

**STATE OF MARYLAND**

**Single Audit  
with  
Independent Auditors' Report**

**Year Ended June 30, 2006**

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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**



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## INDEPENDENT AUDITORS' REPORT

The Honorable William D. Schaefer  
Comptroller of Maryland

We have audited the accompanying financial statements 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, 2006 and for the year then ended, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements, schedules and supplementary information 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) certain Economic Development – Loan Programs; (2) Unemployment Insurance Program; (3) Maryland State Lottery Agency; (4) Maryland Transportation Authority; (5) Economic Development Insurance Programs; (6) certain foundations included in the higher education component unit; (7) Maryland Environmental Service; (8) Maryland Food Center Authority; (9) Investment Trust Fund; and (10) Deferred Compensation Plan, which represent the percentages of the assets, net assets and operating 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	46.2 %	33.3 %	7.1 %
Unemployment Insurance Program	13.9	23.2	18.5
Maryland State Lottery Agency	3.7	0.6	57.9
Maryland Transportation Authority	31.7	35.5	14.2
Economic Development-Insurance Programs	1.3	2.0	0.1
Total percentage of business type activities	96.8 %	94.6 %	97.8 %

Component units:			
Major -			
Higher Education Foundations	15.1 %	17.9 %	8.1 %
Non-Major -			
Maryland Environmental Service	0.9	0.2	3.0
Maryland Food Center Authority	0.3	0.5	0.1
Total percentage of component units	<u>16.3 %</u>	<u>18.6 %</u>	<u>11.2 %</u>
Fiduciary Funds:			
Investment Trust Fund	4.1 %	4.5 %	52.1 %
Deferred Compensation Plan	5.1	5.6	3.0
Total percentage of fiduciary funds	<u>9.2 %</u>	<u>10.1 %</u>	<u>55.1 %</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 the 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, 2006, 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 November 30, 2006, 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 as listed in the table of contents 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 an opinion on the financial statements that collectively comprise the State of Maryland's basic financial statements. The combining financial statements, schedules, introductory and statistical sections, as listed in the table of contents 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 basic 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 are not required by law have not been subjected to the auditing procedures applied by us or 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.*

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

November 30, 2006

**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***



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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, 2006, and have issued our report thereon dated November 30, 2006. 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), an administration of the Maryland Department of the Environment, 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**

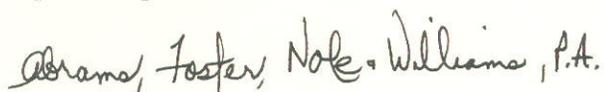
In planning and performing our audit, we considered the State's internal control over financial reporting to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration 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 October 23, 2006; September 22, 2006; September 15, 2006; and December 13, 2006, 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

November 30, 2006

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**



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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, 2006. 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, 2006. 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 2006-1 through 2006-26.

### **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 2006-1, 2006-4 through 2006-11, 2006-14 through 2006-20, 2006-23 and 2006-26.

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.

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Baltimore, Maryland

November 30, 2006

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b>Department of Agriculture (DOA)</b>						
Agency for International Development	02.RD	\$ 25,150	\$ -	\$ -	\$ -	\$ 25,150
Pass-Through United Negro College Fund	02.TELP-UMES	-	-	(437)	-	(437)
Contract/Other	10.58-1225-7-001	29,055	-	-	-	29,055
Pass-Through University of Massachusetts	10.04-3167352	-	-	2,896	-	2,896
Agriculture Research: Basic and Applied Research	10.001	-	-	356,704	-	356,704
Pass-Through Auburn University	10.001	-	-	37,838	-	37,838
Plant and Animal Disease, Pest Control and Animal Care	10.025	-	-	1,204,501	-	1,204,501
Commodity Loans and Loan Deficiency Payments	10.051	-	-	122,140	-	122,140
Conservation Reserve Program	10.069	-	-	4,064	-	4,064
Federal-State Marketing Improvement Program	10.156	-	-	8,700	-	8,700
Market Protection and Promotion	10.163	-	-	154,133	-	154,133
Grants for Agriculture Research, Special Research Grants	10.200	-	-	351,066	-	351,066
Pass-Through Cornell University	10.200	-	-	1,500	-	1,500
Pass-Through University of Vermont	10.200	-	-	85,458	-	85,458
Payment to 1890 Land-Grant College and Tuskegee University	10.205	-	-	1,497,360	-	1,497,360
Grants for Agriculture Research, Competitive Research Grants	10.206	-	-	24,618	-	24,618
Food and Agriculture Science National Needs Graduate Fellowship Grants	10.210	-	-	63,502	-	63,502
1890 Institute Capacity Building Grants	10.216	-	-	474,007	-	474,007
Higher Education Multiculture Scholars Program	10.220	-	-	5,609	-	5,609
Agriculture and Rural Economic Research	10.250	-	-	15,000	-	15,000
Integrated Programs	10.303	-	-	756,329	-	756,329
Pass-Through Pennsylvania State University	10.303	-	-	15,000	-	15,000
National Rural Development Partnership	10.353	-	-	(23,063)	-	(23,063)
Outreach and Assistance for Socially Disadvantage Farmers	10.443	-	-	81,953	-	81,953
Crop Insurance	10.450	-	-	453,025	-	453,025
Egg Products Inspection	10.476	-	-	31,144	-	31,144
Cooperative Extension Service	10.500	-	-	4,323,583	-	4,323,583
Pass-Through University of Delaware	10.500	-	-	1,748	-	1,748
Pass-Through University of Vermont	10.500	-	-	13,544	-	13,544
Food Donation (Note 1)	10.550	-	-	13,172,000	-	13,172,000
<b>Food Stamp Cluster:</b>		-	-	-	-	-
Food Stamps	10.551	-	-	334,311,830	-	334,311,830
State Admin. Matching Grants for Food Stamp Prog.	10.561	-	-	37,318,257	-	37,318,257
<b>Total Food Stamp Cluster</b>		-	-	-	371,630,087	-

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Agriculture (DOA), cont.</u></b>						
<b>Child Nutrition Cluster</b>						
School Breakfast Program	10.553	-	-	24,802,500	-	24,802,500
National School Lunch Program	10.555	-	-	92,058,089	-	92,058,089
Special Milk Program for Children	10.556	-	-	483,566	-	483,566
Summer Food Service Program for Children	10.559	-	-	<u>4,054,009</u>	-	4,054,009
<b>Total Child Nutrition Cluster</b>					121,398,164	
Special Supplemental Nutrition Program - WIC	10.557	-	-	65,155,757	-	65,155,757
Child and Adult Care Food Program	10.558	-	-	34,649,113	-	34,649,113
Administrative Expenses for Child Nutrition	10.560	-	-	1,804,148	-	1,804,148
<b>Emergency Food Assistance Cluster</b>						
Emergency Food Assistance Program (Admin.Costs)	10.568	-	-	642,427	-	642,427
Emergency Food Assist. Prog. (Food Commodities)	10.569	-	-	<u>1,489,307</u>	-	1,489,307
<b>Total Emergency Food Assist. Cluster</b>					2,131,734	
WIC Farmers' Market Nutrition Program (FMNP)	10.572	-	-	446,883	-	446,883
Team Nutrition Training	10.574	-	-	35,307	-	35,307
Farmers Market Nutrition Program (SFMNP)	10.576	-	-	106,391	-	106,391
Food Stamp Program Outreach Grant	10.580	-	-	267,393	-	267,393
Market Access Program	10.601	-	-	207,193	-	207,193
Emerging Markets Program	10.603	-	-	98,906	-	98,906
Agricultural Mediation program	10.645	-	-	27,595	-	27,595
Cooperative Forestry Assistance	10.664	-	-	2,168,540	-	2,168,540
National Forest Dependent Rural Communities	10.670	-	-	9,859	-	9,859
Rural Development, Forestry and Communities	10.672	-	-	2,000	-	2,000
Forest Land Enhancement Program	10.677	-	-	9,185	-	9,185
Rural Cooperative Development Grants	10.771	-	-	189,728	-	189,728
1890 Land Grant Institution Rural Entrepreneurial Outreach	10.856	-	-	12,123	-	12,123
Environmental Quality	10.912	-	-	515,514	-	515,514
Farmland Protection Program	10.913	-	-	1,797,768	-	1,797,768
Agriculture Statistical Reports	10.950	-	-	21,896	-	21,896
Technical Agricultural Assistance	10.960	-	-	8,599	-	8,599
Agriculture Research Service	10.RD	2,409,751	-	-	-	2,409,751
Cooperative State research, Education, and Extension Service (CSREES)	10.RD	8,161,033	-	-	-	8,161,033
Pass-Through Colorado State University	10.RD	10,302	-	-	-	10,302
Pass-Through Cornell University	10.RD	55,941	-	-	-	55,941
Pass-Through Kansas State University	10.RD	96,100	-	-	-	96,100
Pass-Through Mt. Sinai School of Medicine	10.RD	22,259	-	-	-	22,259
Pass-Through Pennsylvania State University	10.RD	11,223	-	-	-	11,223

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Agriculture (DOA), cont.</u></b>						
Cooperative State research, Education, and Extension Service (CSREES), Cont.						
Pass-Through University of Delaware	10.RD	56,030	-	-	-	56,030
Pass-Through University of Maine	10.RD	(327)	-	-	-	(327)
Pass-Through University of Missouri-Columbia	10.RD	18,588	-	-	-	18,588
Pass-Through University of Toledo	10.RD	18,262	-	-	-	18,262
Pass-Through University of Vermont	10.RD	85,155	-	-	-	85,155
Pass-Through University of Washington	10.RD	31,040	-	-	-	31,040
Pass-Through Virginia Polytechnic Institute and State University	10.RD	25,165	-	-	-	25,165
Economic Research Service	10.RD	183,183	-	-	-	183,183
Foreign Agricultural Service	10.RD	2,211,753	-	-	-	2,211,753
Forest Service	10.RD	141,987	-	-	-	141,987
Natural Resources Conservation Service	10.RD	55,095	-	-	-	55,095
National Agricultural Library	10.RD	253,789	-	-	-	253,789
<b>Total DOA</b>		<u>13,900,534</u>	<u>-</u>	<u>625,927,805</u>	<u>-</u>	<u>639,828,339</u>
<b><u>Department of Commerce (DOC)</u></b>						
Contract/Other Pass-Through Booze Allen and Hamilton, Inc.	11NIST68450DS1 07	10,382	-	-	-	10,382
Contract/ Other National Aceanic Atmospheric Administration	11.DG133E05CN1 077	25,283	-	-	-	25,283
Census Special Tabulations and Services	11.005	-	-	231,309	-	231,309
Economic Development: Technical Assistance	11.303	-	-	100,244	-	100,244
Economic Adjustment Assistance	11.307	-	-	13,451,940	-	13,451,940
Anadromous Fish Conservation Act Program	11.405	-	-	24,404	-	24,404
Interjurisdictional Fisheries Act of 1986	11.407	-	-	39,897	-	39,897
Sea Grant Support: Pass-Through Virginia Inst. Of Maine	11.417	10,407	-	4,929	-	15,336
Science Pass-Through University of Delaware						
Costal Zone Management Administration Awards	11.419	-	-	4,417,739	-	4,417,739
Coastal Zone Management Estuarine Research Reserves	11.420	-	-	541,869	-	541,869
Financial Assistance for National Centers for Coastal Ocean Science	11.426	-	-	263,997	-	263,997
Marine Mammal Data Program	11.439	-	-	88,387	-	88,387
Chesapeake Bay Studies	11.457	-	-	465,857	-	465,857
Unallied Science Program	11.472	-	-	670	-	670
Atlantic Coastal Fisheries Cooperative Management Act	11.474	-	-	273,702	-	273,702
Educational Partnership Program	11.481	-	-	2,816,165	-	2,816,165
Calibration Program	11.601	6,472	-	-	-	6,472
Weights and Measures Service	11.606	-	-	57,047	-	57,047
Measurement and Engineering Research and Standards	11.609	15,400	-	167,577	-	182,977
Manufacturint Extension Partnership	11.611	-	-	414,603	-	414,603
Internship Program for Postsecondary Students	11.702	-	-	3,085	-	3,085
Minority Business Development Centers	11.800	-	-	208,321	-	208,321

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Commerce (DOC), cont.</u></b>						
Bureau of the Census	11.RD	11,104	-	-	-	11,104
Pass-Through Abt Associates, Inc.	11.RD	26,382	-	-	-	26,382
National Institute for Standards and Technology	11.RD	7,453,369	-	-	-	7,453,369
National Oceanic and Atmospheric Administration	11.RD	14,988,037	-	-	-	14,988,037
Pass-Through Advanced Bioscience Laboratory	11.RD	3,315	-	-	-	3,315
Pass-Through Research Foundation of City University of New York	11.RD	138,084	-	-	-	138,084
Pass-Through Virginia Institute of Marine Science	11.RD	70,258	-	-	-	70,258
Department of Commerce - Other	11.RD	2,962	-	-	-	2,962
<b>Total DOC</b>		<b>22,761,455</b>	<b>-</b>	<b>23,571,742</b>	<b>-</b>	<b>46,333,197</b>
<b><u>Department of Defense (DOD)</u></b>						
Contract /Other	12.000	-	-	159,864	-	159,864
Contract/Other	12.DCA 100-00D- 4008	-	-	2,248,006	-	2,248,006
Contract/Other - Army Research	12.IPA-Agreement 12-W91ZLK-04-P-	-	-	82,348	-	82,348
Contract / Other	0950	98,932	-	-	-	98,932
Contract / Other	12-W91ZLK-05-P- 1210	20,948	-	-	-	20,948
Pass-Through Micro Analysis & Design, Inc.	12.Unknown 12.DTRA01-01D-	10,237	-	-	-	10,237
Pass-Through Bechtel National, Inc.	001	16,159	-	-	-	16,159
Contract / Other - National Defense Library	12.0509028285	-	-	128,541	-	128,541
Contract/ Other - National Defense Library	12.0401237173	-	-	19,178	-	19,178
Contract/ Other - National Defense Library	12.0511159442	-	-	126,720	-	126,720
Contract/ Other - Natinal Security Agency	12.H-98230-05-C- 0433	-	-	155,371	-	155,371
Pass-Through Jackson State University	12.64-6000507	-	-	(1,534)	-	(1,534)
Procurement Technical Assistance for Business Firms	12.002	-	-	379,885	-	379,885
Planning Assistance to States	12.110	-	-	120,688	-	120,688
State Memorandum of Agreement Program for the Reimbursement of Tech. Service	12.113	-	-	570,784	-	570,784
Basic and Applied Scientific Research	12.300	90,350	-	1,164,064	-	1,254,414
Pass-Through Oak Management, Inc.	12.300	-	-	39,272	-	39,272
Pass-Through WILLCOR, Inc.	12.300	-	-	251,002	-	251,002
National Guard Military Operations and Maintenance (O&M) F	12.401	-	-	10,285,540	-	10,285,540
National Guard Civilian Youth Opportunities	12.404	-	-	2,292,320	-	2,292,320
Military Medical Research and Development	12.420	-	-	87,440	-	87,440
Basic Scientific Research	12.431	1,687,994	-	334,489	-	2,022,483
Motor Week Energy	12.678	-	-	150,000	-	150,000
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	-	39,489	-	39,489
Pass-Through Academy of Applied Science	12.630	-	-	3,101	-	3,101
Air Force Defense Research Sciences	12.800	59	-	262,733	-	262,792
Language Grant Program	12.900	-	-	-	-	-

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Defense (DOD), cont.</u></b>						
Pass-Through Bryn Mawr College	12.900	-	-	40,761	-	40,761
Mathematical Sciences Grant Program	12.901	-	-	245,821	-	245,821
Information Security Grant Program	12.902	-	-	303,876	-	303,876
Research and Technology Development: Pass-Through Telecordia Technologies	12.910	-	-	236,120	-	236,120
Department of the Army, Office of the Chief of Engineers	12.RD	489,779	-	-	-	489,779
Pass-Through Bellcore Company	12.RD	1,128,640	-	-	-	1,128,640
US Army, Material Command	12.RD	9,129,432	-	-	-	9,129,432
Pass-Through Boston University	12.RD	152,431	-	-	-	152,431
Pass-Through Georgetown University	12.RD	12,263	-	-	-	12,263
Pass-Through Henry M. Jackson Foundation	12.RD	572,009	-	-	-	572,009
Pass-Through University of California	12.RD	94,147	-	-	-	94,147
Pass-Through University of California, Los Angeles	12.RD	82,809	-	-	-	82,809
Pass-Through University of Rochester Institute of Optics	12.RD	170,164	-	-	-	170,164
U.S. Army, Medical Command	12.RD	3,987,866	-	-	-	3,987,866
Department of the Army, National Guard Bureau	12.RD	58,196	-	-	-	58,196
Department of the Navy, Office of Chief of Naval Research	12.RD	11,311,090	-	-	-	11,311,090
Pass-Through Johns Hopkins Applied Physics Lab	12.RD	81,884	-	-	-	81,884
Pass-Through Johns Hopkins University	12.RD	213,755	-	-	-	213,755
Pass-Through University of Illinois at Urbana-Champaign	12.RD	48,557	-	-	-	48,557
Pass-Through University of Texas	12.RD	108,816	-	-	-	108,816
Department of the Air Force, Material Command	12.RD	3,621,559	-	-	-	3,621,559
National Security Agency	12.RD	34,351,221	-	-	-	34,351,221
Pass-Through BAE Systems of North America	12.RD	535,911	-	-	-	535,911
Pass-Through Battelle	12.RD	301,807	-	-	-	301,807
Pass-Through George Mason University	12.RD	1	-	-	-	1
Pass-Through IBM Corporation	12.RD	573,648	-	-	-	573,648
Pass-Through Nevada System of Higher Education	12.RD	9,250	-	-	-	9,250
Pass-Through New Mexico State University	12.RD	174,253	-	-	-	174,253
Pass-Through RABA Technologies, LLC	12.RD	32,027	-	-	-	32,027
Defense Advanced Research Projects Agency:	12.RD	1,367,716	-	-	-	1,367,716
Pass-Through Stanford University	12.RD	47,770	-	-	-	47,770
Pass-Through University of Southern California	12.RD	17,732	-	-	-	17,732
Office of Economic Assistance	12.RD	72,018	-	-	-	72,018
Office of the Secretary of Defense	12.RD	966,425	-	-	-	966,425
Pass-Through Georgia Institute of Technology	12.RD	4,040	-	-	-	4,040
National Defense University	12.RD	1,220,034	-	-	-	1,220,034
<b>Total DOD</b>		72,861,929	-	19,725,879	-	92,587,808

