medical Assistance Program (Medicaid Cluster)**

*CFDA Number*        **93.778**

*Finding*                **The Department of Health and Mental Hygiene did not maintain audit evidence verifying that subrecipients were not suspended or debarred.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's Office of Contract Policy, Management and Procurement revised its Memorandum of Understanding form effective July 1, 2005 to include the requirements of Circular A-102(d), "Debarment and Suspension". This information was shared with users via a July 2005 Bulletin.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-26</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Medical Assistance Program (Medicaid Cluster)</b>
<i>CFDA Number</i>	<b>93.778</b>
<i>Finding</i>	<b>DHMH did not adequately monitor the contract for outpatient bill audits to ensure that the contractor was in compliance with the contract requirements.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

This contract was modified effective 12/1/05 requiring the contractor to perform 100% of the cases selected through a process approved by the Program. This methodology allows the Department to more accurately target those claims that will yield funds owed without having the contractor audit bills that would yield \$0. The Department continues to monitor the monthly reports provided by the contractor.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-27**

*Department*                **Department of Health and Mental Hygiene (DHMH)**

*Program*                     **Medical Assistance Program (Medicaid Cluster)**

*CFDA Number*            **93.778**

*Finding*                     **The Department of Health and Mental Hygiene failed to identify and refund uncashed or cancelled checks to the Centers for Medicare and Medicaid Services in accordance with Federal regulations.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

The General Accounting Division will supply the Medicaid Program with an Escheated Warrant Report, as requested, but at a minimum quarterly, for preparation of the Quarterly Statement of Expenditures (CMS 64).

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-28**

*Department*                **Department of Health and Mental Hygiene (DHMH)**

*Program*                     **Medical Assistance Program (Medicaid Cluster)**

*CFDA Number*            **93.778**

*Finding*                     **DHMH should develop internal controls over the interface process of the eligibility system, Client Automated Resource Eligibility System (CARES), to the medical payment system, Medicaid Management Information System II (MMISII) and resolve identified errors in a timely manner.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department of Human Resources forwards DHMH a CARES/MMIS reconciliation file on a monthly basis. The DHMH staff is responsible for opening this file and processing the discrepancies with system changes. The cases requiring manual review are forwarded to the Division of Recipient Eligibility. The On-Line Unit reviews and reconciles most of these cases. In addition to this process, certain cases are programmed to reject the interface transactions that do not agree to both CARES and MMIS. After a review of the CARES data in an individual case, the staff will accept the case, if they are able to correct or supply the missing data, and the case is then keyed and the eligibility is added to MMIS. If the DHMH staff is unable to correct or supply the missing data, the LDSS or LHD is contacted for this data.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-29</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
<i>CFDA Number</i>	<b>93.283</b>
<i>Finding</i>	<b>Internal control weaknesses and non-compliance over the Federal cash management process</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

The Department agrees with the Finding, and supervisory review and approval is now required on all cash drawdown requests. The Department will change its current practice of requesting funds for certain local health departments based on their award rather than actual expenditures. A monthly request for funds will be made based on expenditures of the previous month.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-30</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
<i>CFDA Number</i>	93.283
<i>Finding</i>	<b>Internal control weakness and noncompliance over the Period of Availability monitoring process. DHMH charged expenditures to awards subsequent to 90 days after the end of the funding period.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department agrees with the finding and will utilize a FMIS feature to ensure that grants are closed 90 days after the end of the funding/budget period to prevent payment of unauthorized expenditures. Grants may be subsequently opened if the grantor approves payment of expenditures beyond the 90 day period or to pay accrued expenditures.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

Finding Number	<b>2004-31</b>
Department	<b>Department of Health and Mental Hygiene (DHMH)</b>
Program	<b>Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
CFDA Number	93.283
Finding	<b>Internal control weakness and noncompliance over the Financial Status Reporting process.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

The Department agrees with the Finding and will establish a tracking system that will ensure that FSR reports are filed timely after the review and approval of an appropriate supervisor.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-32</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
<i>CFDA Number</i>	<b>93.283</b>
<i>Finding</i>	<b>Internal control weakness and noncompliance over the National Breast and Cervical Cancer Early Detection Program earmarking requirement</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

DHMH has been reviewing other systems of time studies. DHMH contacted several other NBCCEDP states to review their systems. DHMH also met with WIC program to review their system of time studies and to collect sample tools to adapt for the NBCCEDP program. DHMH plans to implement time studies at the beginning of the state fiscal year 2007 (July 1, 2006).