**STATE OF MARYLAND  
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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Central Intelligence agency (CIA)</u></b>						
Contract/Other	13.RD	104,576	-	-	-	104,576
Central Intelligence Agency	13.RD	1,005,388	-	-	-	1,005,388
<b>Total CIA</b>		<b>1,109,964</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,109,964</b>
<b><u>Department of Housing &amp; Urban Development (HUD)</u></b>						
Department of Housing and Urban Development	14.000	-	-	1,038,019	-	1,038,019
<b>Section 8 Project-Based Cluster</b>						
Section 8 New Construction & Substantial Rehab.	14.182	-	-	54,637	-	54,637
Section 8 Housing Assistance Payments Program	14.195	-	-	134,198,485	-	134,198,485
Lower Income Housing Assistance Program: Section 8 Moderate Rehab.	14.856	-	-	520,321	-	520,321
<b>Total Section 8 Project-Based Cluster</b>					<b>134,773,443</b>	
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	-	-	29,196	-	29,196
Community Development Block Grant/Small Cities Program	14.219	-	-	10,188,373	-	10,188,373
Community Development Block Grant/State's Program	14.228	-	-	726,352	-	726,352
Supportive Housing Program	14.235	-	-	670,364	-	670,364
Shelter Plus Care	14.238	-	-	2,684,629	-	2,684,629
HOME Investment Partnership Program	14.239	-	-	8,957,862	-	8,957,862
Housing Opportunities for Persons with AIDS	14.241	-	-	326,179	-	326,179
Fair Housing Assistance Program: State and Local	14.401	-	-	521,319	-	521,319
Historical Black Colleges and Universities Programs	14.520	-	-	173,974	-	173,974
Community Outreach Partnership Center	14.511	-	-	80,714	-	80,714
Section 8 Housing Choice Vouchers	14.871	-	-	12,263,505	-	12,263,505
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900	-	-	960,591	-	960,591
Community Planning and Development	14.RD	251,112	-	-	-	251,112
Office of Policy Development and Research	14.RD	177,661	-	-	-	177,661
<b>Total HUD</b>		<b>428,773</b>	<b>-</b>	<b>173,394,520</b>	<b>-</b>	<b>173,823,293</b>
<b><u>Department of the Interior (DOI)</u></b>						
Contract/ Other	15.1443CA309701 200	-	-	13,043	-	13,043
Pass-Through University of New Jersey	15.Unknown	-	-	82	-	82
Pass-Through University of Rhode Island	15.Unknown	-	-	83	-	83
Pass-Through National Fish & Wildlife Foundation	15.Unknown	-	-	2,371	-	2,371
Cultural Resource Management	15.224	-	-	4,282	-	4,282
Wildland Urban Interface Community Fire Assistance	15.228	-	-	2,899	-	2,899
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	-	-	567,753	-	567,753
Abandoned Mine Land Reclamation (AMLR) Program	15.252	-	-	1,123,526	-	1,123,526
<b>Fish and Wild Life Cluster:</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Sport Fish Restoration	15.605	-	-	2,225,900	-	2,225,900

**STATE OF MARYLAND  
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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of the Interior (DOI), Cont.</u></b>						
<b>Fish and Wild Life Cluster, Cont.</b>						
Wildlife Restoration	15.611	-	-	2,336,250	-	2,336,250
Pass-Through Pennsylvania Game Commission	15.611	-	-	4,036	-	4,036
<b>Total Fish and Wild Life Cluster</b>		-	-	-	4,566,186	
Cooperative Endangered Species Conservation Fund	15.615	-	-	682,513	-	682,513
Clean Vessel Act	15.616	-	-	396,669	-	396,669
Wildlife Conservation Appreciation	15.617	-	-	11,632	-	11,632
Wildlife Conservation & Restoration	15.625	-	-	26,678	-	26,678
Costal Program	15.630	-	-	5,000	-	5,000
Landowner Incentive	15.633	-	-	185,877	-	185,877
State Wildlife Grants	15.634	-	-	1,176,814	-	1,176,814
Pass-Through North Dakota Game and Fish Department	15.634	-	-	3,527	-	3,527
US Geological Survey: Research and Data Acquisition	15.808	-	-	188,319	-	188,319
Pass-Through Virginia Polytechnic Institute and State University	15.808	-	-	30,000	-	30,000
National Spatial Data Infrastructure Cooperative Agreements Program	15.809	-	-	14,458	-	14,458
Cooperative Research Units Program	15.812	-	-	10,345	-	10,345
Disposal of Surplus Wildlife	15.900	-	-	10,956	-	10,956
Technical Preservation Services	15.915	-	-	3,056	-	3,056
Historic Preservation Fund Grants-In-Aid	15.904	-	-	638,386	-	638,386
National Historic Landmark	15.912	-	-	29,247	-	29,247
Urban Park & Recreation Recovery Program	15.919	-	-	3,622	-	3,622
National Park Service	15.RD	609,696	-	-	-	609,696
U.S. Fish and Wildlife Service	15.RD	29,023	-	-	-	29,023
Geological Survey	15.RD	390,415	-	-	-	390,415
Other Department of Interior - Research and Development	15.RD	34,757	-	-	-	34,757
Pass-Through University of Southern California	15.RD	174,300	-	-	-	174,300
<b>Total DOI</b>		<b>1,238,191</b>	<b>-</b>	<b>9,697,324</b>	<b>-</b>	<b>10,935,515</b>
<b><u>Department of Justice (DOJ)</u></b>						
Contract / Other	16.000	-	-	529,137	-	529,137
Marijuana Eradication	16.004	-	-	70,325	-	70,325
State Domestic Preparedness Equipment Program	16.007	-	-	1,591	-	1,591
Offender Reentry Program	16.202	-	-	598,506	-	598,506
Juvenile Accountability Incentive Block Grants	16.523	-	-	677,526	-	677,526
Juvenile Justice and Delinquency Prevention: Allocation to States	16.540	-	-	908,826	-	908,826
Juvenile Justice and Delinquency Prevention	16.541	-	-	459,130	-	459,130
Missing Children's assistance	16.543	-	-	152,460	-	152,460
Title V: Delinquency Prevention Program	16.548	-	-	207,312	-	207,312
OJJDP, Part E_State Challenge Activities	16.549	-	-	75,814	-	75,814

**STATE OF MARYLAND  
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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Justice (DOJ), cont.</u></b>						
National Criminal History Improvement Program (NCHIP)	16.554	-	-	1,002,640	-	1,002,640
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	-	-	3,293,641	-	3,293,641
Forensic DNA Lab Improvement	16.564	-	-	1,894,793	-	1,894,793
Crime Victim Assistance	16.575	-	-	7,399,912	-	7,399,912
Crime Victim Compensation	16.576	-	-	1,400,000	-	1,400,000
Byrne Formula Grant Program	16.579	-	-	4,562,616	-	4,562,616
Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program	16.580	-	-	4,667,322	-	4,667,322
Crime Victim Assistance/Discretionary Grants	16.582	-	-	60,000	-	60,000
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	-	-	4,127,195	-	4,127,195
Violence Against Women Formula Grants	16.588	-	-	2,056,244	-	2,056,244
Grant to Encourage Arrest Policies and Enforcement Of Protection Orders	16.590	-	-	110,888	-	110,888
Local Law Enforcement Block Grants Program	16.592	-	-	370,317	-	370,317
Residential Substance Abuse Treatment for State Prisoners	16.593	-	-	1,183,721	-	1,183,721
State Criminal Alien Assistance Program	16.606	-	-	985,416	-	985,416
Bulletproof Vest Partnership Program	16.607	-	-	20,993	-	20,993
Regional Information Sharing Systems	16.610	-	-	278,695	-	278,695
Wildlife Conservation and Protection	16.625	-	-	239	-	239
Public Safety Partnership and Community Policing	16.710	-	-	2,054,240	-	2,054,240
Pass-Through City of New Carrollton	16.710	-	-	(11)	-	(11)
Enforcing Underage Drinking Laws Program	16.727	-	-	199,501	-	199,501
EDWARD BYRNE MEMORIAL JUSTICE ASSISTANCE GRANT PROGRAM	16.738	-	-	2,599,104	-	2,599,104
Bureau of Justice Assistance	16.RD	452,264	-	-	-	452,264
Pass-Through American Statistical Association	16.RD	33,910	-	-	-	33,910
Pass-Through University of Pennsylvania	16.RD	127,786	-	-	-	127,786
Office of Justice Programs	16.RD	317,167	-	-	-	317,167
Pass-Through Virginia Polytechnic Institute and State University	16.RD	(16,035)	-	-	-	(16,035)
Office of National Drug Control Policy	16.RD	7,664,538	-	-	-	7,664,538
National Institute of Justice	16.RD	56,475	-	-	-	56,475
<b>Total DOJ</b>		<u>8,636,105</u>	-	<u>41,948,093</u>	-	<u>50,584,198</u>
<b><u>Department of Labor (DOL)</u></b>						
Labor Statistics	17.002	-	-	1,326,586	-	1,326,586
Compensation and Working Conditions	17.005	-	-	214,170	-	214,170
Labor Certification for Alien Workers	17.203	-	-	511,482	-	511,482
<b>Employment Service Cluster:</b>						
Employment Service	17.207	-	-	13,753,408	-	13,753,408
Disabled Veterans' Outreach Program (DVOP)	17.801	-	-	1,653,036	-	1,653,036
Local Veterans' Employment Representative Program	17.804	-	-	<u>1,434,114</u>	-	1,434,114
<b>Total Employment Service Cluster</b>		-	-		16,840,558	

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Labor (DOL), cont.</u></b>						
Work Incentives Grant	17.266	-	-	631,449	-	631,449
WIA Incentive Grants_Section 503 Grants to States	17.267	-	-	1,103,894	-	1,103,894
Employment Programs for People with Disabilities	17.720	-	-	321,718	-	321,718
Unemployment Insurance (Note 2)	17.225	-	-	473,597,386	-	473,597,386
Senior Community Service Employment Program	17.235	-	-	1,184,943	-	1,184,943
Trade Adjustment Assistance : Workers	17.245	-	-	2,092,304	-	2,092,304
WIA State Wide Contract	17.255	-	-	150	-	150
GWIB - Health Worker Initiative	17.257	-	-	580,950	-	580,950
<b>WIA Cluster</b>						
Workforce Investment Act: Adult Program	17.258	-	-	12,282,096	-	12,282,096
Workforce Investment Act: Youth Activities	17.259	-	-	8,654,845	-	8,654,845
Workforce Investment Act: Dislocated Workers	17.260	-	-	12,356,750	-	12,356,750
Pass-Through Chesapeake College	17.260	-	-	40	-	40
<b>Total Wia Cluster</b>					33,293,731	
Employment and Training Administration Pilots, Demonstratio	17.261	-	-	27,276	-	27,276
Occupational Safety and Health: State Program	17.503	-	-	3,925,074	-	3,925,074
Consultation Agreements	17.504	-	-	904,622	-	904,622
Occupational Illness & Injury Prevention	17.600	-	-	23,051	-	23,051
Dol/Mine Safety Digitizing Mine Maps	17.601	-	-	1,393	-	1,393
<b>Total DOL</b>		-	-	536,580,737		536,580,737
<b><u>Department of State (DOS)</u></b>						
Pass-Through Open Society Institute	19.Unknown 19.SLMAQM-01-D-	-	-	139,222	-	139,222
Contract/Other/Office of Medical Services	0267	16,315	-	-	-	16,315
Pass-Through Institute International Education	19.401	-	-	25,577	-	25,577
Educational Partnerships Program	19.424	-	-	-	-	-
Pass-Through Garrett College	19.424	-	-	1,616	-	1,616
International Education Training and Research	19.430	-	-	61,412	-	61,412
Bureau of Diplomatic Security	19.RD	118,399	-	-	-	118,399
Bureau of Educational and Cultural Affairs	19.RD	5,451	-	-	-	5,451
<b>Total DOS</b>		140,165	-	227,827		367,992
<b><u>Department of Transportation (DOT)</u></b>						
Contract/ Other	20.Unknown 20.57-	-	-	71	-	71
Pass-Through South Carolina State University	600095020.FAA	-	-	52,028	-	52,028
Airport Improvement Program	20.106	-	-	16,067,288	-	16,067,288
Highway Research and Development Program	20.200	28,667	-	-	-	28,667
Highway Planning and Construction	20.205	-	-	697,209,952	-	697,209,952

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Transportation (DOT), cont.</u></b>						
Highway Training and Education	20.215	-	19,710	183,840	-	203,550
Pass-Through Institute for Traffic Engineers	20.215	-	-	2,072	-	2,072
National Motor Carrier Safety	20.218	-	-	706,139	-	706,139
Fra - Maglev	20.312	-	-	37,303	-	37,303
Commercial Driver Lic Grant Agreement	20.232	-	-	217,458	-	217,458
<b>Highway Planning and Construction Cluster</b>						
Federal Transit: Metropolitan Planning Grants	20.505	3,728	-	6,319,716	-	6,323,444
Appalachian Development Highway System	23.003	-	-	<u>275,882</u>	-	275,882
<b>Total Hwy. Planning &amp; Constr. Cluster</b>					6,595,598	
<b>Federal Transit Cluster:</b>						
Federal Transit: Capital Investment Grants	20.500	-	-	46,909,802	-	46,909,802
Federal; Transit: Formula Grants	20.507	-	-	<u>71,846,498</u>	-	71,846,498
<b>Total Federal Transit Cluster</b>					118,756,300	
Formula Grants for Other Than Urbanized Areas	20.509	-	-	2,915,085	-	2,915,085
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	-	-	975,451	-	975,451
Job Access: Reverse Commute	20.516	-	-	1,818,070	-	1,818,070
State and Community Highway Safety	20.600	-	-	9,024,858	-	9,024,858
University Transportation Centers Program	20.701	(17,034)	-			(17,034)
Interagency Hazardous Materials Public Sector Training and Planning	20.703	-	-	150,149	-	150,149
Development and Promotion of Ports and Intermodal Transpo	20.801	-	-	4,595,371	-	4,595,371
Federal Aviation Administration	20.RD	1,295,858	-	-	-	1,295,858
Pass-Through National Cooperative Highway Research Program	20.RD	(6,898)	-	-	-	(6,898)
Federal Motor Carrier Safety Administration	20.RD	196,026	-	-	-	196,026
Pass-Through University of North Carolina at Chapel Hill	20.RD	72,685	-	-	-	72,685
National Highway Traffic Safety Administration	20.RD	680,753	-	-	-	680,753
Other Research and Development	20.RD	<u>(10,665)</u>	-	-	-	<u>(10,665)</u>
<b>Total DOT</b>		<u>2,243,120</u>	19,710	859,307,033		<u>861,569,863</u>
<b><u>Department of Treasury (DOTR)</u></b>						
Pass-Through MD Volunteer Lawyers Services, Inc.	21.RD	25,437	-	-	-	25,437
<b><u>Appalachian Regional Council (ARC)</u></b>						
Appalachian Regional Development	23.001	-	-	56,524	-	56,524
Arc Section 207 Housing Fd	23.005	-	-	200,000	-	200,000
Appalachian Local Access Roads	23.008	-	-	675,992	-	675,992
Appalachian State Research, Technical Assistance	23.011	-	-	<u>214,045</u>	-	<u>214,045</u>
<b>Total ARC</b>		-	-	<u>1,146,561</u>		<u>1,146,561</u>

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Equal Employment Opportunity Committee (EEOC)</u></b>						
Employment Discrimination: State and Local Fair Employment Practices Agency Contracts	30.002	-	-	325,618	-	325,618
<b><u>General Services Administration (GSA) - Non-Cash Expenditure</u></b>						
Help America Vote Act	39.001	-	-	18,232,132	-	18,232,132
Donation of Federal Surplus Property Program (Note 3)	39.003	-	-	170,853	-	170,853
<b>Total GSA</b>		-	-	18,402,985	-	18,402,985
<b><u>Library of Congress</u></b>						
Library of Congress	42.RD	173,963	-	-	-	173,963
<b><u>National Aeronautics and Space Administration (NASA)</u></b>						
Contract/ Other	43.046GC250- NSAS-2	-	-	34,523	-	34,523
Pass-Through New Mexico State University	43.Unknown	-	-	2,847	-	2,847
Aerospace Education Services Program	43.001	4,242,097	-	573,232	-	4,815,329
Aerospace Education Services Program	43.001	-	-	1,307,635	-	1,307,635
Pass-Through Diversified Career and Educational Services Program	43.001	-	-	9,866	-	9,866
Pass-Through Jet Propulsion Lab	43.001	-	-	202,981	-	202,981
Pass-Through Woods Hole Oceanographic Institute	43.001	-	-	37,114	-	37,114
Technology Transfer	43.002	-	-	50,952	-	50,952
NASA	43.RD	53,490,285	-	-	-	53,490,285
Pass-Through AdTech Photonics, Inc.	43.RD	25,234	-	-	-	25,234
Pass-Through Apeak, Inc.	43.RD	7,863	-	-	-	7,863
Pass-Through Ball State University	43.RD	35,664	-	-	-	35,664
Pass-Through Boston University	43.RD	33,755	-	-	-	33,755
Pass-Through California Institute of Technology	43.RD	308,331	-	-	-	308,331
Pass-Through Carnegie Mellon University	43.RD	(15,526)	-	-	-	(15,526)
Pass-Through Columbia University	43.RD	132,091	-	-	-	132,091
Pass-Through Cornell University	43.RD	759	-	-	-	759
Pass-Through George Mason University	43.RD	50,727	-	-	-	50,727
Pass-Through Georgia Institute of Technology	43.RD	93,144	-	-	-	93,144
Pass-Through Jet Propulsion Lab	43.RD	374,209	-	-	-	374,209
Pass-Through Johns Hopkins University	43.RD	2,502	-	-	-	2,502
Pass-Through Johns Hopkins University/Applied Physics Lab	43.RD	231,672	-	-	-	231,672
Pass-Through Lunar and Planetary Institute	43.RD	9,871	-	-	-	9,871
Pass-Through Massachusetts Institute of Technology	43.RD	31,207	-	-	-	31,207
Pass-Through Michigan State University	43.RD	233,343	-	-	-	233,343
Pass-Through National Institute of Aerospace	43.RD	755,479	-	-	-	755,479