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-33</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
<i>CFDA Number</i>	<b>93.283</b>
<i>Finding</i>	<b>Internal control weakness and non-compliance over the subrecipient monitoring process. DHMH did not classify subrecipients in accordance with OMB Circular A-133.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department has delineated the characteristics of a vendor versus a subrecipient in its Fiscal Year 2005 annual request for subrecipient information. The Department will continue to clarify the characteristics of a vendor versus a subrecipient on an annual basis.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-34</b>
<i>Department</i>	<b>Maryland Emergency Management Agency (MEMA)</b>
<i>Program</i>	<b>Public Assistance Grants</b>
<i>CFDA Number</i>	<b>97.036</b>
<i>Finding</i>	<b>The Maryland Emergency Management Agency did not maintain up to-date records that could be reconciled between the Fiscal and Program personnel.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

MEMA's Grant Officer will perform monthly reconciliations between the following four records:

- Sub-awardees project worksheet
- Expenditures and Revenue spreadsheets maintained by the Finance Office staff
- Expenditures and Revenue recorded in the R\*Stars Accounting System, FMIS 8430 report and the Grant Financial Inquiry Screens
- SF-269 Federal Financial Status Report

A cover sheet as well as original copies of the above components will be submitted to the MEMA Fiscal Services Chief (FSC). The FSC will be responsible for reviewing this reconciliation for accuracy. Variances will be followed up by email or memo. If satisfied with the reconciliation, the FSC will sign the cover sheet and file the SF-269 with the grantor. The entire package will be stored in a secure location in accordance with Maryland's policy for record retention.

This process will be reduced to writing and recorded in a MEMA procedure manual.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*        **2004-34** (Continued)

We project full implementation of this procedure by June 30, 2006. A new Grants Officer must be hired and trained in the maintenance and interpretation of these spreadsheets.

At year end closing, the FSC requested an increase in the program level for MEMA PCA's. This will enable the creation of FMIS reports that are better suited to the aforementioned reconciliation. DBM has indicated that the appropriate time for making this change is either April or May 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-35</b>
<i>Department</i>	<b>Maryland Emergency Management Agency (MEMA)</b>
<i>Program</i>	<b>Public Assistance Grants</b>
<i>CFDA Number</i>	<b>97.036</b>
<i>Finding</i>	<b>The Maryland Emergency Management Agency did not maintain an up-to-date listing of required subrecipient single audit reports and, therefore, did not ensure that all required subrecipient single audit reports were received, reviewed, and appropriate corrective action and management decision made on any reported program findings.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The filing threshold of Section 44 of the Code of Federal Regulations, Part 13.26 has been increased to \$500,000. The Maryland entities that are subject to this fling requirement are all 23 Maryland Counties plus Baltimore City, City of Annapolis and the Town of Ocean City. The regulation requires a fling date of the earlier of 30 days after the completion of the “Single Audit” engagement or 9 months after the end of the prior fiscal year.

A “Single Audit” control list was created by the FSC in September 2005. This list reports the receipt of the “Single Audit” reports as well as other required attestations from the aforementioned jurisdictions. It is updated on a daily basis.

A request letter was sent to the qualifying jurisdictions on September 16, 2005. An additional letter will be sent to those jurisdictions that are not in compliance as of March 31, 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*                      **2004-35 (Continued)**

***Auditee Updated Response and Corrective Action Plan:*** (Continued)

The Fiscal Services Chief (FSC) will perform a desk review of each report in accordance with Governmental Auditing Standards (GAS). All variances discovered in the desk review will be followed up by e-mail or memo. Corrective action will be implemented based on the auditor's findings. MEMA projects that all of the desk reviews will be completed by the end of the fiscal year.

The control list, audit reports and record of any corrective action will be stored in a secure location in accordance with Maryland's policy for record retention.

This entire process will be reduced to writing and recorded in a MEMA procedure manual.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-36**

*Department*                **Maryland Emergency Management Agency (MEMA)**

*Program*                      **Public Assistance Grants**

*CFDA Number*              97.036

*Finding*                      **The Maryland Emergency Management Agency did not ensure that the June 30, 2004 FEMA 20-10 quarterly report and PSC 272 Federal Cash Transaction Report filed with FEMA accurately represented the amounts per the State's general ledger, R\*STARS.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

In the beginning of FY 2006, the task of reconciling RSTARS transactions to those reported on the Federal Financial Status Report (SF-272) was performed by the FSC. Accordingly, a new policy in accordance with Generally Accepted Governmental Accounting Standards (GAGAS) was created.

Due to staffing shortages, the SF 20-10 for each FEMA award is maintained by the FSC in the form of an Excel workbook. There is a separate workbook for each quarter. Within each workbook there is a separate spread sheet assigned to FEMA award.

A monthly reconciliation is performed between the following sources:

- Expenditures per source document such as project worksheets, payroll register, Direct Vouchers and Journal Adjustments.
- Pro-forma monthly SF-20-10
- RSTARS 66 screen
- FEMA SMARTLINK reporting system

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-36 (Continued)**

***Auditee Updated Response and Corrective Action Plan:***

All variances are followed up by e-mail or memo with program personnel. This establishes a formal record of inquiries.

The FSC is responsible for reviewing this reconciliation for accuracy. All variances are followed up by e-mail or memo. The SF 20-10 and SF 272 are filed with FEMA on a quarterly basis.