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<b><u>National Aeronautics and Space Administration (NASA), cont.</u></b>						
Pass-Through Oregon State University	43.RD	99,482	-	-	-	99,482
Pass-Through Science and Engineering Service, Inc.	43.RD	57,813	-	-	-	57,813
Pass-Through Smithsonian Astrophysical Observatory	43.RD	22,055	-	-	-	22,055
Pass-Through Smithsonian Astrophysical Observatory	43.NAS8-39073	1,188	-	-	-	1,188
Pass-Through Southwest Research Institute	43.RD	36,072	-	-	-	36,072
Pass-Through Space Telescope Science Institute	43.RD	262,154	-	-	-	262,154
Pass-Through University of Arizona at Tucson	43.RD	17,958	-	-	-	17,958
Pass-Through University of California	43.RD	18,067	-	-	-	18,067
Pass-Through University of California, Los Angeles	43.RD	104,377	-	-	-	104,377
Pass-Through University of California at Berkley - Space Science Lab	43.RD	210	-	-	-	210
Pass-Through University of California, Santa Barbara	43.RD	37,845	-	-	-	37,845
Pass-Through University Corporation for Atmospheric Research	43.RD	26,490	-	-	-	26,490
Pass-Through University of Delaware	43.RD	5,238	-	-	-	5,238
Pass-Through University of New Mexico	43.RD	(2,363)	-	-	-	(2,363)
Pass-Through University of Oregon	43.RD	414	-	-	-	414
Pass-Through University of Texas-Austin	43.RD	157,418	-	-	-	157,418
Pass-Through University of Wisconsin	43.RD	63,997	-	-	-	63,997
Pass-Through Yale University	43.RD	86,150	-	-	-	86,150
<b>Total NASA</b>		<b>61,037,272</b>	<b>-</b>	<b>2,219,150</b>	<b>-</b>	<b>63,256,422</b>
<b><u>National Found. on the Arts and Humanities (NFAH)</u></b>						
Promotion of the Arts: Grants to Organizations and Individuals	45.024	-	-	56,580	-	56,580
Promotion of the Arts: Partnership Agreements	45.025	-	-	557,753	-	557,753
Promotion of the Arts: Leadership Initiatives	45.026	-	-	30,000	-	30,000
Promotion of the Humanities: Division of Preservation and Access	45.149	-	-	32,894	-	32,894
Promotion for the Humanities - Research	45.161	3,858	-	47,413	-	51,271
Promotion of the Humanities: Seminars and Institutes	45.163	16,737	-	146,549	-	163,286
Promotion of the Humanities: Public Programs	45.164	-	-	1,000	-	1,000
Institute of Museum and Library Services	45.301	-	-	51,411	-	51,411
Museum Assessment Program	45.302	-	-	(419)	-	(419)
State Library Program	45.310	-	-	2,439,030	-	2,439,030
Institute of Museum and Library Services: National Leadership Grants	45.312	-	-	347	-	347
Librarians for the 21st Century	45.313	-	-	44,671	-	44,671
National Endowment for the Arts	45.RD	6,461	-	-	-	6,461
National Endowment for the Humanities	45.RD	16,973	-	-	-	16,973
Pass-Through Dance USA	45.RD	8,000	-	-	-	8,000
<b>Total NFAH</b>		<b>52,029</b>	<b>-</b>	<b>3,407,229</b>	<b>-</b>	<b>3,459,258</b>

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<b><u>National Science Foundation (NSF)</u></b>						
Engineering Grants	47.041	568,012	-	204,174	-	772,186
Pass-Through Johns Hopkins University	47.041	251,148	-	-	-	251,148
Pass-Through GE Foundation	47.041	-	-	114,333	-	114,333
Pass-Through Alfred P Sloan Foundation	47.041	-	-	1,992	-	1,992
Mathematical and Physical Sciences	47.049	16,467	-	260,579	-	277,046
Pass-Through National Physical Science Consortium	47.049	-	-	(35,460)	-	(35,460)
Pass-Through Alfred P Sloan Foundation	47.049	-	-	30,228	-	30,228
Geoscience	47.050	5,425	-	35,043	-	40,468
Computer and Information Science and Engineering	47.070	-	-	244,377	-	244,377
Pass-Through Intel Foundation	47.070	-	-	(10,711)	-	(10,711)
Pass-Through Wayne State University	47.070	-	-	(6,486)	-	(6,486)
Biological Science	47.074	61,363	-	167,261	-	228,624
Pass-Through American Heart Association	47.074	-	-	25,976	-	25,976
Pass-Through George Washington University	47.074	-	-	60,198	-	60,198
Pass-Through Institute of Ecosystem Studies	47.074	-	-	165,983	-	165,983
Pass-Through National Park Foundation	47.074	-	-	61,731	-	61,731
Pass-Through Southeastern Universities Research Association/Jefferson Lab	47.074	-	-	11,706	-	11,706
Social, Behavioral, and Economic Sciences	47.075	6,570	-	639,633	-	646,203
Pass-Through American Psychological Association	47.075	-	-	70,994	-	70,994
Pass-Through Florida Education Fund	47.075	-	-	18,210	-	18,210
Pass-Through The William & Flora Hewlett Foundation	47.075	-	-	42,848	-	42,848
Pass-Through Gilder Lehrman Institute	47.075	-	-	28,559	-	28,559
Pass-Through National Academy of Sciences	47.075	-	-	10,810	-	10,810
Pass-Through Open Society Institute	47.075	-	-	45,399	-	45,399
Pass-Through Alfred P Sloan Foundation	47.075	-	-	24,003	-	24,003
Education and Human Resources	47.076	648,602	-	10,824,505	-	11,473,107
Pass-Through American Physical Society	47.076	-	-	12,595	-	12,595
Pass-Through Baltimore County Public Schools	47.076	-	-	(355,471)	-	(355,471)
Pass-Through Massachusetts Foundation for the Humanities	47.076	-	-	(370)	-	(370)
Pass-Through Prince George's Community College	47.076	-	-	41,953	-	41,953
Pass-Through University of Missouri-St. Louis	47.076	-	-	67,720	-	67,720
Pass-Through Howard University	47.076	271,861	-	-	-	271,861
National Science Foundation (NSF)	47.RD	53,611,354	-	-	-	53,611,354
Pass-Through Association of Institutional Research	47.RD	16,656	-	-	-	16,656
Pass-Through Auburn University	47.RD	64,580	-	-	-	64,580
Pass-Through Blue Wave Semiconductors	47.RD	1,746	-	-	-	1,746
Pass-Through Boston University	47.RD	189,698	-	-	-	189,698

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<b><u>National Science Foundation (NSF), cont.</u></b>						
Pass-Through Brown University	47.RD	24,658	-	-	-	24,658
Pass-Through California Institute of Technology	47.RD	12,345	-	-	-	12,345
Pass-Through Clark University	47.RD	16,463	-	-	-	16,463
Pass-Through Cornell University	47.RD	765	-	-	-	765
Pass-Through Columbia University	47.RD	53,864	-	-	-	53,864
Pass-Through Dartmouth College	47.RD	21,488	-	-	-	21,488
Pass-Through Duke University	47.RD	91,378	-	-	-	91,378
Pass-Through George Mason University	47.RD	28,344	-	-	-	28,344
Pass-Through George Mason University	C-A081	1,325	-	-	-	1,325
Pass-Through Johns Hopkins University	47.RD	(473)	-	-	-	(473)
Pass-Through Institute of Ecosystem Studies	47.RD	22,860	-	-	-	22,860
Pass-Through Institute for Genomic Research	47.RD	133,897	-	-	-	133,897
Pass-Through Institute for Systems Biology	47.RD	104,145	-	-	-	104,145
Pass-Through The International Society for Optical Engineering	47.RD	(618)	-	-	-	(618)
Pass-Through Iowa State University	47.RD	214,999	-	-	-	214,999
Pass-Through Michigan State University	47.RD	19,542	-	-	-	19,542
Pass-Through National Bureau of Economic Research, Inc.	47.RD	17,578	-	-	-	17,578
Pass-Through New Jersey Institute of Technology	47.RD	41,280	-	-	-	41,280
Pass-Through Pennsylvania State University	47.RD	55,090	-	-	-	55,090
Pass-Through Princeton University	47.RD	11,153	-	-	-	11,153
Pass-Through Purdue University	47.RD	141,161	-	-	-	141,161
Pass-Through Rutgers University	47.RD	(2)	-	-	-	(2)
Pass-Through Shoah Foundation	47.RD	316,843	-	-	-	316,843
Pass-Through University of California, Irvine	47.RD	29,317	-	-	-	29,317
Pass-Through Siena College	47.RD	285,057	-	-	-	285,057
Pass-Through University of California, Los Angeles	47.RD	505,223	-	-	-	505,223
Pass-Through University California, San Diego	47.RD	141,324	-	-	-	141,324
Pass-Through University of Connecticut	47.RD	32,777	-	-	-	32,777
Pass-Through University of Delaware	47.RD	88,465	-	-	-	88,465
Pass-Through University of Michigan	47.RD	136,648	-	-	-	136,648
Pass-Through University of New Hampshire	47.RD	15,554	-	-	-	15,554
Pass-Through University of Virginia	47.RD	33,597	-	-	-	33,597
Pass-Through University of Washington	47.RD	41,462	-	-	-	41,462
Pass-Through University of Western Michigan	47.RD	81,001	-	-	-	81,001
Pass-Through University of Wisconsin	47.RD	1,488,626	-	-	-	1,488,626
Pass-Through US Civilian Research and Development Foundation	47.RD	7,158	-	-	-	7,158
Pass-Through Venture Group	47.RD	106,481	-	-	-	106,481

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>National Science Foundation (NSF), cont.</u></b>						
Pass-Through Virginia Commonwealth University	47.RD	87,766	-	-	-	87,766
Pass-Through Washington State University	47.RD	5,210	-	-	-	5,210
Pass-Through XMITT, Inc.	47.RD	(621)	-	-	-	(621)
<b>Total NSF</b>		60,126,612	-	12,802,312	-	72,928,924
<b><u>Small Business Administration (SBA)</u></b>						
Contract/ Other	59.Unknown	-	-	375	-	375
7(i) Technical Assistance	59.007	140,612	-	-	-	140,612
7(i) Technical Assistance	59.007	302,438	-	-	-	302,438
Small Business Development Center	59.037	-	-	1,380,213	-	1,380,213
<b>Total SBA</b>		443,050	-	1,380,588	-	1,823,638
<b><u>Veterans Administration (VA)</u></b>						
Contact/Other	64.IPA Agreement	118,997	-	96,042	-	215,039
Veterans State Domiciliary Care	64.014	-	-	4,280,189	-	4,280,189
Burial Expenses Allowance	64.101	-	-	667,529	-	667,529
Vocational Rehabilitation for Disabled Veterans	64.116	-	606	-	-	606
Vocational and Educational Counseling for Service Members and Veterans	64.125	-	-	233,250	-	233,250
Veterans Health Administration - Research and Development	64.RD	6,600,510	-	-	-	6,600,510
<b>Total Veterans Administration (VA)</b>		6,719,507	606	5,277,010	-	11,997,123
<b><u>Environmental Protection Agency (EPA)</u></b>						
Contract/ Other						
Pass-Through RTI Inter. Research Triangle Instit.	66.GS-10F-0283K	24,704	-	-	-	24,704
Contract/Other	66.02-01AA-189	(2,806)	-	-	-	(2,806)
Contract/Other	66.HQ.506.04.06N	51,048	-	-	-	51,048
Contract/Other	66.HQ.457.02.0SE	36,443	-	-	-	36,443
MD Transit Bus Retrofit Program	66.034	-	-	569,977	-	569,977
Survey Studies, Investigations	66.034	-	-	5,632	-	5,632
Congressionally Mandated Projects	66.202	-	-	310,647	-	310,647
Water Pollution Control: State and Interstate Program Support	66.419	-	-	13,176	-	13,176
Surveys, Studies, Demonstrations and Special Purpose Grant	66.424	-	-	1,457	-	1,457
Surveys, Studies, Investigations, Demonstrations	66.436	-	-	111,731	-	111,731
Construction Management Assistance	66.438	-	-	228,173	-	228,173
Water Quality Management Planning	66.454	-	-	256,641	-	256,641
Nonpoint Source Implementation Grants	66.460	-	-	2,903,511	-	2,903,511
Wetlands Protection: Development Grants	66.461	-	-	167,596	-	167,596
National Pollutant Discharge Elimination System Related State Program Grants	66.463	-	-	116,525	-	116,525
Chesapeake Bay Program	66.466	-	-	4,285,941	-	4,285,941
Operator Certification Expenre Reimbursement	66.471	-	-	20,377	-	20,377
Beach Monitoring and Notification Program Implementation G	66.472	-	-	268,431	-	268,431

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Environmental Protection Agency (EPA), cont.</u></b>						
Water Protection Grants to the States	66.474	-	-	132,799	-	132,799
MD Regulatory Wetland Program Enhancement	66.479	-	-	45,226	-	45,226
Assessment & Watershed Prot	66.480	-	-	12,155	-	12,155
Environmental Protection Consolidated Research	66.500	-	-	8,063	-	8,063
Off. of Res. and Dev. Cons Res.	66.511	-	-	43,174	-	43,174
Fellowships for Undergraduate/Graduate Environmental Study	66.513	-	-	7,386	-	7,386
Science to Achieve Results Fellowship Program	66.514	-	-	12,746	-	12,746
P3 Award: National Student Design Competition for Sustainability	66.516	-	-	892	-	892
Performance Partnership Grants (PPGs)	66.605	-	-	9,758,711	-	9,758,711
Surveys, Studies, Investigations and Special Purpose Grants	66.606	88,383	-	791,964	-	880,347
Training and Fellowships for the Environmental Protection Agency	66.607	-	-	4,445	-	4,445
Environmental Information Exchange Network Grant Program	66.608	-	-	123,273	-	123,273
Environmental Policy & Innovation Grants	66.611	-	-	24,773	-	24,773
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	-	-	385,478	-	385,478
Pollution Prevention Grants Program	66.708	-	-	89,537	-	89,537
Capacity Building Grants and Co-operative Agreements	66.709	-	-	21,217	-	21,217
Superfund State Site: Specific Cooperative Agreements	66.802	-	-	493,276	-	493,276
Leaking Underground Storage Tank Trust Fund Program	66.805	-	-	366,423	-	366,423
Solid Waste Management Assistance	66.808	-	-	1,190,532	-	1,190,532
Superfund State and Indian Tribe Core Program: Cooperative Agreements	66.809	-	-	202,479	-	202,479
State and Tribal Response Program Grants	66.817	-	-	930,521	-	930,521
Brownfields Assessment and Cleanup Cooperative Agreemer	66.818	-	-	77,300	-	77,300
Environmental Education and Training Program	66.950	-	-	2,016	-	2,016
Environment Protection Agency	66.RD	(156,160)	-	-	-	(156,160)
Office of Administration	66.RD	129,313	-	-	-	129,313
Office of Environmental Education	66.RD	100	-	-	-	100
Pass-Through Washington State University	66.RD	2,915	-	-	-	2,915
Office of Research and Development	66.RD	1,862,829	-	-	-	1,862,829
Pass-Through Center for Watershed Protection	66.RD	25,477	-	-	-	25,477
Pass-Through Chesapeake Research Consortium, Inc.	66.RD	124,255	-	-	-	124,255
Pass-Through Johns Hopkins University	66.RD	5,980	-	-	-	5,980
Pass-Through Menzie Cura and Associates	66.RD	1,541	-	-	-	1,541
Pass-Through Metropolitan Washington Council of Govern	66.RD	25,256	-	-	-	25,256
Pass-Through University of Missouri-Columbia	66.RD	23	-	-	-	23
Office of Prevention, Pesticides and Toxic Substances	66.RD	(3,124)	-	-	-	(3,124)

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Environmental Protection Agency (EPA). cont.</u></b>						
Office of Water	66.RD	209,210	-	-	-	209,210
Pass-Through Natio+B685nal Esturay Program	66.RD	1,331	-	-	-	1,331
<b>Total EPA</b>		<b>2,426,718</b>	<b>-</b>	<b>23,984,201</b>	<b>-</b>	<b>26,410,919</b>
<b><u>National Regulator Commissioin(NRC)</u></b>						
Other National Regulatory Commission - Research and Development	77.RD	407,891	-	-	-	407,891
<b><u>Department of Energy (DOE)</u></b>						
Contract/Other	81.051 81.DE-FG02-	-	-	132,471	-	132,471
Contract/Other	05ER64082 81.DE-FG02-	69,965	-	-	-	69,965
Contract/Other	05ER63230 81DE-	275,997	-	-	-	275,997
Contract/Other	FG0299ER628539 81.DE-AC05-	252,612	-	-	-	252,612
Contract/Other	76RL01830	49,666	-	-	-	49,666
National Energy Information Center	81.039	-	-	11,609	-	11,609
State Energy Program	81.041	-	-	785,644	-	785,644
Weatherization Assistance for Low-Income Persons	81.042	-	-	2,899,291	-	2,899,291
Institutional Conversation Program	81.052	-	-	25,521	-	25,521
Conservation Research and Development	81.086	-	-	7,172	-	7,172
University Nuclear Science and Reactor Support	81.114	-	-	(35,434)	-	(35,434)
Energy Efficiency and Renewable Energy	81.117	-	-	196,777	-	196,777
State Energy Program Special Projects Pass-Through Virginia Polytechnic Institute and State University	81.119 81.RD	-	-	427,273	-	427,273
University Coal Research	81.057	811,865	-	-	-	811,865
Office of Fossil Energy	81.RD	6,018	-	-	-	6,018
Office of Nuclear Energy	81.RD	2,629	-	-	-	2,629
Pass-Through North Carolina State University	81.RD	271,440	-	-	-	271,440
Office of Science	81.RD	4,680,910	-	-	-	4,680,910
Pass-Through Northern Arizona University	81.RD	125,711	-	-	-	125,711
Pass-Through University of Massachusetts	81.RD	3,269	-	-	-	3,269
Other Department of Energy - Research and Development	81.RD	4,821,198	-	-	-	4,821,198
Pass-Through Advance Materials Corporation	81.RD	12,077	-	-	-	12,077
Pass-Through Advanced Resources International, Inc.	81.RD	27,433	-	-	-	27,433
Pass-Through Battelle Corporation	81.DE-AC05- 76RL01830	101,515	-	-	-	101,515
Pass-Through Fermilab	81.RD	(43,909)	-	-	-	(43,909)
Pass-Through Harvard University	81.RD	115,026	-	-	-	115,026
Pass-Through Lawrence Livemore National Laboratory	81.RD	6	-	-	-	6
Pass-Through Sandia National Labs	81.RD	34,447	-	-	-	34,447
Pass-Through University of California	81.RD	23,831	-	-	-	23,831
Pass-Through University of Wisconsin	81.RD	247,592	-	-	-	247,592
<b>Total DOE</b>		<b>11,890,070</b>	<b>-</b>	<b>4,450,324</b>	<b>-</b>	<b>16,340,394</b>

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b>Federal Emergency Management Agency (FEMA)</b>						
Contract/ Other	83.Unknown	-	-	20,308	-	20,308
National Fire Academy Educational Programs	83.010	-	-	5,000	-	5,000
Crisis, Counseling (Hurricane Isabel)	83.105	-	-	637,500	-	637,500
FY'03 State Dam Safety Program	83.550	-	-	14,435	-	14,435
<b>Total FEMA</b>		-	-	<u>677,243</u>	-	<u>677,243</u>
<b>Department of Education (DED)</b>						
Contract/Other	84.Unknown	-	-	19,923	-	19,923
DED Contract/Other: Pass-Through Lower Shore Private Council	84.52-1309382	-	-	20,643	-	20,643
Contract/Other	84.ED-04-CO-0141	(9,476)	-	-	-	(9,476)
Adult Education: State Grant Program	84.002	-	454,847	10,056,243	-	10,511,090
Title I Grants to Local Educational Agencies	84.010	-	-	138,857,670	-	138,857,670
Pass-Through Baltimore City Public Schools	84.010	-	-	148,065	-	148,065
Migrant Education: State Grant Program	84.011	-	-	343,023	-	343,023
Title I Program for Neglected and Delinquent Children	84.013	-	-	1,556,696	-	1,556,696
International Research & Studies	84.017	-	-	98,664	-	98,664
Overseas Faculty Research Abroad	84.019	-	-	111,725	-	111,725
International: Overseas: Group Projects Abroad	84.021	-	-	87,644	-	87,644
Overseas Doctoral Dissertation	84.022	-	-	10,483	-	10,483
Idea - Part E Innovation & Development	84.023	-	-	558,413	-	558,413
<b>Special Education Cluster</b>						
Special Education - Grants to States	84.027	-	-	168,219,915	-	168,219,915
Pass-Through Governmental of the District of Columbia	84.027	-	-	117,462	-	117,462
Pass-Through Delaware Department of Education	84.027	-	-	9,133	-	9,133
Pass-Through Public Schools of North Carolina	84.027	-	-	76,603	-	76,603
Pass-Through Virginia Department of Education	84.027	-	-	4,357	-	4,357
Special Education Pre School	84.173	-	-	<u>5,822,583</u>	-	5,822,583
<b>Total Special Education Cluster</b>		-	-	-	174,250,053	-
Higher Education: Institutional Aid	84.031	-	340,029	16,302,746	-	16,642,775
<b>SFA Cluster</b>						
Federal Supplemental Educational Opportunity Grant	84.007	-	7,006,292	-	-	7,006,292
Federal Family Educational Loans	84.032	-	269,750,033	-	-	269,750,033
Federal Work-Study Program	84.033	-	7,101,458	-	-	7,101,458
Federal Perkins Loan Prog.: Fed. Capital Contributions	84.038	-	72,072,422	-	-	72,072,422
Federal Pell Grant Program	84.063	-	67,147,305	-	-	67,147,305
Federal Direct Loan	84.268	-	<u>190,696,640</u>	-	-	190,696,640
<b>Total SFA Cluster (DED)</b>		-	-	-	613,774,150	-

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b>Department of Education (DED), cont.</b>						
Federal Perkins Loan Cancellations	84.037	-	1,395,617	-	-	1,395,617
<b>TRIO Cluster</b>						
TRIO: Student Support Services	84.042	-	657,165	1,320,074	-	1,977,239
TRIO: Talent Search	84.044	-	333,030	485,403	-	818,433
TRIO: Upward Bound	84.047	-	963,897	3,261,449	-	4,225,346
TRIO: Educational Opportunity Centers	84.066	-	-	276,524	-	276,524
TRIO: McNair Post – Baccalaureate Achievement	84.217	-	-	899,489	-	899,489
<b>Total TRIO Cluster</b>		-	-		8,197,031	
Vocational Education: Basic Grants to States	84.048	-	1,233,559	19,283,692	-	20,517,251
Leveraging Educational Assistance Partnership	84.069	-	-	548,389	-	548,389
Fund for the Improvement of Postsecondary Education	84.116	-	-	175,363	-	175,363
Pass-Through Baylor University	84.116	-	-	3,602	-	3,602
Minority Science and Engineering Improvement	84.120	-	66,188	-	-	66,188
Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126	-	-	43,198,677	-	43,198,677
Rehabilitation Long-Term Training	84.129	-	147,215	392,839	-	540,054
National Institute of Disability and Rehabilitation Research	84.133	-	-	42,309	-	42,309
Federal, State, and Local Partnership for Educational Improve	84.151	-	-	4,209	-	4,209
Business and International Education Projects	84.153	-	-	48,224	-	48,224
Library Services and Construction Act: Construction	84.154	-	-	-	-	-
Secondary Education and Transitional Services for Youth with Disabilities	84.158	-	-	-	-	-
Traning Interpreters for Individuals who are Deaf & Individuals who are Deaf- Blind	84.160	-	-	-	-	-
Pass-Through Galludette University	84.160	-	-	1,942	-	1,942
Rehabilitation Services: Client Assistance Program	84.161	-	-	222,952	-	222,952
Immigrant Education	84.162	-	-	-	-	-
Eisenhower Mathematics and Science Education: State Grants	84.164	-	-	(8,553)	-	(8,553)
Eisenhower Professional Development: Federal Activities	84.168	-	-	-	-	-
Independent Living: State Grants	84.169	-	-	468,696	-	468,696
Rehabilitation Service: Independent Living Services for Older Blind Individuals	84.177	-	-	687,933	-	687,933
Special Education: Grants for Infants and Families with Disabilities	84.181	-	-	9,366,791	-	9,366,791
Safe and Drug-Free Schools and Communities_National Prog	84.184	-	-	810,145	-	810,145
Robert C. Byrd Honors Scholarships	84.185	-	-	640,458	-	640,458
Safe and Drug-Free Schools and Communities: State Grants	84.186	-	-	5,497,982	-	5,497,982
Supported Employment Services for Individuals with Severe Handicaps	84.187	-	-	693,890	-	693,890
Bilingual Education: Professional Development	84.195	-	-	284,266	-	284,266
Education of Homeless Children & Youth	84.196	-	-	868,253	-	868,253
Graduate Assistance in Aras of National Need	84.200	-	-	1,157,716	-	1,157,716
Star Schools	84.203	-	-	1,670,852	-	1,670,852

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Education (DED), cont.</u></b>						
Javits G/T	84.206	-	-	29,737	-	29,737
Even Start: State Educational Agencies	84.213	-	-	3,155,988	-	3,155,988
Fund for the Improvement of Education	84.215	-	-	611,288	-	611,288
Pass-Through Baltimore County Public Schools	84.215	-	-	54,009	-	54,009
Pass-Through Meeting the Challenge Inc.	84.215	-	-	(3,115)	-	(3,115)
Pass-Through Wicomico County Board of Education	84.215	-	-	222,554	-	222,554
Assistive Technology	84.224	-	-	1,792,763	-	1,792,763
Rehabilitation Services Demonstration and Training	84.235	-	-	1,437,914	-	1,437,914
Tech--Prep Education	84.243	-	-	1,613,068	-	1,613,068
Rehabilitation Training: Continuing Education	84.264	-	-	208,731	-	208,731
Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training	84.265	-	-	92,633	-	92,633
Institute for Internation Public Policy		-	-	-	-	-
Pass-Through United Negro College Fund	84.269	-	-	64,453	-	64,453
Goals 2000: State and Local Education Systemic Improvement Grants	84.276	-	-	(16,054)	-	(16,054)
Eisenhower Professional Development State Grants	84.281	-	-	(7,105)	-	(7,105)
Md. Public Charter School	84.282	-	-	3,136,427	-	3,136,427
Ready-to-Teach Grant Program	84.286	-	-	706,219	-	706,219
Twenty-First Century Community Learning Centers	84.287	-	-	11,261,305	-	11,261,305
Innovative Education Program Strategies	84.298	-	-	3,753,636	-	3,753,636
Regional Technology in Education Consortia: Pass-Through Temple University	84.302	-	-	524	-	524
Technology Literacy Challenge Fund Grants	84.318	-	-	6,324,586	-	6,324,586
Special Education: State Program Improvement Grants for Children with Disabilities	84.323	-	-	939,073	-	939,073
Improve Services and Results for Children with Disabilities	84.324	-	-	130,397	-	130,397
Improve Services and Results for Children with Disabilities	84.325	-	-	1,937,588	-	1,937,588
Special Education: Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	-	-	86,076	-	86,076
Advanced Placement Incentive Program	84.330	-	-	796,283	-	796,283
Grants to States for Incarcerated Youth Offenders	84.331	-	-	375,142	-	375,142
Comprehensive School Reform Demonstration	84.332	-	-	2,805,987	-	2,805,987
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	-	-	2,067,249	-	2,067,249
Pass-Through Allegany County Board of Education	84.334	-	-	21,643	-	21,643
Pass-Through Garrett College	84.334	-	-	(1,987)	-	(1,987)
Child Care Means Parents in School	84.335	-	82,674	-	-	82,674
Teacher Quality Enhancement Grants	84.336	-	208,216	1,715,976	-	1,924,192
Learn Anytime Anywhere Partnerships	84.339	-	-	(294)	-	(294)
Class Size Reduction	84.340	-	-	(11,595)	-	(11,595)
Community Technology Centers	84.341	-	-	26,792	-	26,792
Preparing Tomorrow's Teachers to Use Technology	84.342	-	35,993	730,731	-	766,724

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Education (DED), cont.</u></b>						
Preparing Tomorrow's Teachers to Use Technology	84.342A	-	4,125	-	-	4,125
Underground Railroad Educational and Cultural Program	84.345	-	-	187,260	-	187,260
Occupation and Employment Information State Grants	84.346	-	-	110,981	-	110,981
Title 1 Accountability Grants	84.348	-	-	(5,891)	-	(5,891)
Transition to Teaching	84.350	-	-	565,893	-	565,893
Reading First State Grants	84.357	-	-	11,298,062	-	11,298,062
Rural School Achievement Program	84.358	-	-	(172)	-	(172)
English Language Acquisition Grants	84.365	-	-	7,099,397	-	7,099,397
Mathematics and Science Partnerships	84.366	-	-	1,219,925	-	1,219,925
Improving Teacher Quality State Grants	84.367	-	-	43,938,036	-	43,938,036
Pass-Through State of Delaware	84.367	-	-	316,517	-	316,517
Grants for State Assessments and Related Activities	84.369	-	-	7,712,252	-	7,712,252
Statewide Longitudinal Data System	84.372	-	-	52,546	-	52,546
National Writing Project	84.928	-	-	103,795	-	103,795
Pass-Through University of California-Berkeley National Writing Project	84.928	-	-	40,557	-	40,557
Temp Emergency Aid - Impact Aid Katrina	84.938	-	-	2,298,000	-	2,298,000
2004 Insolicited Grants	84.955	-	-	99,856	-	99,856
Educational Research and Improvement	84.RD	132	-	-	-	132
Pass-Through Anne Arundel County Public Schools	84.RD	143,925	-	-	-	143,925
Pass-Through Baltimore County Public Schools	84.RD	279,100	-	-	-	279,100
Pass-Through Pacific Resourc for Education and Learning	84.RD	5,350	-	-	-	5,350
Institute of Education Sciences	84.RD	2,445,803	-	-	-	2,445,803
Pass-Through SRI International	84.RD	15,000	-	-	-	15,000
Postsecondary Education	84.RD	2,604,154	-	-	-	2,604,154
Pass-Through Georgia Southwestern State University	84.RD	13,332	-	-	-	13,332
Special Education and Rehabilitative Services	84.RD	40,692	-	-	-	40,692
Pass-Through Georgia Tech Research Corp	84.RD	30,168	-	-	-	30,168
Pass-Through University of California, San Francisco	84.RD	54,208	-	-	-	54,208
Pass-Through George Mason University	84.RD	50,874	-	-	-	50,874
<b>Total DED</b>		<u>5,673,262</u>	<u>619,696,705</u>	<u>555,821,193</u>	-	<u>1,181,191,160</u>
<b><u>Nation Archives and Records Administration</u></b>						
National Historical Publications & Records Grants	89.003	-	-	77,288	-	77,288
National Archives and Records Administration - Research and Development	89.RD	96,333	-	-	-	96,333
<b>Total National Archives and Records Administration</b>		<u>96,333</u>	<u>-</u>	<u>77,288</u>	-	<u>173,621</u>
<b>Election Assistance Commission Research &amp; Development</b>	90.RD	16,230	-	-	-	16,230

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>United States Institute of Peace</u></b>						
United States Institute of Peace - Research and Development	91.RD	18,532	-	-	-	18,532
<b><u>Department of Health and Human Services (HHS)</u></b>						
Contract/ Other	93.03-0074P	-	-	(653)	-	(653)
Contract/ Other	93.IPA-Agreement	-	-	39,300	-	39,300
Contract / Other	93.000 93.06EASPE0600	-	-	870,102	-	870,102
Contract / Other	37	1,880	-	-	-	1,880
Contract / Other	93.213-MA214580	(1,721)	-	-	-	(1,721)
Contract/Other Natinal Institute of Health	93.213-MA216317	(2,351)	-	-	-	(2,351)
Public Health and Social Services Emergency Fund	93.003	-	-	8,563,598	-	8,563,598
Cooperative Agreements toImprove the Health Status of Minority Populations	93.004	97,872	-	-	-	97,872
Minority Health State Partnership	93.006	-	-	96,440	-	96,440
Demomstration Proj For Med Reserve Corporation	93.008	-	-	25,733	-	25,733
Programs for Prevention of Elder Abuse	93.041	-	-	81,818	-	81,818
Long term care ombudsman services for older individuals	93.042	-	-	389,190	-	389,190
Special Programs for the Aging: Title III, Part F: Disease Prevention and Health Promotion Services	93.043	-	-	341,659	-	341,659
<b><u>Aging Cluster</u></b>						
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and senior Centers	93.044	-	-	6,660,759	-	6,660,759
Special Programs for the Aging: Title III, Part C: Nutrition Services	93.045	-	-	8,255,680	-	8,255,680
Nutrition Services Incentive Program	93.053	-	-	1,674,033	-	1,674,033
<b>Total Aging Cluster</b>					16,590,472	
Special Programs for the Aging: Title IV: Training, Research and Discretionary Projects & Programs	93.048	-	-	597,196	-	597,196
National Family Caregiver Support Program	93.052	-	-	2,404,224	-	2,404,224
Food and Drug Administration: Research	93.103	-	-	301,515	-	301,515
Pass-Through American Psychological Association	93.106	-	-	13,686	-	13,686
Maternal and Child Health Federal Consolidated Programs	93.110	-	-	373,620	-	373,620
Maternal and Child Health Bureau	93.110W	48,220	-	-	-	48,220
Biological Response to Environmental Health Hazards	93.113	-	-	232,949	-	232,949
Project Grants and Cooperative agreements for Tuberculosis Control Programs	93.116	-	-	1,507,720	-	1,507,720
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	-	-	42,361	-	42,361
Emergency Medical Services for Children	93.127	-	-	119,558	-	119,558
Primary Care Services: Resource Coordination and Development: Primary Care Offices	93.130	-	-	214,251	-	214,251
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	10,839	-	3,576	-	14,415
Injury Prevention and Control Research and State and Community Based Programs	93.136	-	-	1,210,982	-	1,210,982
Community Program to Improve Minority Hlth	93.137	-	-	180,891	-	180,891
Pass-Through Louisiana State University	93.145	-	-	989	-	989

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Health and Human Services,cont.</u></b>						
Project for assistance in Transition from Homelessness (PATH)	93.150	-	-	907,007	-	907,007
Coordinated HIV Services and Access to Research for Children, Youth, Women and Families	93.153	-	-	1,575,512	-	1,575,512
Research Related to Deafness and Communication Disorders	93.173	-	-	419,123	-	419,123
Nursing Workforce diversity	93.178	-	-	378,219	-	378,219
National Research Services Awards	93.186	-	-	191,992	-	191,992
Allied Health Special Projects	93.191	-	-	148,505	-	148,505
Pass-Through Western Maryland Area Health Education Center	93.192	-	-	9,202	-	9,202
Childhood Lead Poisoning Prevention and Surveillance of blood Lead Levels in Children	93.197	-	-	1,021,362	-	1,021,362
Family Planning: Services	93.217	-	-	4,668,762	-	4,668,762
Research on Healthcare Costs, Quality and Outcomes	93.226	1,528,366	-	-	-	1,528,366
Consolidated Knowledge Development & Application (KD&A) Program	93.230	-	-	53,563	-	53,563
Abstinence Education	93.235	-	-	658,058	-	658,058
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	-	-	9,318	-	9,318
MD Science to SVC for Children & Family	93.242	-	-	25,000	-	25,000
Mental Health Research Grants	93.242	114,472	-	9,240	-	123,712
Pass-Through Johns Hopkins University Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	-	-	230	-	230
Advanced Education Nursing Grant Program	93.247	-	-	1,208,849	-	1,208,849
Public Health Training Centers Grant Program	93.249	-	162,387	-	-	162,387
Universal Newborn Hearing Screening	93.251	-	-	115,476	-	115,476
State Planning Grant_Health Care Access for the Uninsured	93.256	-	-	129,056	-	129,056
Rural Access to Emergency Devices Grant	93.259	-	-	75,856	-	75,856
Immunization Grants	93.268	-	-	4,391,183	-	4,391,183
Drug Abuse Research Programs: Pass-Through Louisiana State University	93.279	114,934	-	-	-	114,934
Mental Health National Research Service Awards for Research Training	93.282	-	-	337,591	-	337,591
Center for Disease Control and Prevention: Investigations and Technical Assistance	93.283	-	-	25,851,529	-	25,851,529
Pass-Through Johns Hopkins University	93.283	29,635	-	-	-	29,635
Pass-Through MD Department of Health and Mental Hygiene	93.283	207,607	-	-	-	207,607
Small Rural Hospital Improvement Grants	93.301	-	-	43,348	-	43,348
General Clinical Research Centers	93.333	-	-	288,452	-	288,452
<b>HHS SFA Cluster</b>					-	
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	-	12,605,210	-	-	12,605,210
Nursing Student Loans	93.364	-	2,752,054	14,460	-	2,766,514
Scholarships for Health Prof. Students from Disadvantaged Backgrounds	93.925	-	50,333	207,630	-	257,963
<b>Total HHS SFA Cluster</b>					15,629,687	
Advanced Education Nursing Traineeships	93.358	-	-	44,456	-	44,456
Nurse Education Practice and Retention Grants	93.359	-	-	152,137	-	152,137