A copy of the entire package will be stored in a secure location in accordance with Maryland's policy for record retention.

Once the Grants Officer position is filled, the reconciliation function will be separated from the review function. The FSC will be responsible for reviewing the entire package and filing the SF-272 with FEMA.

This process will be reduced to writing and recorded in a MEMA procedure manual.

For the period ending December 31, 2005 the revenues and expenditures reported to FEMA for the current FEMA awards agreed with the corresponding revenues and expenditures in RSTARS.

Please note the following:

Grant Number	Expenditures Reported	Expenditures Per RSTARS	Revenue per FEMA SMARTLINK	Variance
FEMA 3179	18,952,488.93	18,952,488.93	18,952,488.93	-
FEMA 1492 DR PA	31,903,984.32	31,903,984.32	31,903,984.32	-
FEMA 1324 DR PA	10,948,402.26	10,948,402.26	10,948,402.26	-

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*            **2004-36** (Continued)

***Auditee Updated Response and Corrective Action Plan:*** (Continued)

In FY 2005, the FSC was able to identify \$578,074 in variances in FEMA 1324 DR PA by using the aforementioned procedures. With the exception of the aforementioned separation of duties, all of the aforementioned procedures are currently implemented for finding 2004-36.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-37</b>
<i>Department Program</i>	<b>Department of Labor, Licensing and Regulation (DLLR) WIA Adult Program, WIA Youth Activities and WIA Dislocated Workers (WIA Cluster)</b>
<i>CFDA Number</i>	<b>17.258, 17.259 and 17.260</b>
<i>Finding</i>	<b>The State of Maryland Department of Labor, Licensing and Regulation did not maintain supporting documentation to verify that “during the award” monitoring was conducted.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The annual on-site "during the award" monitoring has been performed for over ninety percent of the WIA subrecipients, and will be fully completed no later than 2-28-06. Within the last year DLLR has hired and trained two fiscal monitors, three program monitors, and is in the process of recruiting for a third fiscal monitoring position. Also, DLLR has implemented new monitoring procedures to ensure that all subrecipients are in compliance with Federal requirements.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-38</b>
<i>Department</i>	<b>Department of Labor, Licensing and Regulation (DLLR)</b>
<i>Program</i>	<b>WIA Adult Program, WIA Youth Activities and WIA Dislocated Workers (WIA Cluster)</b>
<i>CFDA Number</i>	<b>17.258, 17.259 and 17.260</b>
<i>Finding</i>	<b>The State of Maryland Department of Labor, Licensing and Regulation did not have supporting documentation to explain the wage discrepancies between the Maryland Automated Benefits System (MABS) data and the Workforce Investment Act Standardized Record Data (WIASRD) database, which is used for performance reporting.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The State has implemented procedures to refresh the Wage Record Archive, maintained by the University of Baltimore, with the total MABS database on a quarterly basis. This eliminates the problem of late reported wages or individual record corrections not being in the data reported to USDOL. While wage records should be the same in most instances, there is an additional factor involved here which precludes any total agreement between MABS and WIASRD data. The MABS system does not include WRIS (Wage Record Interchange System) data or wage record data from adjoining states, which is included in the WIASRD. This finding was reviewed by the independent auditors reviewing our programs this year and they questioned its relevance.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-39</b>
<i>Department</i>	<b>Department of Labor, Licensing and Regulation (DLLR)</b>
<i>Program</i>	<b>WIA Adult Program, WIA Youth Activities, WIA Dislocated Workers and Workforce Investment Act (WIA Cluster)</b>
<i>CFDA Number</i>	<b>17.255, 17.258, 17.259 and 17.260</b>
<i>Finding</i>	<b>Internal control weaknesses related to accurate preparation of the Schedule of Expenditures of Federal Awards and periodic revenue and expenditure reports.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

DLLR strives to constantly improve on any internal control weaknesses. The agency now performs interim, mid-year reconciliations of Schedule G and R\*STARS as well as year end reconciliations. These are reviewed by the Chief of General Accounting and the Manager of the Grant Accounting Unit. A corrective journal entry, reviewed by management, was prepared and posted.

In addition, significant staff training has occurred to heighten staff awareness of OMB Circulars A-133 and A-87 requirements. This involved sending 2-3 staff to at least 3 training sessions on various phases of Federal grant reporting.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-40</b>
<i>Department</i>	<b>State Treasurer's Office and Maryland State Department of Education (MSDE)</b>
<i>Program</i>	<b>National School Lunch Program - Child Nutrition Cluster</b>
<i>CFDA Number</i>	<b>10.555</b>
<i>Finding</i>	<b>Inadequate internal controls exist over cash management process.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

As of January 17, 2005, the Division of Business Services has processed Child Nutrition Cluster cash drawdowns within the nine day clearance pattern specified by the Cash Management Improvement Act Agreement (CMIA). Interpretation of the eight-day clearance pattern was corroborated between the Maryland and Federal Treasury Organizations by January 14, 2005. In addition, MSDE prepares preliminary interest calculations using the latest spreadsheet provided by the Maryland Treasury. Completed spreadsheets are forwarded to Maryland Treasury for review and subsequent submission to Federal Treasury.