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Health and Human Services,cont.</u></b>						
Minority Biomedical Research Support	93.375	-	-	7,191	-	7,191
Pass-Through Johns Hopkins University	93.375	-	-	-	-	-
Pass-Through Howard University	93.375	-	-	-	-	-
Pass-Through the City of Baltimore	93.375	-	-	-	-	-
Research Infrastructure	93.389	1,860,912	-	89,041	-	1,949,953
Cancer Research Manpower	93.398	-	-	-	-	-
Cancer Control (Sub Award)	93.399	15,133	-	-	-	15,133
Promoting Safe and Stable Families	93.556	-	-	3,027,475	-	3,027,475
Temporary Assistance for Needy Families (TANF) Family Support Payments to States: Assistance Payments (AFDC)	93.558	-	-	174,843,332	-	174,843,332
Child Support Enforcement (CSE)	93.563	-	-	70,435,060	-	70,435,060
Marriage Refugee and Entrant Assistance: State Administered Programs	93.564	-	-	26,391	-	26,391
Low-Income Home Energy Assistance (LIHEAP)	93.566	-	-	3,651,959	-	3,651,959
Community Services Block Grant (CSBG)	93.568	-	-	40,086,694	-	40,086,694
Community Services Block Grant (CSBG)	93.569	-	-	10,641,321	-	10,641,321
Community Services Block Grant_Discretionary Awards Community Services Block Grant Discretionary Awards: Community Food and Nutrition	93.570	-	-	270,988	-	270,988
Community Food and Nutrition	93.571	-	-	-	-	-
<b>CCDF Cluster</b>						
Child Care and Development Block Grant	93.575	-	-	26,303,033	-	26,303,033
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	-	<u>49,008,530</u>	-	49,008,530
<b>Total CCDF Cluster</b>					<b>75,311,563</b>	
Refugee and Entrant Assistance: Discretionary Grants	93.576	-	-	656,077	-	656,077
Early Learning Fund (Early Learning Opportunities Act)	93.577	-	-	78,968	-	78,968
Repartriation	93.579	-	-	(560)	-	(560)
Targeted Assist	93.584	-	-	1,979	-	1,979
State Court Improvement Program	93.586	-	-	218,049	-	218,049
Central State University	93.591	58,037	-	-	-	58,037
Grants to States for Access and Visitation Programs	93.597	-	-	111,066	-	111,066
Education and Training Vouchers	93.599	-	-	641,762	-	641,762
Head Start	93.600	-	-	1,809,241	-	1,809,241
Adoption Incentive Payments	93.603	-	-	2	-	2
Development Disabilities Basic Support and Advocacy Grants	93.630	-	-	1,057,761	-	1,057,761
Children's Justice Grants to States	93.643	-	-	245,319	-	245,319
Child Welfare Services: State Grants	93.645	-	-	4,411,767	-	4,411,767
Social Services Research and Demonstration	93.647	-	-	110,641	-	110,641
Foster Care: Title IV-E	93.658	-	-	153,225,672	-	153,225,672
Adoption Assistance	93.659	-	-	18,621,439	-	18,621,439

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FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Health and Human Services,cont.</u></b>						
Social Services Block Grant (SSBG)	93.667	-	-	54,776,426	-	54,776,426
Child Abuse and Neglect State Grants	93.669	-	-	489,740	-	489,740
Family Violence Prevention and Services/Grants for Battered Women's Shelters: States & Indian Tribes	93.671	-	-	1,446,598	-	1,446,598
Chafee Foster Care Independent Living	93.674	-	-	3,666,807	-	3,666,807
State Children's Insurance Program (CHIP)	93.767	-	-	177,450,134	-	177,450,134
Medicaid Infrastructure Grants To Support the Competitive Employment of People with disabilities	93.768	-	-	368,885	-	368,885
<b>Medicaid Cluster</b>						
State Medicaid Fraud Control Units	93.775	-	-	1,553,368	-	1,553,368
State Survey and Certification of Health Care Providers and Suppliers	93.777	-	-	5,079,717	-	5,079,717
Medical Assistance Program (Medicaid)	93.778	-	-	<u>2,527,279,465</u>	-	2,527,279,465
<b>Total Medicaid Cluster</b>					2,533,912,550	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	-	-	978,501	-	978,501
Operations Grant High Risk Health Pools	93.781	-	-	3,175,868	-	3,175,868
State Pharmaceutical Assistance Program	93.786	-	-	1,709,998	-	1,709,998
Health Careers Opportunity Program: Pass-Through Western Maryland Area Health Education Program	93.822	-	-	634,185	-	634,185
Pass-Through Western Maryland Area Health Education Education Center	93.822	-	-	10,100	-	10,100
Neurosciences and Neurological Disorders	93.853	-	-	44,848	-	44,848
Biomedical Research and Research Training	93.859	-	-	467,107	-	467,107
Pass-Through American Psychological Association	93.859	-	-	1,562	-	1,562
Center for Research for Mothers and Children	93.865	-	-	64,043	-	64,043
Aging Research	93.866	-	-	275,639	-	275,639
Vision Research	93.867	-	-	26,697	-	26,697
Medical Library Assistance	93.879	-	-	116,450	-	116,450
Minority Access to Research Careers	93.880	-	-	458,025	-	458,025
Grants to States for Operation of Offices of Rural Health	93.913	-	-	164,045	-	164,045
HIV Emergency Relief Project Grants	93.914	-	-	256,898	-	256,898
HIV Care Formula Grants	93.917	-	-	28,848,650	-	28,848,650
HIV Prevention Activities: Health Department Based	93.940	-	-	16,296,935	-	16,296,935
Epidemiologic Research Studies of Acquired AIDS	93.943	-	-	129,446	-	129,446
HIV/AIDS Surveillance	93.944	-	-	2,971,158	-	2,971,158
Pregnancy Risk Assessment	93.946	-	-	10,931	-	10,931
Improving EMS/Trauma Care in Rural Areas	93.952	-	-	36,412	-	36,412
Microbiology and infectious Diseases Research	93.856	55,775	-	-	-	55,775
Block Grants for Community Mental Health Services	93.958	-	-	7,365,721	-	7,365,721
Biomedical Research and Research Training	93.859	928,755	-	-	-	928,755
Minority Biomedical Research	93.859	192,842	-	-	-	192,842
Center for Research for Mothers and Children	93.865	244,178	-	-	-	244,178

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Health and Human Services, cont.</u></b>						
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	-	33,812,760	-	33,812,760
Special Minority Initiatives	93.960	-	-	667	-	667
Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977	-	-	1,568,878	-	1,568,878
Disaster Assistance	93.982	-	-	445,143	-	445,143
Cooperative Agreements for State-Based Diabetes Control Programs & Evaluation of Surveillance Systems	93.988	-	-	288,420	-	288,420
International Research & Research Training	93.989	-	-	(2,721)	-	(2,721)
Preventive Health & Health Services Block Grant	93.991	-	-	2,061,983	-	2,061,983
Maternal and Child Health Services Block Grant to the States	93.994	-	-	12,657,441	-	12,657,441
Agency for Health Care Policy and Research	93.RD	543,612	-	-	-	543,612
Pass-Through Comprehensive Housing Assistance, Inc.	93.RD	235	-	-	-	235
Pass-Through UT-Battelle	93.RD	2,177	-	-	-	2,177
Center for Disease Control	93.RD	23,897,375	-	-	-	23,897,375
Pass-Through Albert Einstein Health Care Network	93.RD	(4,089)	-	-	-	(4,089)
Pass-Through Johns Hopkins University	93.RD	3,358	-	-	-	3,358
Pass-Through University of North Texas	93.RD	11,706	-	-	-	11,706
Pass-Through University of Pennsylvania	93.CCR321284	40,335	-	-	-	40,335
Food and Drug Administration	93.RD	1,956,897	-	-	-	1,956,897
Health Resources and Services Administration	93.RD	3,402,287	-	-	-	3,402,287
Pass-Through Smithsonian Astrophysical Observatory	93.RD	(93)	-	-	-	(93)
Pass-Through Spire Corporation	93.RD	(12,029)	-	-	-	(12,029)
Pass-Through Urban Institute	93.RD	49,778	-	-	-	49,778
Total Health Resources and Services Administration	93.RD	-	-	-	-	-
National Institutes of Health	93.RD	210,670,844	-	-	-	210,670,844
Pass-Through American Registry of Pathology	93.RD	147,772	-	-	-	147,772
Pass-Through Boston University	93.RD	50,047	-	-	-	50,047
Pass-Through Brown University	93.RD	(95)	-	-	-	(95)
Pass-Through Calibrant Biosystems, Inc.	93.RD	111,941	-	-	-	111,941
Pass-Through Childrens Research Institute	93.RD	111,806	-	-	-	111,806
Pass-Through Columbia University	93.RD	388,467	-	-	-	388,467
Pass-Through Cornell University	93.RD	182,213	-	-	-	182,213
Pass-Through Fidelity	93.RD	72,826	-	-	-	72,826
Pass-Through Hartford Hospital	93.RD	47,687	-	-	-	47,687
Pass-Through Imperial College School of Medicine	93.RD	15,842	-	-	-	15,842
Pass-Through Indiana University	93.RD	232,572	-	-	-	232,572
Pass-Through Institute for Genomic Research	93.RD	150,961	-	-	-	150,961
Pass-Through Johns Hopkins University	93.RD	818,531	-	-	-	818,531
Pass-Through Kennedy Krieger Institute	93.RD	149,691	-	-	-	149,691

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Health and Human Services, cont.</u></b>						
Cancer Center at Georgetown University	93.RD	104,210	-	-	-	104,210
Pass-Through Medical University of South Carolina	93.RD	1,965	-	-	-	1,965
Pass-Through Nanospectra Biosciences, Inc.	93.RD	82,430	-	-	-	82,430
Pass-Through New York University	93.RD	241,409	-	-	-	241,409
Pass-Through North Carolina State University	93.RD	1,669	-	-	-	1,669
Pass-Through Oregon Health Sciences	93.RD	29,557	-	-	-	29,557
Pass-Through Profectus, Inc.	93.RD	90,337	-	-	-	90,337
Pass-Through RAND Corp.	93.RD	54,181	-	-	-	54,181
Pass-Through Seahorse Bioscience, Inc.	93.RD	113,707	-	-	-	113,707
Pass-Through Thomas Jefferson University	93.RD	152	-	-	-	152
Pass-Through University of Alabama at Birmingham	93.RD	104,091	-	-	-	104,091
Pass-Through University of Cincinnati	93.RD	83,488	-	-	-	83,488
Pass-Through University of Massachusetts	93.RD	223,534	-	-	-	223,534
Pass-Through University of Mississippi	93.RD	30,241	-	-	-	30,241
Pass-Through University of Pennsylvania	93.RD	144,923	-	-	-	144,923
Pass-Through University of Rhode Island	93.RD	(15,442)	-	-	-	(15,442)
Pass-Through University of Texas	93.RD	312	-	-	-	312
Pass-Through University of Toronto	93.RD	294,722	-	-	-	294,722
Pass-Through VeraChem, LLC	93.RD	105,456	-	-	-	105,456
Pass-Through Virginia Commonwealth University	93.RD	603,308	-	-	-	603,308
Administration for Children and Families	93.RD	1,513,796	-	-	-	1,513,796
Pass-Through Baltimore City, Maryland, Department of Social Services	93.RD	831,238	-	-	-	831,238
Pass-Through University of Chicago	93.RD	33,314	-	-	-	33,314
Centers for Medicare and Medicaid Services	93.RD	255,134	-	-	-	255,134
Pass-Through Delmarva Foundation for Medical Care	93.RD	(28,205)	-	-	-	(28,205)
Office of the Secretary	93.RD	27,687	-	-	-	27,687
Pass-Through Morehouse University	93.RD	69,773	-	-	-	69,773
<b>Total HHS</b>		253,545,026	15,569,984	3,524,021,025	-	3,793,136,035
<b><u>Corporation for National and Community Service</u></b>						
State Commissions	94.003	-	-	318,833	-	318,833
Learn and Serve America: School and Community Based Programs	94.004	-	-	329,161	-	329,161
Pass-Through Georgetown University	94.004	-	-	64,455	-	64,455
Learn and Serve America: Higher Education	94.005	-	-	73	-	73
AmeriCorps	94.006	-	-	4,435,910	-	4,435,910
Planning and Program Development Grants	94.007	-	-	146,825	-	146,825
Training and Technical Assistance	94.009	-	-	25,461	-	25,461
Foster Grandparents	94.011	-	-	300,851	-	300,851

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Corporation for National and Community Service, Cont.</u></b>						
Volunteers in Service to America (VISTA)	94.013	-	-	15,352	-	15,352
Corporation for National and Community Service	94.RD	330,876	-	-	-	330,876
<b>Total CNCS</b>		330,876	-	5,636,921	-	5,967,797
<b><u>Department of Social Security Administration (SSA)</u></b>						
Unallocated Federal Funds	96.Unknown	-	-	43,373	-	43,373
<b>Disability Insurance Cluster</b>						
Social Security: Disability Insurance	96.001	-	-	27,333,957	-	27,333,957
Supplemental Security Income (SSI)	96.006	-	-	1,648,674	-	1,648,674
<b>Total Disability Insurance Cluster</b>					28,982,631	
Social Security_Benefits Planning, Assistance, and Outreach Program (SSA Benefits Planning, Assistance, and Outreach Program)	96.008	-	-	394,012	-	394,012
Developmental Disabilities Project	96.631	-	-	128,960	-	128,960
<b>Total SSA</b>		-	-	29,548,976	-	29,548,976
<b><u>Department of Homeland Security (DDS)</u></b>						
Contract/ Other	97.213-00-0005	-	-	-	-	-
<b>Homeland Security Cluster</b>						
State Domestic Preparedness Equipment Support Program	97.004	-	-	28,831,533	-	28,831,533
Homeland Security Grant Program	97.067	-	-	12,248,082	-	12,248,082
<b>Total Homeland Security Cluster</b>					41,079,615	
State and local Domestic Preparedness Training Program	97.005	-	-	440,350	-	440,350
Urban Areas Security Initiative	97.008	-	-	22,336,567	-	22,336,567
Boating Safety Financial Assistance	97.012	-	-	2,278,829	-	2,278,829
National Fire Academy Training Assistance	97.018	-	-	706,324	-	706,324
Comp. Environ Response Liability Act, FY 2003	97.021	-	-	3,250	-	3,250
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	-	-	78,118	-	78,118
Flood Mitigation Assistance (FMA2005)	97.026	-	-	119,589	-	119,589
Flood Mitigation Assistance (FMA)	97.029	-	-	(13,779)	-	(13,779)
Public Assistance Grants	97.036	-	-	2,084,127	-	2,084,127
Hurricane Katrina Crisis Counseling	97.032	-	-	141,420	-	141,420
First Responder Counter	97.038	-	-	7,928,182	-	7,928,182
Hazard Mitigation Grant (HMGP)	97.039	-	-	1,331,575	-	1,331,575
Chemical Stockpile Emergency Preparedness Program (CSE)	97.040	-	-	805,711	-	805,711
State Fire Training Systems Grant	97.043	-	-	56,000	-	56,000
Pre-Disaster Mitigation (PDM)	97.047	-	-	122,090	-	122,090
Citizen Corps	97.053	-	-	633,591	-	633,591
Community Emergency Response Teams (CERT Program)	97.054	-	-	8,137	-	8,137
Homeland Security Inf Technology and Evaluation Program	97.066	-	-	743,327	-	743,327

**STATE OF MARYLAND  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2006**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	Research and Development	Student Financial Assistance	Other	Cluster Totals	Total
<b><u>Department of Homeland Security, Cont.</u></b>						
Map Modernization Mgmt. Support Program ( MMMS)	97.070	-	-	177,590	-	177,590
K-9 Grant	97.072	-	-	278,354	-	278,354
Homeland Security - MDOT Grant	97.075	-	-	35,885	-	35,885
Buffer Zone Protection Program	97.078	-	-	109,647	-	109,647
Department of Homeland Security	97.RD	2,798,540	-	-	-	2,798,540
<b>Total Homeland Security</b>		2,798,540	-	81,484,499	-	84,283,039
<b><u>Agency for International Development (DHS)</u></b>						
Agency for Internaltion Development						
Pass-Through Institute International Education	98.001	-	-	130,925	-	130,925
Pass-Through University Research Corporation International	98.001	-	-	598,377	-	598,377
Non-Governmental Organizations Strengthening	98.004	-	-	11,483	-	11,483
John Ogonowski Farmer-to-Farmer Program	98.009	-	-	33,497	-	33,497
Research & Development	98.RD	(1,142)	-	-	-	(1,142)
Pass-Through University Research Corporation International	98.RD	498,047	-	-	-	498,047
<b>Total Agency for International Dev.</b>		496,905	-	774,282	-	1,271,187
Architect of the Capitol	AOCO5P0836	7,905	-	-	-	7,905
<b>Total Federal Expenditures</b>		\$ 529,606,394	\$ 635,287,005	\$ 6,561,818,365	-	\$ 7,726,711,764

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

**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 \$13,172,000 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, 2005. These food commodities were received by the Maryland Department of Education from the U.S. Department of Agriculture for the year ended June 30, 2006.

The noncash expenditures of \$1,489,307 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, 2005. 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, 2006.

Expenditures of \$334,311,830 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, 2006.

**STATE OF MARYLAND**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2006**

**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, 2006 reflects CFDA changes issued through December 2005.

**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, 2006 was \$227,705 for CFDA No. 10.550, Food Donation Program and \$35,456 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, 2005.

The value of donated Federal surplus property on hand as of June 30, 2006 was \$170,853, 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, 2006**

**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, 2006. 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, 2006.

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	\$399,333,355
Federal UC benefits	13,254,389
Federal UC administrative costs	<u>61,009,642</u>
Total benefits	<u>\$473,597,386</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, 2006**

**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, 2006. The outstanding loan balance of \$450,685 as of June 30, 2005, and the loan expenditures of \$386,966 for the fiscal year ended June 30, 2006 are not considered current-year Federal expenditures. The Schedule of Expenditures of Federal Awards includes \$-0- for Program administrative fees.

During the fiscal year ended June 30, 2006, 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, 2006 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, 2006 are reported in the Schedule of Expenditures of Federal Awards.

<b><u>CFDA Number</u></b>		<b><u>Loan Expenditures For Fiscal Year Ended June 30, 2006</u></b>
84.032	Stafford Loan Program	\$3,690,558
84.032	PLUS Loan	<u>5,822,432</u>
		<u>\$9,512,990</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, 2006 were \$203,677 and \$14,460, respectively. There were no new loans made in the fiscal year ended June 30, 2006. 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, 2006**

**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 \$3,283,583 as of June 30, 2005, and the loan expenditures of \$492,456 for the fiscal year ended June 30, 2006 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, 2006, the University processed \$24,312,792 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, 2006 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, 2006 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, 2005</u></b>	<b><u>Loan Expenditures For Fiscal Year Ended June 30, 2006</u></b>
84.038	Perkins Loan Program	\$59,733,296	\$12,120,259
93.364	Federal Nursing Loan – Undergraduate	1,702,843	902,022
93.364	Federal Nursing Loan – Graduate	147,189	-0-
93.342	Health Professional Loan – Dental	4,865,398	1,117,882
93.342	Health Professional Loan – Medical	404,093	-0-
93.342	Health Professional Loan – Pharmacy	1,144,113	323,603
93.342	Primary Care Loan	<u>4,560,895</u>	<u>189,226</u>
	Total	<u>\$72,557,830</u>	<u>\$14,652,992</u>

The outstanding loan balances as of June 30, 2005 and the loan expenditures for the fiscal year ended June 30, 2006 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, 2006**

**8. LOAN PROGRAMS (Continued)**

**University System of Maryland** (Continued)

During the fiscal year ended June 30, 2006, 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, 2006 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, 2006 are reported in the Schedule of Expenditures of Federal Awards.

<b><u>CFDA Number</u></b>		<b><u>Loan Expenditures For Fiscal Year Ended June 30, 2006</u></b>
84.032	Stafford Loan Program	\$218,352,531
84.032	PLUS Loan	41,884,512
84.268	Subsidized Ford Federal Direct Student Loan	84,913,507
84.268	Unsubsidized Ford Federal Direct Student Loan	81,470,341
84.268	Ford Federal Direct Parent Loan	<u>34,005,789</u>
	Total	<u>\$460,626,680</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, 2005 of \$13,298,513 and new loans made in the fiscal year ended June 30, 2006 of \$0 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, 2006**

**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      X   no
- Reportable condition(s) identified that are not considered to be material weaknesses? \_\_\_\_\_yes      X   no

Noncompliance material to financial statements noted? \_\_\_\_\_Yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified \_\_\_\_\_ yes      X   no
- Reportable condition(s) identified that are not considered to be material weakness(es)?   X   yes    \_\_\_\_\_ no

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?   X   yes    \_\_\_\_\_ no

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Section I**                      **Summary of Auditors' Results, Cont.**

**Identification of Major Programs**

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>	<b>Federal Expenditures</b>
10.551, 10.561	Food Stamp Cluster	\$ 371,630,087
10.558	Child & Adult Care Food Program	34,649,113
10.550	Food Donation	13,172,000
12.401	National Guard Military operations & Maintenance (O&M) Proj	10,285,540
14.218, 14.219	Community Development Block Grant Cluster	10,188,373
14.871	Section 8 Housing Choice	12,263,505
17.258, 17.259, 17.260	WIA Cluster	33,293,731
17.207, 17.801, 17.804	Employment Service Cluster	16,840,558
20.500, 20.507	Federal Transit Cluster	118,756,300
39.001	Help America Vote Act	18,232,132
84.002	Adult Education State Grant Program	10,511,090
84.027, 84.173	Special Education Cluster (IDEA)	174,250,053
84.010	Title I Grants to Local Educational Agencies	139,005,735
84.048	Vocational Education	20,517,251
84.126	Rehabilitation Services: Vocational Rehabilitation Grants to States	43,198,677
84.287	Twenty-First Century Community Learning Centers	11,261,305
84.357	Reading First State Grants	11,298,062
93.044, 93.045, 93.053	Aging Cluster	16,590,472
93.283	CDC Prevention and Investigations	25,851,529
93.569	Community Services Block Grant	10,641,321
93.563	Child Support Enforcement	70,435,060
93.775, 93.777, 93.778	Medicaid Cluster	2,533,912,550
93.767	State Children's Insurance Program	177,450,134



**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
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**Section III – Federal Award Findings and Questioned Costs, cont.**

**Finding 2006 – 1**

**University System of Maryland**  
**Federal Student Aid Cluster**

**CFDA 84.032 Federal Family Education Loans**  
**CFDA 84.268 Federal Direct Student Loans**

**U.S. Department of Education**

**The University of Maryland University College (UMUC) did not comply with Title IV requirement to return funds within the required time frame for a student that withdrew from classes. The controls in place did not allow them to properly identify all withdrawals that result in the return of Title IV funds.**

***Condition:***

During single audit testing, we noted that one student from a selection of ten withdrew on December 19, 2005 from the fall semester. We calculated that \$1,141 should have been returned to the Title IV program based on the total aid the student received and the days the student earned. As of the date of testing, no funds were remitted to the Title IV program due to this withdrawal. Due to the results of this test, on July 27, 2006 the institution returned the unearned portion to the Title IV program. For UMUC to be in compliance with OMB Circular A-133, the funds should have been returned to the Title IV program within 30 days of the withdrawal date which was January 18, 2006.

***Criteria:***

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 earned by the student as of the student's withdrawal date. If the total amount of Title IV assistance earned by the student is less than the amount that was disbursed to the student or on his or her behalf as of the date of the institution's determination that the student withdrew, the difference must be returned to the Title IV programs as outlined in this section and no additional disbursements may be made to the student for the payment period or period of enrollment. (34 CFR sections 668.22(a)(1)-(3)).

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-1 (Continued)**

**Federal Student Aid Cluster**

*Criteria, (Continued)*

Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate FFEL lender as soon as possible, but no later than 30 days after the date the institution determines that the student withdrew. Returns by check are late if the check is issued more than 30 days after the institution determined the student withdrew or the date on the canceled check shows the check was endorsed more than 45 days after the date the institution determined that the student withdrew (*Federal Register*, November 1, 2002 (67 FR 67074)).

*Cause:*

UMUC does not have an effective system in place that will allow them to identify all withdrawals that result in the return of Title IV funds.

*Questioned Costs:*

Unknown

*Recommendation:*

We recommend that UMUC strengthen procedures to adequately identify withdrawals that will result in return of Title IV funds.

*Auditee Response and Corrective Action Plan:*

UMUC agrees with the recommendation. The UMUC Office of Financial Aid has increased the frequency of our supervisory review and approval process for the return of Title IV funds from a monthly process to a bi-weekly process. In addition, the UMUC Office of Financial Aid has created a written policy and procedures manual that details our business practice for identifying withdrawals that will result in the return of Title IV funds. UMUC is confident that our Office of Financial Aid is currently processing the return of Title IV funds accurately and within regulatory timeframes.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-2**

**State Board of Elections**  
**MD Voters & Direct Recording Electronic (DRE) Voting System and Optical**  
**Scan Absentee Voting System**

**CFDA 39.001 Help America Vote Act**

**U.S. Department of General Services Administration**

**The State of Maryland did not comply with the level of effort for State expenditures for activities funded by the requirements payments.**

***Condition:***

We noted that the State did not maintain the level of effort for State expenditures for activities funded by the requirements payment, at a level that was not less than the level of such expenditures of \$1,994,914 in fiscal year ending prior to November 2000. The level of expenditures totaled \$ -0- for fiscal year 2006.

***Criteria:***

Section 254 of Public Law 107-252, Help America Vote Act of 2002, requires that the State plan shall contain a description of how the State, in using the requirements payment, will maintain the expenditures of the State for activities funded by the payment at a level that is not less than the level of such expenditures maintained by the State for the fiscal year ending prior to November 2000. The level of such expenditures in State fiscal 2000 was a total of \$1,994,914.

***Cause:***

The State failed to budget and expend a minimum of \$1,994,914 in fiscal 2006 for activities funded by the requirements payment.

***Effect:***

Federal government could cut spending or request refund.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-2 (Continued)**

*Questioned Costs:*

\$1,994,914

*Recommendation:*

We recommend that the State either comply with the requirement by expending the required amount or make a formal request to have the requirement eliminated or reduced.

*Auditee Response and Corrective Action Plan:*

While the State Board of Elections (“State Board”) concurs with this finding, budget instructions from the State’s Department of Budget and Management specified the maximum amount of general funds that could be included in the State Board’s Fiscal 2006 budget. This reduced budget target was the result of a shortfall of general funds and prevented the State Board from including General Funds to meet the maintenance of effort requirement.

In each year prior to Fiscal 2006 and in Fiscal 2007, the State has met or exceeded the maintenance of effort amount. For Fiscal 2007, the State has tripled its maintenance of effort; \$7,798,513 was appropriated for the voting system in fiscal 2007. Since the voting system is solely an effort under Title III Section 251 of HAVA, the full \$7.8 million counts as maintenance of effort funding in fiscal 2007. As shown in the chart below, while funding fell short in Fiscal 2006, the State has exceeded the amount required each year, and exceeded the total by 68% over the five-year period.

Fiscal Year	Amount of Maintenance of Effort	Actual State Funds Expended
2000 – Baseline Year	\$1,994,914	\$1,994,914
2003 (first year funds rec’d)	\$1,994,914	\$2,610,898
2004	\$1,994,914	\$2,145,434
2005	\$1,994,914	\$2,018,521
2006	\$1,994,914	\$0
2007	\$1,994,914	\$7,798,513
<b>Total (FY2003 – FY2007)</b>	<b>\$9,974,570</b>	<b>\$14,573,336</b>

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

**Finding 2006-2 (Continued)**

*Auditors' Conclusion:*

Based on the above the finding remains as stated.

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

**Finding 2006-3**

**Department of Human Resources (DHR)**

**CFDA No. 93.563 – Child Support Enforcement**

**U.S. Department of Health and Human Services**

**DHR did not comply with draw down procedures required in accordance with proper Cash Management of Federal funds.**

***Condition:***

All funds drawn for Child Support are to be drawn based on the Cash Management Improvement Act Agreement. Child Support uses two types of draw methods. The “Drawdowns at Fixed Intervals – Monthly (modified)” method is used for Administrative Costs and Vendor Payments. The “Dollar Weighted Clearance – Modified” method is used for Payroll costs. Both of the aforementioned draw methods have a clearance pattern of one day.

During our review of 25 draws (10 Administrative and 15 Payroll draws) we noted three instances where the draw did not clear in one day as specified by the clearance pattern used. Two instances were for Administrative draws and one instance was for a Payroll draw.

***Criteria:***

The description in the Cash Management Improvement Act Agreement for the Dollar Weighted Clearance – Modified method states, “The State shall request funds such that they are deposited by ACH on the dollar weighted average day of clearance for the disbursement in accordance with the clearance pattern Dollar Weighted Clearance Payroll specified in Exhibit II.” The clearance pattern specified in Exhibit II of the Cash Management Improvement Act Agreement – List of State Clearance Times is one day.

The description on the Cash Management Improvement Act Agreement for the Drawdowns at Fixed Intervals – Monthly (modified) method states, “The State shall request funds once a month, such that they are deposited on the day of the month specified for each component.” The day of the month specified for both components (Administrative Costs and Vendor Payments) is the 19<sup>th</sup> of every month, or the closest business day thereto. The clearance pattern is specified in Exhibit II of the Cash Management Improvement Act Agreement – List of State Clearance Times is one day.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-3 (Continued)**

***Cause:***

Lack of coordination between DHR and the Maryland State Treasurer's Office and coordination between DHR and the Payment Management System did not allow for adequate time to address problems that may occur in the draw down process.

***Effect:***

DHR is unable to meet and follow Federal guidelines for Cash Management and is non-compliant with certain areas of the Federal guidelines and is unable to maintain a one day clearance for draws.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that DHR put into effect a contingency plan that will address issues that could occur when transmitting information between the Maryland State Treasurer's Office and Payment Management System. Developing a contingency plan would allow DHR to anticipate any issues that could occur and have a resolution that would enable them to maintain a one day clearance for draws in spite of unanticipated issues.

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

The Department agrees with the recommendation that additional controls need to be implemented to ensure a one-day clearance for draws.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-3 (Continued)**

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

According to the Treasury State Agreement, the cut-off time for processing next day draws for the U.S. Department of Health and Human Services is 6:30 pm. It is the responsibility of the State Treasurer to request payment from the Federal Treasury on behalf of the Department, and the State Treasurer's Office has informed the Department it will not process draw requests after 2:00 pm. Two of the three draw requests that did not clear within one day during the audit period were received by the State Treasurer's Office on the due date, but after their 2:00 pm deadline.

To allow adequate time to address unforeseen delays and to ensure the information is received by the State Treasurer's Office by 2:00 pm, the Department will process draw requests by 12:00 pm on the day they are due. The Department also has instituted an electronic reminder the day before and the morning of the due date for draw requests. This reminder will be sent to the individual responsible for processing the requests for payment and the individual's supervisor. These additional controls and corrective actions will ensure the State Treasurer's Office has ample time to draw funds within the clearance pattern of one day.

One draw request cited was for a payroll draw requested on 06/28/06 that exceeded the one-day clearance pattern. In this instance, the State Treasurer's Office had a problem with its password that allows access to the Payment Management System to request payment from the Federal Treasury. The State Treasurer's Office had no control over how long it would take to re-set their password. Unfortunately, the password problem delayed the payment of the Department's request by one day.

This is an extremely rare occurrence. However, if a similar situation should occur in the future, the Department will request that the Treasurer's Office provide a written explanation as to why a request was not processed in time to adhere to the clearance pattern. A copy of this correspondence will be filed with our draw request and deposit documents for audit purposes.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-4**

**Department of Human Resources (DHR)**  
**CFDA No. 93.563 – Child Support**

**U.S. Department of Health and Human Services**

**The Child Support Program had weaknesses in internal controls and is noncompliant over record keeping for equipment inventory management.**

***Condition:***

During the Equipment Management testing, we verified that invoices were reviewed and approved for payment. In one instance, the invoice for the purchase could not be located.

We also tested to determine whether equipment items were included in the fiscal inventory count when necessary. Items that are not counted in the inventory count include software and internal parts. We found fourteen instances where one or more pieces of equipment were not included in the inventory count. In twelve of the fourteen instances, we could not verify whether the equipment was recorded in inventory because record of the equipment may or may not have been included on a broken scanner from which DHR was unable to download information.

We also tested to determine whether sensitive items were given asset tag numbers and if serial numbers were recorded. In five instances, equipment was purchased by a local department and no asset tag or serial number was assigned to the equipment in the records at DHR's central office. Asset tags and requests for serial numbers were sent to the local departments after testing was performed. In two instances, we noted the asset tag number was not provided to DHR's central office from the local department. A serial number was not required.

During the Equipment Management testing, we noted one disposal of equipment. Once equipment is removed from a DHR site, it is processed by Maryland Surplus. DHR was unable to provide information as to the status of the disposed equipment and we were unable to verify whether the equipment was purchased with Federal funds, or if the equipment was sold if the Federal government was reimbursed their share of the selling price.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-4 (Continued)**

***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, model, Federal stock, national stock numbers 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.

***Cause:***

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

***Effect:***

Without proper inventory controls in place, it minimizes the assurance that the Department of Human Resources is adequately tracking and monitoring acquisitions and disposals of equipment acquired with Federal funds.

***Questioned Costs:***

Unknown

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

**Finding 2006-4 (Continued)**

***Recommendation:***

We recommend that the Department of Human Resources strengthen internal controls over equipment inventory records to ensure that equipment acquisitions acquired with Federal funds are properly safeguarded in accordance with Federal regulations.

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

We agree with the auditor's recommendation to strengthen internal controls. We will re-distribute the section of the Department's *Administrative Procedures Manual* regarding Inventory Records (Section: 2, Subject: 5, Pages: 1-4). In addition, training for the Department's Accountable Officers is scheduled for April 2007.

Of the fourteen items identified by the auditor as absent from the inventory, only one was not included in the inventory count. (It is believed the item is accounted for as a broken scanner.) Nine were in the custodial inventory unit - Local Department Operations, and four were included in the Office of Technology for Human Services. Therefore, these items would not be included in the inventory count for Child Support at the central office, which is the listing to which the auditor attempted to trace the equipment.

With regards to the disposed item cited, an excess computer monitor, it was transferred to the Maryland Department of General Services. The property was determined to be unserviceable, and was disposed of through electronics recycling. Had money been received from the surplus property, the Department would have credited the Child Support grant for the federal share by reducing federal expenditures.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-5**

**Department of Human Resources (DHR)**  
**CFDA No. 93.563 – Child Support Enforcement**  
**U.S. Department of Health and Human Services**

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

*Condition:*

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 7 out of 13 initiating cases, or 53.85%, the responding State was not notified within the proper time frame of a change in the case.

After a non-custodial parent has been located the Child Support Enforcement division has 90 days to obtain a court order to begin the process of securing a support order, which may or may not include establishing paternity. During our review, we noted that in 1 out of 13 initiating cases, or in 7.69%, that a court order was not obtained to establish paternity within 90 days of locating the non-custodial parent.