The State Treasurer's Office (STO) has adjusted the fiscal year 2005 CMIA annual report, which was due to Federal Treasury on December 31, 2005 to reflect any adjustments to interest liability or receivable related to this finding.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

*Finding Number*           **2004-41**

*Department*               **Maryland State Department of Education (MSDE)**

*Program*                   **Improving Teacher Quality State Grants**

*CFDA Number*           **84.367**

*Finding*                   **The Maryland State Department of Education did not maintain supporting documentation to verify that “during the award” monitoring was conducted in accordance with OMB Circular A-133.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

As of January 1, 2006, monitoring procedures have been developed and a schedule of Title IIA on site monitoring visits has been established. In this regard, an on-site visit is planned for each of the 24 Local Educational Agencies (LEA's) by the end of June 30, 2006. Appropriate documentation will be created and kept on file in the Department of Instruction (DOI) to support each of the on-site monitoring reviews. Furthermore, DOI will follow-up and make certain that appropriate corrective action is taken for any deficiencies identified during the reviews. In addition to on-site monitoring, DOI will monitor through telephone conferences, emails, meetings, financial report reviews and Title IIA briefings.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-42</b>
<i>Department</i>	<b>Maryland State Department of Education (MSDE)</b>
<i>Program</i>	<b>Improving Teacher Quality State Grants</b>
<i>CFDA Number</i>	<b>84.367</b>
<i>Finding</i>	<b>MSDE should comply with eligibility requirement calculations on a consistent basis.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

During August 2005, the U.S. Department of Education provided updated guidance regarding Title IIA allocation and re-allocation procedures. MSDE Divisions of Business and Instruction have mutually developed procedures which comply with the USDE's updated guidance. These procedures became effective in fiscal year 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-43</b>
<i>Department</i>	<b>Maryland State Department of Education (MSDE)</b>
<i>Program</i>	<b>Improving Teacher Quality State Grants</b>
<i>CFDA Number</i>	<b>84.367</b>
<i>Finding</i>	<b>Internal control weakness over cash management process.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

MSDE concurs with this Finding. The auditors determined and documented during their fieldwork that “the problem was corrected after November 17, 2003 and that the State has been drawing down funds on a monthly basis from that period until the end of the audit period.” The auditors noted that this Finding was corrected as of November 17, 2003.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2004 (Continued)**

<i>Finding Number</i>	<b>2004-44</b>
<i>Department</i>	<b>Department of Human Resources (DHR)</b>
<i>Program</i>	<b>Child Support Enforcement</b>
<i>CFDA Number</i>	<b>93.563</b>
<i>Finding</i>	<b>Inadequate internal controls over child support inter and intra State cases.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department has developed a standardized supervisory review process (SRS), which will be piloted in July 2006. The SRS will include a section to review medical coverage for interstate cases. On January 11, 2006 the auditors forwarded to the Department the cases that were found out of compliance. The auditors did not have an exit conference with the Department, and this was the first time that the Department had an opportunity to review the cases. The Department has reviewed all of the cases and has made corrections, additions and/or both as appropriate to each case.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*      **2003-1**

*Department*            **State Treasurer's Office**

*Finding*                    **State Treasurer's Office Did Not Effectively Perform Cash Reconciliation for the Fiscal Year Ended June 30, 2003 in a Timely Manner**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The cash reconciliation process was the Office's number one priority during FY 2004. During the past two years our vigorous efforts have resulted in an entirely revised, restructured and accurate reconciliation process. Some of the significant steps taken were:

- We have implemented a daily reconciliation process that conforms to industry practices. The reconciliation is now being completed within 10 days. It incorporates all transactions and is supported with detailed documentation to ensure an accurate, reliable, and auditable reconciliation.
- We have developed new reports and reporting mechanisms to better document the accounting procedures.
- We have implemented processing controls for daily activity and research. Numerous verifications are now in place to ensure daily transaction documents and files received from the State's accounting system and the banks are complete and accurate.
- We have established, clarified, and implemented policies and procedures for the internal banking processes and are in the process of writing these procedures in a formal operating manual.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*      **2003-1 (Continued)**