When the Child Support Enforcement division is processing an interstate case and Maryland is the initiating state, the division has 20 days to refer the case to the responding state's central registry after determining that the non-custodial parent is located in another state. During our review we noted that in 1 out of 13 initiating cases, or 7.69%, that the case was not referred to the responding state's central registry within 20 days.

This is a repeat finding from the Fiscal Year 2004, Single Audit Report finding number 2004-44 and Fiscal Year 2005, Single Audit Report finding number 2005-16.

*Criteria:*

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..."

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

**Finding 2006-5 (Continued)**

*Criteria, (Continued)*

45 CFR 303 (d) states, “Within 90 calendar days of locating the alleged father or noncustodial parent, regardless of whether paternity has been established, establish an order for support or complete service of process necessary to commence proceedings to establish a support order and, if necessary, paternity (or document unsuccessful attempts to serve process, in accordance with the State's guidelines defining diligent efforts under Sec.303.3(c)).”

45 CFR 303.7 (b) (2) states, “... within 20 calendar days of determining that the noncustodial parent is in another State, and, if appropriate, receipt of any necessary information needed to process the case, refer any interstate IV-D case to the responding State's interstate central registry for action, including requests for location, document verification, administrative reviews in Federal income tax refund offset cases, income withholding, and State income tax refund offset in IV-D cases.”

*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

*Recommendation:*

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 case to

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

**Finding 2006-5 (Continued)**

***Recommendation, (Continued)***

ensure compliance with Federal guidelines. Management should supervise and review to ensure that all areas are in compliance.

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

The local office is in the process of reviewing these cases and if corrective action is needed, it will be implemented and CSEA will provide the auditors our corrective action plans.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-6**

**Department of Human Resources (DHR)**

**CFDA No. 93.563 – Child Support**

**U.S. Department of Health and Human Services**

**DHR has internal controls weaknesses over payment of invoices.**

***Condition:***

DHR processes invoices in batches. The required documents in a batch are a Transmittal Cover Sheet which lists the total amount being paid in the batch; the detail pages to the transmittal which list all invoices that have been paid in the batch in order of document number, and invoices for all payments included in the batch.

Rent is paid in advance of receiving an invoice. DHR receives “Rent Registration” sheets which list all rents due for the month from the Department of General Services and the invoices are received later. Since the invoices are received after payment has been made, they are filed separately from the batches.

During our review of 25 expenditures, we noted one instance where an invoice for rent was not present.

The approval of an invoice for payment is a multi-step process which involves review by a staff-level Accounts Payable employee, the Accounts Payable Supervisor, and the Accounting Manager. All invoices are to be signed individually by an Accounts Payable employee to evidence that they are approved for payment.

During our review of 25 expenditures, we noted three instances where the invoice/supporting documentation did not have the signature of a supervisor to verify that it was reviewed and approved.

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

**Finding 2006-6 (Continued)**

***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:***

DHR does not have adequate internal control procedures for the approval process of invoices for payment.

***Effect:***

There is no assurance that invoices charged to Child Support are proper expenditures of the program.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that DHR establish proper internal controls procedures, such as reconciling rent invoices to payments made, to ensure that all payments made are proper expenditures of the Child Support program.

We recommend that DHR establish proper internal controls procedures, such as the lack of an Accounts Payable employee’s signature prohibiting payment of an invoice, to ensure that all payments made are proper expenditures of the Child Support program.

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

The Department does not concur that proper internal controls were not established over the processing of invoice transactions.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-6 (Continued)**

*Auditee Response and Corrective Action Plan, cont.*

With respect to the processing of payments for rent, the Department's Office of Administrative Operations forwards a copy of all leases, new or amended, to the Accounts Payable (AP) Manager where items are placed on the Rent Register. The Rent Register is utilized in lieu of invoices to make timely rental payments to landlords (rent is a contracted service of equal amounts due on the first day of the month), as invoices may not be received by the time the payment is to be processed. The Rent Register is an acceptable alternative to actual invoices and is approved by the State Comptroller's General Accounting Division because it contains all pertinent lease information including the Board of Public Works authorization number and date for which each lease was approved. Landlord invoices received are matched to the rent register to ensure the vendor's mailing address has not changed, however, the amount paid is fixed by the terms of the lease. The AP Manager contacts landlords in an attempt to obtain missing invoices, and works closely with the Department's Director of Real Estate Operations to periodically review the rent register and discuss any upcoming changes, moves, or amendments.

The Department will continue to utilize the Rent Register to ensure timely payments to landlords, reconcile invoices received with information on the rent register and pursue missing invoices, and work with the Real Estate Division to discuss variances and other real estate issues.

With respect to supervisory review and approval of disbursement documents, the Department utilizes an approval process as described in Maryland Department of Budget and Management Application Systems Management Internal Control and Security Policy and Procedures Manual. Specifically, the person performing document approval, via the system document transmittal screen (Accounts Payable Supervisor), carefully reviews supporting documents for all transactions and initials the transmittal report that contains information on all documents included in the transmittal to evidence this second review. (Persons with security to transmit cannot also initiate and process disbursement transactions.) The review is to ensure that the related goods or services were received, and that the invoice names, addresses and amounts match with the detail on the transmittal report. The transmittal report and original invoices are then reviewed by a third person, who is authorized to sign the transmittal cover sheet.

Two of the invoices cited were paid in connection with a purchase order and processed using the three-way-match: verification between the purchase order specifications, the receiving reports, and the invoice amounts. With these, transaction amounts above what was procured and received are not allowed in the system.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-6 (Continued)**

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

These transactions do not require a separate signature authorization on the invoice according to the Department of Budget Managements' Internal Control and Security Policy and Procedures.

The remaining invoice, a direct voucher, was paid against a procurement transaction (a state contract -blanket purchase order in the system) for rental of a postage meter. A copy of the contract is maintained in the Accounts Payable Unit and matched to the invoice when received to verify the fixed contractual monthly rate of the rental agreement. (The Accounts Payable Unit maintains a spreadsheet of such contracts to assist with the verification of invoice amounts.) As mentioned above, this disbursement requires three independent approvals: the initial review and posting of the document in the system, the secondary review performed by the transmitter and documented on the transmittal report, and the third review performed by the authorized signer of the transmittal cover sheet.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-7**

**Department of Human Resources (DHR)**  
**CFDA No. 10.561 – Food Stamps Program**

**U.S. Department of Agriculture**

**The Food Stamps Program had weaknesses in internal controls over record keeping for equipment inventory management.**

***Condition:***

The Department of Human Resources could not independently identify 6 items of equipment acquired under the Food Stamps Program. We were unable to trace the selected purchases from the schedule of acquisitions and receiving reports to the bi-annual inventory report.

***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, model, Federal stock, national stock numbers 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, 2006**

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

**Finding 2006-7 (Continued)**

*Cause:*

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

*Effect:*

Without proper inventory controls in place, it minimizes the assurance that the Department of Human Resources is adequately tracking and monitoring acquisitions and disposals of equipment acquired with Federal funds.

*Questioned Costs:*

Unknown

*Recommendation:*

We recommend that the Department of Human Resources strengthen internal controls over equipment inventory records to ensure that equipment acquisitions acquired with Federal funds are properly safeguarded in accordance with Federal regulations.

*Auditee Response and Corrective Action:*

The Department does not agree with the audit finding. Each of the six (6) items noted were included in the inventory database (upon receipt of the goods prior to distribution). As required by the Maryland Department of General Services, we perform an annual physical inventory of IT equipment (not bi-annually). The auditor reviewed the last scan of the inventory that was completed December 2006 – January 2007. The next step in the inventory control process is reconciliation of the scan against the inventory database to assure that records exist for each item, and that records for missing items are investigated. The items questioned by the auditor will be identified/located in that process, or reported and removed from inventory in accordance with State procedures. The reconciliation of the last physical inventory is scheduled to be completed by April 2, 2007.

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**Year Ended June 30, 2006**

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

**Finding 2006-7 (Continued)**

*Auditee Response and Corrective Action, (Continued)*

In addition, we are working with OTHS to identify a Web-based application for inventory that will enable staff to perform on-site reconciliation. This will improve efficiency and accountability.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-8**

**Department of Human Resources (DHR)**  
**CFDA No. 10.561 – Food Stamps Program**

**U.S. Department of Health and Human Services**

**The Food Stamps Program had internal control weaknesses over the Financial Reporting Process. Some required reports were filed late.**

***Condition:***

The FNS-46 Issuance Reconciliation Report is a reconciliation report of food stamp benefits actually issued with the State's Master Issuance File. Generally, one FNS-46 covers the entire State if it operates only one issuance (EBT). The Master Issuance contains records on all households eligible to receive benefits. Actual issuances may be recorded in the Record for Issuance (RFI) or an alternative filing system. The RFI is created from the Master Issuance File and discloses the amount of benefits the household is eligible to receive and the actual amount issued. FNS-46 report is transmitted to the U.S. Department of Agriculture. The FNS-46 report is prepared on a monthly basis and is required to be submitted ninety (90) days after the month's end.

We reviewed 4 monthly FNS-46 Reports for testing and noted that 4 monthly reports were submitted more than ninety days after the month's end to the U.S. Department of Agriculture. This is a repeat finding.

***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:***

DHR does not have adequate internal control procedures over timely submission of the FNS-46 report to the U.S. Department of Agriculture.

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

**Finding 2006-8 (Continued)**

***Effect:***

There is no assurance that the FNS-46 reports are submitted in a timely manner.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that DHR establish proper internal control procedures, such as the creation of a calendar to show when reports are due, to ensure the FNS-46 report is submitted within ninety days to the U.S. Department of Agriculture.

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

The Department concurs with the finding. Based on the auditor's recommendations, new procedures for submission of the FNS-46 report have been developed to ensure timely future submissions. The new procedures, effective immediately, include the following controls:

- 1) A schedule of FNS-46 Report due dates will be developed at the beginning of each federal fiscal year (FFY).
- 2) Supervisory monitoring of report submissions will be instituted to ensure reports are submitted on or before the due dates.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-9**

**Department of Labor, Licensing and Regulation (DLLR)**  
**U.S. Department of Labor**

**CFDA No. 17.258 – WIA Adult Program**  
**CFDA No. 17.259 – WIA Youth Activities**  
**CFDA No. 17.260 – WIA Dislocated Workers**

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

***Condition:***

Our test of a Local Workforce Investment Board's (LWIB) files disclosed internal control weaknesses in case file documentation. Eleven files we examined were incomplete or did not document employment verification follow-up or case closure.

***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:***

Out of 15 files selected for testing for a LWIB, we found 11 files had incomplete case management notes and 10 of the files contained no employment verification follow-up. In addition, we observed that a Federal Compliance Review cited similar findings including no documentation of WIA eligibility and files lacking organization.

***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, 2006**

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

**Finding 2006-9 (Continued)**

***Questioned Costs:***

Unknown

***Recommendation:***

We observed that significant progress has been made with the implementation of DLLR's subrecipient monitoring program. We recommend that DLLR provide technical assistance to all LWIB's in meeting DOL administrative requirements and proper file maintenance and documentation, and DLLR's program monitors place added emphasis on file maintenance when performing subrecipient monitoring.

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

The agency concurs with the recommendation to provide technical assistance to LWIBs in meeting administrative requirements and proper file maintenance and documentation. DLLR is using the Maryland Workforce Exchange (MWE), a case management, information and reporting system, and we have encouraged local case managers to use this tool to document both case management and follow up services. DLLR has provided regular training on system functionality, with a focus on the importance of case notes and follow-up. We could not assess from the comments above whether the auditor checked the MWE for supporting case notes and follow up documentation, but we will continue to provide the following:

- Bi-Monthly MWE system user meetings where technical assistance is provided.
- Regular alerts and guidance letters on system utility, changes and enhancements.
- Continued training sessions to deliver Case Management/Follow up Training modules.

In addition, the Maryland Institute for Workforce Excellence, has just announced the availability of an on-line 9 hour course on case management and follow-up, specifically targeted to meeting federal requirements. DLLR is encouraging all case management staff to take this course.

DLLR's three Regional Representatives conduct annual programmatic and eligibility monitoring. We have added additional questions regarding Individual Employment Plan (IEP) development, case management, and follow-up documentation to their monitoring questionnaires. Problems with file maintenance and insufficient documentation will be addressed in both official monitoring reports and LWIA quarterly review letters.

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

**Finding 2006-9 (Continued)**

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-10**

**Department of Labor, Licensing and Regulations (DLLR)**  
**U.S. Department of Labor**

**CFDA No. 17.207 Employment Services**  
**U.S. Department of Labor**

**Internal Control weakness exists in reporting the earmarking requirements.**

***Condition:***

DLLR Division of Workforce Development did not accurately report the ten percent earmark for Employment Services due to an error in typing the data in the remarks section of the SESA Financial Status Report -Std. Form 269 (SF 269). The amount reported was overstated by \$9,601,696, and the error was not caught and corrected by DLLR.

***Criteria:***

Ten percent of State's Wagner Peyser Act allotment shall be reserved by the State Workforce Agency (SWA) to provide services and activities authorized by Section 7(b) of the Act 29 USC 49f(b)).

OMB A-133 Compliance Supplement over matching, level of effort, and earmarking, states that grantees must provide reasonable assurance that matching, level of effort, or earmarking requirements are met using only allowable funds or costs which are properly calculated and valued. Additionally, supervisory review of matching, level of effort, or earmarking activities performed to assess the accuracy and allowability of transactions and determinations, e.g. at the time reports on Federal awards are prepared.

***Cause:***

DLLR control procedures for calculating and reporting the federal mandated earmark of ten percent for performance incentives for public employment services offices and programs was inadequate. The yearend SF 269 report dated June 30, 2006 reported the ten percent earmark in the amount of \$10,640,697, when it should have been \$1,039,001. DLLR was unaware of the error and it was not corrected until conclusion of audit fieldwork. We did note, however, the cumulative SF-269 report provided correct data in the subsequent reporting period. The error was caused by not reconciling internal reporting on the FARS-FMIS GA-17 report with the SF-269.

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**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-10 (Continued)**

***Effect:***

There is no assurance that DLLR is correctly reporting the ten percent earmark requirement and the OMB A-133 Compliance Supplement control objects of matching, level of effort, and earmarking and for reporting are being met.

***Recommendation:***

We recommend that DLLR's Division of Workforce Development strengthen internal controls over their reporting and calculation of the ten percent earmarking requirement and monitor to ensure that the correct percentage is calculated and reported.

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

The Department agrees, in part, with the Auditor's finding. Although DLLR acknowledges that the electronic submission of the Standard Form 269A contained a typographical error within the Wagner-Peyser remarks section, the Federal Share of Total Outlays were always correct. In addition, the subsequent quarterly report corrected the year-to-date amounts in the Wagner-Peyser remarks section (10% earmarking). DLLR has provided copies of this documentation to the auditors. The Department will continue to closely monitor and reconcile the earmarking section of the quarterly SF269 reports.

Note – while the Financial Status Report long form (SF-269) has sections with automatic calculations of amounts, the Wagner-Peyser remarks section does not automatically crossfoot. A form control calculation that would alert the user to differences in total outlays between line 10J "Federal share of Net Outlays" and the Wagner-Peyser remarks section Item 10J "Fed Outlay" would help to eliminate these types of errors. DLLR intends to contact the Department of Labor to recommend that they modify the electronic submission format to correct this problem.

***Auditor's Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-11**

**Department of Health and Mental Hygiene (DHMH)**  
**Maternal and Child Health Program**

**CFDA No. 93.994**

**U.S. Department of Health and Human Services**

**Compliance and Internal Control Weakness over Subrecipient Monitoring.**

***Condition:***

We reviewed twenty-five (25) files that contain documents related to the award of Federal funds by the Department of Health and Mental Hygiene (DHMH) to local health departments (LHDs) and private vendors (“subrecipients”) to obtain reasonable assurance that site visits to evaluate financial and programmatic records were conducted in accordance with the General Requirements of OMB Circular A-133 and the conditions of grant award imposed by DHMH. Although DHMH asserts that site visits were conducted for all local health departments in fiscal year 2006, we found that three (3) out of the 25 files reviewed contained no evidence of such visits or other means of assuring that the local health departments are complying with laws, regulations and provisions of their agreements with DHMH.

***Criteria:***

OMB Circular A-133, General Requirements, Part 3, subpart M, states in pertinent part that “a pass-through entity is responsible for...monitoring the subrecipient’s use of Federal awards through...site visits...or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.” OMB Circular A-133 also provides that “monitoring activities normally occur throughout the year and may take various forms, such as performing site visits at the subrecipient to review financial and programmatic records and observe operations.” In addition, DHMH through its Human Services Agreements-Conditions of Grant Awards document imposes a general condition on each of its grants to local health departments which states “jurisdictions family planning programs must comply with the Family Planning Clinical and Administrative Site Review Process, including self reviews and on-site state reviews.”

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**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-11 (Continued)**

*Cause:*

DHMH failed to perform site visits of three local health departments and failed to document other means of evaluating the programs for these subrecipients.

*Effect:*

Awards were made to subrecipients without proper follow-up through site visits to ensure that the subrecipients were complying with laws and regulations.

*Questioned Costs:*

Unknown

*Recommendation:*

We recommend that DHMH adhere to the provisions of OMB Circular A-133 and conduct site visits as call for in OMB Circular A-133 and in its agreement with local health departments and private vendors.

*Auditee Response and Corrective Action Plan:*

The Department concurs with the finding but points out that one of the criteria cited does not cover the federal grant award under review. The criteria states, in part, “In addition, DHMH through its Human Services Agreements-Conditions of Grant Awards document imposes a general condition...which states ‘jurisdictions family planning programs must comply with the Family Planning Clinical and Administrative Site Review Process, including self reviews and on-site state reviews.” For the record, it should be noted that the audit was conducted on the Maternal and Child Health Title V federal grant award, not on the Family Planning Title X federal grant award.

Because the three grants referred to in the audit exception were not family planning grants, they were not subject to “site visits” as required in the Conditions of Award referenced in the finding. These grants are subject to a condition requiring participation in conferences with grant monitors to review mid-year progress and identify areas for “technical assistance and consultation” (Condition 5 in the Center for Maternal and Child Health section of the Conditions of Award). These conferences may or may not be conducted on-site. These three grants were also subject to

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

**Finding 2006-11 (Continued)**

*Auditee Response and Corrective Action Plan, cont.*

conditions requiring mid-year and end-of –year progress reports in addition to the year-end budget reconciliation submitted on the DHMH 440 (Conditions 3 and 4 in the Conditions of Award).