***Auditee Updated Response and Corrective Action Plan:*** (Continued)

- We are actively working with the State agencies to resolve outstanding issues and will be developing additional policies and procedures for inclusion in the Statewide Accounting Manual as they become necessary.
- We have filled our permanent positions with individuals who possess strong accounting and banking skills.
- We brought in an operations consultant and an acknowledged forensic accountant to assist in our cash reconciliation needs.
- We brought in the IT consultants who designed the banking program. Their intimate knowledge of our program will allow us to reconstruct the cash deposit transactions.
- With the assistance of these individuals we completed the 2004 reconciliation adjustments in April of 2005.
- On August 24, 2005, the Treasurer informed the Office of the Comptroller that we had reconciled the difference between the State's main bank accounts and the State's accounting records in R\*STARS. This project resulted in a complete reconciliation and a new restructured fully documented daily reconciliation process. The cash reconciliation as of July 31, 2005 identified a cumulative negative difference of \$37,007,056.65 where R\*STARS book balance exceeds the bank balance. The cumulative amount pre-dated July 2003.
- In that letter the Treasurer requested that the Comptroller's Office reduce the cash balance in the State's accounting records (R\*STARS) by the cumulative difference. The Comptroller's Office concurred and on August 25, 2005 the Comptroller announced that the State had closed Fiscal Year 2005. The closing of FY 2005 included an adjustment to reduce cash by the amount requested by the State Treasurer's Office.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-2**

*Department*            **Maryland State Department of Education (MSDE)**

*Program*                **Improving Teacher Quality State Grants**

*CFDA Number*        **84.367**

***Finding*                Internal Control Weakness Over Cash Management Process**

***Comment***

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update is still in force. Specifically, the Division of Business Services (DBS) has implemented the following corrective action plan:

- Effective August 1, 2003, the Head of the General Accounting Section processed a report from the EGAPS system which reflects all executed Department of Education grants. This report will be obtained on a monthly basis and any new grants will be added to the query in R\*STARS which provides eligible drawdown amounts.
- Effective April 1, 2004, supervisory reviews are performed by the Chief of the Accounting Branch prior to requesting any drawdown of Federal Funds. in the absence of this employee, the Chief of Expenditures will perform this task.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*            **2003-3**

*Department*                **State Treasurer's Office**  
*Program*                      **National School Lunch Program (NSLP); Child and Adult Care Food Program; State Administrative Matching Grants for Food Stamp Program; Unemployment Insurance; Federal Transit: Capital Investment Grants; Federal Transit: Formula Grants; Title I Grants to Local Education Agencies; Special Education: Grants to States; Rehabilitation Services: Vocational Rehabilitation Grants to States; Temporary Assistance to Needy Families; Child Support Enforcement; Low-Income Home Energy Assistance(LIHEAP); Foster Care: Title IV E; State Children's Insurance Program (SCHIP); Medical Assistance Program (Medicaid); Block Grants for Prevention and Treatment of Substance Abuse**

*CFDA Number*            10.555, 10.558, 10.561, 17.225, 20.500, 20.507, 84.010, 84.027, 84.126, 93.558, 93.563, 93.568, 93.658, 93.767, 93.778, and 93.959

*Finding*                      **The State Treasurer's Office did not maintain documentation supporting two check-clearance patterns referenced in the Cash Management Improvement Act Agreement between the State Treasurer of Maryland and the Secretary of the Treasury – United States Department of Treasury (CMIA Agreement).**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

Please be advised that in March 2005, the State Treasurer's Office completed development and recertification of the average clearance patterns. We replaced Average Clearance Vendor (9 Day Pattern) and Average Clearance Payroll (1 Day Pattern) with Dollar Weighted Clearance Day Vendor (8 Day Pattern) and Dollar Weighted Clearance Day Payroll Vendor (1 Day Pattern) accordingly. We developed the clearance patterns in accordance with a method approved by Financial Management Service (FMS), U.S. Department of Treasury. The new check clearance patterns included auditable calculations and the appropriate supporting documentation.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*      **2003-3 (Continued)**

***Auditee Updated Response and Corrective Action Plan:***

All of the appropriate State agencies have been using the new check clearance patterns since March 28, 2005.

It should be noted that the predecessor independent auditor was made aware of these changes in February 2005 during field work to complete State of Maryland, Single Audit Report for June 30, 2004. However, since the State Treasurer's Office was in the process of implementing the new clearance patterns effective March 2005, the predecessor independent auditors did not review the documentation supporting the time components that were on file and used in the development of the dollar weighted clearance day vendor and dollar weighted clearance day payroll patterns in the CMIA Agreement.

We believe the State's Treasurer's Office took the appropriate follow-up action to correct the 2003-3 finding; but since the independent auditors did not review our supporting documentation, the item was repeated as Finding 2004-3 in the State of Maryland, Single Audit Report for June 30, 2004.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-4**

*Department*            **Department of Human Resources (DHR)**  
*Program*                **Adoption Assistance Program and Temporary Assistance for Needy Families**

*CFDA Number*        93.659 and 93.558

*Finding*                **The Department of Human Resources (DHR) had inadequate controls in place to prevent expenditures from being transferred to another Federal program due to incorrect interpretation of Federal laws and budgetary shortfalls.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The U.S. Department of Health and Human Services (HHS) accepted the Department's Corrective Compliance Plan in July 2004. On July 29, 2005, the Department received notice from the U.S. Department of Health and Human Services (HHS) that it successfully completed all of the milestones necessary to ensure compliance with the corrective compliance plan. HHS will not impose a penalty for the misuse of TANF funds. The Department will continue to work closely with Region III regarding TANF expenditures and ensure its program and fiscal staff maintain on-going communication on the TANF State plan, the Department's Cost Allocation Plan, and TANF and TANF maintenance of effort expenditures.

***Auditor's Conclusion:***

The corrective action was taken.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*           **2003-5**

*Department*               **Department of Human Resources (DHR)**

*Program*                   **Adoption Assistance Program**

*CFDA Number*           **93.659**

*Finding*                   **Inadequate internal controls exist over reporting administration expenditures.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's approved Cost Allocation Plan funds caseworkers' administrative costs using a Time Study to determine benefiting programs. The time study results identify adoption activity. DHR considered these expenditures to be Foster Care administration in the past. However, the Department began reporting these costs to the Adoption Assistance program in the quarter ending September 30, 2004. The Department continues to report administrative costs related to adoption activity to the Adoption Assistance program.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-6**

*Department*            **Department of Human Resources (DHR)**  
*Program*                **Adoption Assistance Program**  
*CFDA Number*        **93.659**

*Finding*                **DHR did not report Federal expenditures on a cash basis of accounting as required on the Title IV-E Foster Care and Adoption Assistance Financial Report.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department properly adjusted the Federal Financial Assistance reports to correctly reflect expenditures on a cash basis. Each quarter, the Director of Grants Management reviews all Federal Financial reports and verifies that expenditures are reported on a cash basis for both Foster Care and Adoption Assistance.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*            **2003-7**

*Department*                **Department of Health and Mental Hygiene (DHMH)**

*Program*                     **Medicaid Cluster**

*CFDA Number*            93.775, 93.777 and 93.778

*Finding*                     **Internal control weakness over the eligibility determination process for medical assistance benefits.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

On August 9, 2005, the Secretary of the Maryland Department of Health and Mental Hygiene sent the Secretary of the Maryland Department of Human Resources a letter regarding this issue. On August 23, 2005, the Secretary of the Maryland Department of Human Resources responded that since his office did not have the records in question, the Findings were sent to the jurisdictions involved that were requested to review, research, and take appropriate action. On September 21, 2005, the Executive Director of the Family Investment Administration (DHR) provided to the Executive Director of the Office of Operations, Eligibility and Pharmacy (DHMH) information regarding the various corrective actions taken for each case. A review of these corrective actions is in process to determine if the measures taken will correct the problems identified.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-8**

*Department*            **Department of Health and Mental Hygiene (DHMH)**

*Program*                **Medicaid Cluster**

*CFDA Number*        93.775, 93.777 and 93.778

*Finding*                **Internal control weakness over the Federal cash drawdown process.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department's previous response and corrective action plan remains unchanged.

All drawdown requests to General Accounting have been reviewed and signed by the Chief of Budgeting/Accounting/Revenue Division. Drawdown requests can be reviewed in DHMH General Accounting Division.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-9**

*Department*            **Department of Health and Mental Hygiene (DHMH)**  
*Program*                **Medicaid Cluster**  
*CFDA Number*        **93.775, 93.777 and 93.778**

*Finding*                **Medical Assistance expenditures reported on the CMS-64 Report were not supported for the individual category of services.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

Our previous response regarding the accurate claiming of Federal funds by the various Federal Financial Participation (FFP) categories remains unchanged. Our claiming procedures have not resulted in any material errors with regard to the percentages of FFP claimed or the amount of Federal funds claimed in total. On the separate issue of categorization of claims by service type, we have most recently conferred with Centers for Medicare and Medicaid Services (CMS), and we have incorporated new measures in our work papers to avoid reciprocal line item errors by category. For example, if the underlying documentation has Inpatient expenditures at \$50 million and Outpatient expenditures at \$30 million, they will be posted on the CMS 64 Report as \$50 million / \$30 million, respectively, and not as \$51 million / \$29 million, or some other combination. While a reciprocal line item categorization error, as given in this example, would not result in an inappropriate FFP claim, we recognize the need for accurate categorization.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*     **2003-10**

*Department*         **Department of Health and Mental Hygiene (DHMH)**  
*Program*             **Medicaid Cluster**  
*CFDA Number*       **93.775, 93.777 and 93.778**

*Finding*             **The Department of Health and Mental Hygiene and the State Treasurer’s Office did not maintain documentation supporting the Department of Health and Mental Hygiene’s Average Clearance Vendor Medical Assistance Program – Provider Payments clearance pattern referenced in the Cash Management Improvement Act Agreement between the State Treasurer of Maryland and the Secretary of the Treasury – United States Department of Treasury (CMIA Agreement).**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department was informed by the Treasurer's Office that effective March 28, 2005, the clearance pattern for Dollar Weighted Clearance Day - Vendor for Medical Assistance Program Provider Payments had changed. A worksheet was received from the Treasurer's Office to support their calculation of the new clearance pattern. The Department will continue to request and maintain clearance pattern documentation.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*            **2003-11**

*Department*                **Department of Health and Mental Hygiene (DHMH)**  
*Program*                     **Medicaid Cluster**  
*CFDA Number*            **93.775, 93.777 and 93.778**

*Finding*                      **DHMH should develop internal controls over the interface process of the eligibility system, Client Automated Resource Eligibility System, to the medical payment system, Management Information System II and develop daily reports ensuring that interfaces were properly processed.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department of Human Resources forwards DHMH a Client Automated Resource Eligibility System/Medicaid Management Information System (CARES/MMIS) reconciliation file on a monthly basis. The DHMH staff is responsible for opening this file and processing the discrepancies with system changes. The cases requiring manual review are forwarded to the Division of Recipient Eligibility. The On-Line Unit reviews and reconciles most of these cases. In addition to this process, certain cases are programmed to reject the interface transactions that do not agree to both CARES and MMIS. After a review of the CARES data on an individual case, the staff will accept the case, if able to correct or supply the missing data, and the case is then keyed and the eligibility added to MMIS. If the DHMH staff is unable to correct or supply the missing data, the Local Department of Social Services or Local Health Department is contacted for this data.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-12**

*Department*            **Department of Health and Mental Hygiene (DHMH)**

*Program*                 **Medicaid Cluster**

*CFDA Number*         **93.775, 93.777 and 93.778**

*Finding*                 **DHMH should develop and maintain adequate internal control over Medicaid Management Information System II (MMIS II) access.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

Over the past year the Department has been strengthening its security in the Medicaid Management Information System and now stores passwords electronically. The Office of Operations, Eligibility and Pharmacy is in compliance with all necessary security measures.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*            **2003-13**

*Department*                **Maryland State Department of Education (MSDE)**

*Program*                     **Child Nutrition Cluster**

*CFDA Number*            10.553, 10.555, 10.556 and 10.559

*Finding*                     **Inadequate internal controls exist over cash management process.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update is still in force. The prior update to your office indicated that MSDE concurred with the finding. That concurrence was primarily based on MSDE's acceptance of the external audit firm's interpretation of the nine day clearance pattern associated with the drawdowns for the Child Nutrition Cluster (CNC) Grants. However, subsequent clarification on this issue was received on January 14, 2005 from Maryland Treasury regarding this clearance pattern. Specifically, the subsequent clarification disclosed that the date of the Transmittal Log should be counted as day zero in calculating the date when the funds should be deposited in the State of Maryland's bank account.

Advice provided by the external auditors at the July 28, 2004 exit conference for MSDE's Fiscal Year 2003 Single Audit indicated that the date of the Transmittal Log should be counted as day one and the external auditors based their finding on this interpretation. As of January 17, 2005, MSDE's Division of Business Services has processed CNC drawdowns within the requirements of the Cash Management Improvement Act (CMIA) Agreement.

Also, a letter disputing this finding was issued by Maryland Treasury to the external auditors on January 31, 2005. This letter was jointly prepared by MSDE and Maryland Treasury.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-14**

*Department*        **Department of Health and Mental Hygiene (DHMH)**  
*Program*            **Center for Disease Control and Prevention: Investigations and  
Technical Assistance**

*CFDA Number*        **93.283**

*Finding*              **Internal control weaknesses over the Federal cash management  
process.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department completed the system which has automated the drawdown process. The amounts to be drawn per the automated system are verified on a test basis to the cash balance per the FMIS Grant Financial Inquiry Screen (Screen 66), by a Supervisor (Chief or Federal Fund Supervisor) before they are provided to a subordinate for completion of the State Treasurer's drawdowns on Federal Letter of Credit form. After the form is completed, it is reviewed for accuracy and signed by the Supervisor before submission to the State Treasurer.



**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

<i>Finding Number</i>	<b>2003-15</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
<i>CFDA Number</i>	<b>93.283</b>
<i>Finding</i>	<b>Internal control weaknesses related to accurate preparation of the Schedule of Expenditures of Federal Awards and periodic revenue and expenditure reports.</b>

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

**Revenue**

The Department performs a monthly reconciliation of the R\*STARS Federal fund revenue to the Schedule G and applicable Federal report (i.e., PCS 272-B). It also reconciles grant revenue to a letter of credit sub-account, if that level of detail is available on the PCS 272 report.

**Expenditures**

The Department performs a monthly reconciliation of the R\*STARS Federal fund expenditures to the Schedule G. We also ensure that cumulative grant expenditures reported on the Financial Status Report (SF 269) and the quarterly PSC 272-A (Federal Cash Transaction Report) agree with R\*STARS.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*            **2003-16**

*Department*                **Department of Human Resources (DHR)**

*Program*                     **Child Support Enforcement**

*CFDA Number*            93.563

*Finding*                    **Internal control weakness over the Federal cash drawdown process.**

*Comment*

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department conducts quarterly management reviews of Child Support Federal fund draws after submitting the quarterly Federal financial report. The review is an in-depth analysis of funds drawn compared to actual reported expenditures to determine an adjusting draw that must be made within 45 days of a quarter's end, per the Treasury State Agreement (TSA). Management's determination of a quarterly adjustment is supported by an analysis of our award balance and adjusting awards to be received to cover actual reported expenditures. The individuals responsible for drawing Child Support Federal funds also generate a quarterly adjusting figure. Only when the two independent adjusting figures reconcile is an adjusting draw request processed.

Since September 2004, management reviews draw requests on a test basis and maintains supporting documentation for audit purposes.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-17**

*Department*            **Department of Human Resources (DHR)**

*Program*                **Child Support Enforcement**

*CFDA Number*        93.563

*Finding*                **Inadequate oversight over service provider operations.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

CSEA secured a vendor to perform the SAS 70. In the auditors' opinion, the policies and procedures that were tested were operating with sufficient effectiveness to provide reasonable assurance that the control objectives specified were achieved during the period November 1, 2004 to April 30, 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-18**

*Department*            **Department of Human Resources (DHR)**

*Program*                **Child Support Enforcement**

*CFDA Number*        93.563

*Finding*                **Internal controls over the administration of Interstate Cases are inadequate.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

New procedures were established and implemented to address the receiving and process of Interstate Cases. The written procedures are being used to address the timeframes in case processing as required by the Federal regulation. Supervisory review is implemented on a quarterly basis and copies of the signed-off review would be kept in the Review Folder of the Local Child Support Offices.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

<i>Finding Number</i>	<b>2003-19</b>
<i>Department</i>	<b>Department of Human Resources (DHR)</b>
<i>Program</i>	<b>Child Support Enforcement</b>
<i>CFDA Number</i>	<b>93.563</b>

*Finding*                      **Internal controls over the preparation of the Child Support Enforcement Program Quarterly Report, OCSE 34A, are inadequate.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

We are in the process of enhancing our automated system to capture the collection process as required on OCSE – 34A Report Final Ruling dated 10/01/03. These enhancements would include the supporting documents that detail all collections and distributions and would be maintained for audit reviews. All supporting documents will be maintained in a binder for audit trail.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-20**

*Department*            **Department of Human Resources (DHR)**

*Program*                **Child Support Enforcement**

*CFDA Number*        93.563

***Finding*                Internal control over eligibility determinations including processing of case files and supervisory reviews should be enhanced.**

***Comment***

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

CSEA has developed policy and procedures that require supervisors in each jurisdiction to review a certain number of cases. Cases are randomly selected on a quarterly basis. A form was developed for supervisors to complete on each case reviewed that documents the following:

- The areas that need to be reviewed;
- A check-off as to whether or not certain actions were completed or the required data was entered into CSES; and
- The supervisor can document any action that may be needed in the case.

All completed forms are maintained in the folders of the cases reviewed and are accessible for audit purposes. Records of the supervisory reviews are maintained in the local child support offices.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2005**

**Section IV – Status of Prior-Year Findings**

**Single Audit Findings for Fiscal Year Ended June 30, 2003 (Continued)**

*Finding Number*        **2003-21**

*Department*            **Department of Human Resources (DHR)**

*Program*                **Food Stamp Cluster**

*CFDA Number*        10.551 and 10.561

*Finding*                **DHR should obtain a SAS 70 report that provides sufficient coverage which allows DHR to rely on the internal controls over the outsourced operations of the Client Automated Resource Eligibility System (CARES) operating environment.**

**Comment**

**Unresolved by the Federal Government**

***Auditee Updated Response and Corrective Action Plan:***

The Department of Human Resources continues to comply with the original audit recommendation regarding the mandated **Statement of Auditing Standards No. 70 (SAS 70), Services Organizations**, audit requirements.

In our prior response, we concluded, as a result of the SAS 70 Audit conducted by an independent accounting firm covering the period May 1, 2003 through April 30, 2004, that it [DHR] has complied with the original recommendation noted in Finding 2003-21 recommending that “DHR should make the necessary arrangements to have the report prepared in accordance with AICPA guidelines cover a minimum of six months.”

DHR, as written above, continues to comply with Finding 2003-21 as evidenced by the SAS 70 Audit conducted by an independent accounting firm for the period May 1, 2004 through April 30, 2005. For the audit period, the firm tested the operating effectiveness for the following areas: 1) Organization and Administration, 2) Physical Security and Emergency Procedures, 3) Computer Operations, 4) Change Management Controls, and 5) Logical Access Controls. The auditors noted no exceptions and concluded that “In our opinion the controls that were tested... were operating with sufficient effectiveness to provide reasonable, but not absolute, assurances that the control objectives... were achieved during the period from May 1, 2004 through April 30, 2005.”