While grant files for the three grants (Anne Arundel Co. FH 77IPO (Improved Pregnancy Outcome), Baltimore City FH 181MCH (Childhood Lead Poisoning Prevention), and Prince George’s Co. FH 362HRI (High Risk Infant)) did not contain documentation of site visit reports or other documentation of grant monitoring activities as required by OMB Circular A-133 General Requirement, Part 3, subpart M, this was a failure to retain documentation rather than a lack of monitoring. The program agrees that documentation should be consistently maintained for all monitoring activities, which are carried out consistent with the grant requirements and the Conditions of Award.

*Auditors’ Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-12**

**Department of Health and Mental Hygiene**  
**Medical Assistance Program Medicaid Cluster**

**CFDA No. 93.778**

**U.S. Department of Health and Human Services**

**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 analysis 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. The contractor 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. This is a repeat finding.

The risk analysis identified sixty-seven (67) vulnerabilities covering twenty (20) vulnerability areas. The fifty (50) most severe vulnerabilities were noted in the report. The contractor recommended that these vulnerabilities be corrected to avoid losses to the MMIS-II assets and resources. CG 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 all together.

***Criteria:***

The State must establish and maintain a program for conducting periodic risk analysis to ensure the 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 bi-annual 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 bi-annual ADP system security reviews for HHS on-site reviews.

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

**Finding 2006-12 (Continued)**

***Cause:***

DHMH is in the process of conducting a review not to be completed until March 2007. Prior to this, a review has not been conducted on its security system 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.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that DHMH conduct a risk analysis on a timely basis 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 Department concurs with the finding. The Administration procured 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 finished product is anticipated to be available by April 30, 2007.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-13**

**Department of Health and Mental Hygiene (DHMH)**  
**Medical Assistance Program (Medicaid Cluster)**

**CFDA No. 93.778 – Medical Assistance Program**

**U.S. Department of Health and Human Services**

**The Department of Health and Mental Hygiene received and credited Federal funds earlier than the required clearance pattern of 8 days from the date of disbursement.**

***Condition:***

We noted that DHMH did not comply with the Clearance Pattern for Provider payments (Non-Voucher only, not processed through MMIS). Every Tuesday, the Division of General Accounting prepares a Letter of Credit to request Federal funds for expenditures paid during the Monday through Friday of the previous week based on a Memorandum submitted by the Office of Planning and Finance Budget, Accounting and Revenue Division. We noted on Letter of Credit for Week 48, dated May 30, 2006, which represented expenditures made the week of May 22 through May 26, 2006, that Provider payments (Non-Voucher only, not processed through MMIS), DHMH requested Federal funds that were deposited on June 6, 2006 which represents the seventh (7<sup>th</sup>) day after expenditures. The Division of General Accounting uses the date of the memorandum as the expenditure date and starts counting for clearance pattern purposes, the next day. The clearance pattern for reimbursements not processed in MMIS is eight (8) days. Therefore, DHMH was not entitled to receive funds until June 7, 2006.

***Criteria:***

31 CFR 205.21 (b) states, “As set forth in Sec 205.9, a Treasury-State agreement must include the method a State uses to develop and maintain clearance patterns. Paragraph 6.1.2 of The Cash Management Improvement Act between the State of Maryland and The Secretary of the Treasury states, “The State shall schedule receipt of Federal funds such that the funds are received and credited to a State account in accordance with the clearance patterns specified in Exhibit II.” Exhibit II establishes a clearance pattern of eight (8) days.

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

**Finding 2006-13 (Continued)**

*Cause:*

DHMH failed to correctly calculate the number of days required to draw down the funds.

*Effect:*

DHMH received funds in advance and therefore, must pay interest to the Federal government.

*Questioned Costs:*

\$17

*Recommendation:*

We recommend that DHMH comply with the clearance pattern stated in the CMIA agreement with the requesting of funds for the projects paid in FMIS not in MMIS.

*Auditee Response and Corrective Action Plan:*

We agree with the auditor's finding. When we prepared our Fiscal Year 2006 Federal/State interest liability report the receipt date of the draw down, in question, was incorrectly reported; therefore, interest of \$17 is due to the Federal government. A prior period adjustment, of \$17, will be included on the Fiscal Year 2007 report to correct this oversight.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-14**

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

**Medicaid Assistance Program Medicaid Cluster**  
**CFDA No. 93.778**

**U.S. Department of Health and Human Services**

**Internal control weakness 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 selected a total of 65 Medical Assistance claims to review the files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Baltimore County, Howard County, Prince Georges County and Anne Arundel County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients. All claims were processed during the fiscal year ended June 30, 2006 and we noted the following exceptions:

**Baltimore City**

One of the five existing cases, the applicant's application date in CARES and MMIS II was March 31, 2006 but the application in the file was not signed by the recipient until November 14, 2006.

**Howard County**

Two of the five existing files did not contain information regarding a redetermination for FY 2006.

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

**Finding 2006-14 (Continued)**

*Condition, (Continued)*

This is, in part, a repeat finding from Fiscal Years Ended June 30, 2004 and 2005 Single Audit Report finding number 2004-24 and 2005-5 respectively.

*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.”

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.”

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

**Finding 2006-14 (Continued)**

42 CFR 435.911 (a) states, “The agency must establish time standards for determining eligibility and inform the applicant of what they are. These standards may not exceed:

- (1) Ninety days for applicants who apply for Medicaid on the basis of disability; and
- (2) Forty-five days for all other applicants.”

***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:***

Unknown

***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 Department has not been provided with the details of the 3 cases cited in the audit to confirm the eligibility decisions. If the Beneficiary Services Administration (BSA) determines that errors were made, a letter will be sent to DHR requesting a review of the audit findings and a corrective action plan. DHMH and DHR both continue to provide training to new and existing workers emphasizing the need to obtain required documentation

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

**Finding 2006-14 (Continued)**

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

and verification as illustrated by the fact that there were only 3 alleged errors out of 65 cases. The auditors failed to mention there is a quality control process in place that requires each supervisor to review a percentage of eligibility decisions each month rendered by the caseworkers to ensure that the correct decisions have been made.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-15**

**Department of Health and Mental Hygiene (DHMH)**  
**Medical Assistance Program (Medicaid Cluster)**

**CFDA No. 93.778**

**U.S. Department of Health and Human Services**

**Compliance and Internal Control Weakness over Procurement Requirements and Suspension and Debarment Certifications Missing.**

***Condition:***

We reviewed 25 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 13 out of the 25 contracts made to contractors/subrecipients did not have suspension and debarment certifications verifying that the entity is not suspended or debarred.

We also noted that 23 of the 25 contracts reviewed did not contain evidence of a Contract Fulfillment Team as specified in DHMH's Procurement Policy.

***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 Non-procurement 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 non-procurement debarment and suspension common rule.”

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**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-15 (Continued)**

***Criteria:***

OMB Circular A-133 (I) states, “Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.”

DHMH Procurement Policy “establishes the use of Contract Fulfillment Teams as the approved model of procuring goods and services within DHMH and assigns to OCPMP certain responsibilities for creating and sustaining procurement documents and knowledge bases within DHMH, submission of the Procurement Agency Activity Report (PAAR), maintenance of records and development and implementation of procurement training.”

***Cause:***

DHMH failed to obtain suspended or debarred verifications by collecting a certification from the entity, or adding a clause or condition to the covered transaction, or providing audit evidence of checking the EPLS.

DHMH’s contract files did not show evidence of a Contract Fulfillment Team which is prescribed in its Procurement Policy.

***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.

Contracts were also made without assigning a Contract Fulfillment Team as required by DHMH’s Procurement Policy.

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

**Finding 2006-15 (Continued)**

*Questioned Costs:*

Unknown

*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.

We also recommend that DHMH adhere to the provisions of its Procurement Policy by assigning a Contract Fulfillment Team since this is the approved model of procuring goods and services within DHMH.

*Auditee Response and Corrective Action Plan:*

The Department concurs with these findings. The Department will modify the Procurement Policy to include procedures for the effective use of the List of Parties Excluded from Federal Procurement. The Department will include procedures for non-procurement programs ensuring that procurement staff will not provide non award assistance to parties in violation of the Executive Order. The Department will update the internal checklist to include Contract Fulfillment Team (CFT) Minutes. Due to the high turnover of the procurement staff, many staff members are still being trained and hence omitted the CFT minutes from the contract files. Anticipation completion date: December 2007.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-16**

**Department of Health and Mental Hygiene (DHMH)**  
**Maternal and Child Health Program**

**CFDA No. 93.994**

**U.S. Department of Health and Human Services**

**Compliance and Internal Control Weakness over Procurement, Suspension and Debarment.**

***Condition:***

We reviewed twenty-five (25) files that contain documents related to the award of Federal funds by the Department of Health and Mental Hygiene (DHMH) to Local Health Departments (LHDs) and private vendors (“subrecipients”) to determine whether suspension and debarment certifications were obtained in accordance with the provisions of OMB Circular A-102 and A-133 and other procurement requirements. We noted that four (4) out of the 25 awards made to subrecipients did not have suspension and debarment certifications verifying that the entity is not suspended or debarred.

***Criteria:***

OMB Circular A-102 (d) states, in relevant part, that “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.”

OMB Circular A-133 (I) states “Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This

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

**Finding 2006-16 (Continued)**

*Criteria, (Continued)*

verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.”

*Cause:*

DHMH failed to obtain suspension and debarment certifications from four subrecipients. DHMH also failed to add a clause or condition to the covered transactions and failed to provide audit evidence that the EPLS was utilized.

*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.

*Questioned Costs:*

Unknown

*Recommendation:*

We recommend that DHMH adhere to the provisions of OMB Circular A-102 and A-133 and obtain and maintain suspension and debarment certifications for all covered contracts and subawards.

*Auditee Response and Corrective Action Plan:*

The Department concurs with these findings. The Department will modify the Procurement Policy to include procedures for the effective use of the List of Parties Excluded from Federal Procurement. The Department will include procedures for non-procurement programs ensuring that procurement staff will not provide non award assistance to parties in violation of the Executive Order.

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

**Finding 2006-16 (Continued)**

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

The Department will update the internal checklist to include Contract Fulfillment Team (CFT) Minutes. Due to the high turnover of the procurement staff, many staff members are still being trained and hence omitted the CFT minutes from the contract files. Anticipation completion date: December 2007.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-17**

**Department of Health and Mental Hygiene (DHMH)**  
**State Children’s Insurance Program (SCHIP)**

**CFDA No. 93.767**

**U.S. Department of Health and Human Services**

**Internal control weakness related to sub-recipient monitoring. DHMH did not adhere to the policy requiring each Local Health Departments to submit annual reports timely in order to qualify for SCHIP funding.**

***Condition:***

The Department of Health and Mental Hygiene’s (DHMH) Office of Operations and Eligibility and Pharmacy Beneficiary Services Administration (Office of Operations) requires that each Local Health Departments (LHD) submit annual statistical reports by August 31<sup>st</sup> of each year. This requirement is contained in the Office of Operations Instructions for Preparing Narrative and Budget Maryland Children’s Health Program Eligibility Determinations (Instructions) document. We noted that DHMH failed to recognize that three of the twelve LHD’s reviewed did not comply with this requirement.

***Criteria:***

OMB Circular A-133, Part 3-M states, “A pass-through entity is responsible for monitoring the sub-recipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contract or grant agreements and the performance goals are achieved.”

In addition, the Instructions state, “All requirements and conditions must be met in order to qualify for SCHIP funds. However, we noted that the three LHD’s that submitted reports after August 31<sup>st</sup>, received funding for the next fiscal year.

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

**Finding 2006-17 (Continued)**

***Cause:***

DHMH failed to comply with the requirements of OMB Circular A-133 and the provisions of its related requirements with the LHD's.

***Effect:***

DHMH awarded funds in fiscal year 2007 to the three LHD's that failed to comply with all requirements and conditions specified in the Instructions. The effect of this may have some impact over the possibility of improper awarding of SCHIP funds.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that DHMH monitor its adherence to the requirements of OMB-133 and the enforcement of the requirements set forth in the Instructions given to the LHD's for awarding SCHIP funding.

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

The Department concurs. Some of the annual reports are late due to staffing difficulties at the Local Health Departments (LHD). DHMH staff works closely with the LHDs to assist them in completing the reports; however, some jurisdictions require closer monitoring and technical assistance. The Department will procure the reports more timely in the future.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-18**

**Department:** Department of Health and Mental Hygiene (DHMH)  
**Program:** State Children’s Health Insurance Program (SCHIP)  
**CFDA Number:** 93.767

**US Department of Health and Human Services**

**Internal control weakness over the eligibility determination process for State Children’s Health Insurance Program (SCHIP).**

***Condition:***

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 Maryland Children’s Health Insurance Program on a uniform basis throughout the State for persons who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage according to regulations, guidelines and procedures established by DHMH.

The DHR Local Health Departments (LHD) offices did not obtain the necessary documentation and perform the necessary verifications of income and resources to support eligibility determinations for Maryland Children’s Health Insurance Program (SCHIP).

We selected a total of 65 SCHIP claims to review the files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Baltimore County, Howard County, Prince Georges County and Anne Arundel County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients. All claims were processed during the fiscal year ended June 30, 2006 and we noted the following exceptions:

**Baltimore City LHD**

For one of the eight newly established files, the applicant was an Alien who entered the US in June of 2001. The file did not contain any documentation to support the applicant’s date of entry nor was the five year waiting period observed.

One of the five existing files could not be located by the Baltimore City LHD.

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

**Finding 2006-18 (Continued)**

***Criteria:***

OMB A-133 states that “States are required to include in their State plans a description of the standards used to determine eligibility of targeted low-income children.” Under the State plan, only targeted low-income children who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage (including access to a state health benefits plan) are furnished child health assistance under the state child health plan.

The following are standards for eligibility determinations per OMB A-133 and Maryland’s State Plan:

1. Children under age 19
2. Countable income is at or below 200% of the federal poverty level (FPL)
3. Pregnant women of any age whose countable income is at or below 250% FPL
4. Current resident of the State of Maryland
5. Applicants are required to provide a Social Security Number or apply for a Social Security Number
6. A U.S. Citizen
7. Qualified aliens, as defined at 8 USC 1641, who entered the US on or after August 22, 1996, are not eligible for SCHIP for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five year bar under the terms of 8USC 1613.
8. Eligibility must be redetermined at least every 12 months.

***Cause:***

DHMH personnel did not obtain the necessary documentation to perform verifications of income, resources, and/or social security numbers or alien status prior to determining the eligibility of the applicant. Also, one of the existing cases could not be located.

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

**Finding 2006-18 (Continued)**

***Effect:***

Since documentation and verifications were not performed in accordance with program requirements and cases could not be located, DHMH does not have adequate assurance that eligibility for SCHIP is being properly determined.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that DHMH 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 Department has not been provided with the details of the cases cited in the audit to confirm the eligibility decisions. If the Beneficiary Services Administration (BSA) determines that errors were made, a letter will be sent to DHR requesting a review of the audit findings and a corrective action plan. DHMH and DHR both continue to provide training to new and existing workers emphasizing the need to obtain required documentation and verification as illustrated by the small number of deficiencies noted. The auditors failed to mention there is a quality control process in place that requires each supervisor to review a percentage of eligibility decisions each month rendered by the caseworkers to ensure that the correct decisions have been made.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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**Finding 2006-19**

**Department of Health and Mental Hygiene**

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and Technical Assistance**

**U.S. Department of Health and Human Services**

**Internal control weaknesses and non-compliance over the National Breast and Cervical Cancer Early Detection Program earmarking requirement.**

***Condition:***

We noted that the calculations performed by individuals with the Department of Health and Mental Hygiene (DHMH) related to the earmarking requirements for the National Breast and Cervical Cancer Early Detection Program (NBCCEDP) were based on estimated expenditures for screening, non-screening and administration.

***Criteria:***

Section H.2.b.(1) of the Center for Disease Control and prevention (CDC) Program Announcement 02060 states, “Not less than 60 percent of cooperative agreement funds must be spent for screening, tracking, follow-up and the provision of appropriate individually provided support services. Cooperative agreement funds supporting public education and outreach, professional education, quality assurance and improvement surveillance and program evaluation, partnerships and management may not exceed 40 percent of the approved budget.”

Section H.2b. (3) of CDC Program Announcement 02060 states, “Not more than 10 percent of the total funds awarded may be spent annually for administrative expenses...Administrative expenses comprise a portion of the 40 percent component of the budget.”

***Cause:***

DHMH does not have a control in place to verify that actual expenditures charged to the NBCCEDP cooperative agreement are in compliance with the earmarking requirements under CDC Program Announcement 02060.

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

**Finding 2006-19 (Continued)**

***Effect:***

DHMH's internal controls over the earmarking requirements of the NBCCEDP are not adequate to ensure actual expenditures for screening, non-screening, and administration are within the required minimum/maximum percentages allowed under CDC Program Announcement 02060. As result of this lack of control, compliance for this requirement could not be determined.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that DHMH establish and document internal control procedures to ensure that the earmarking requirements of the NBCCEDP are met based on actual expenditures for screening, non-screening and administration.

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

The DHMH concurs with the recommendation, and to address the earmarking requirement, DHMH implemented the use of time studies to track actual expenditures at the local level at the beginning of state fiscal year 2007 (July 1, 2006). Local Breast and Cervical Cancer Program (BCCP) staff were trained on how to complete time studies in May 2006. The time studies are sent to DHMH quarterly. Quarterly reports for the period ending September 30, 2006 and December 31, 2006 were used to verify that actual expenditures charged to the NBCCEDP cooperative agreement are in compliance with the earmarking requirements under CDC Program Announcement 02060. Based on the first and second quarter times studies from Fiscal Year 2007, the BCCP is in compliance with the earmarking requirements under CDC Program Announcement 02060. Monitoring of the earmarking requirements occurs on a quarterly basis.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-20**

**Department of Health and Mental Hygiene**

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and  
Technical Assistance**

**U.S. Department of Health and Human Services**

**Internal control weaknesses and non-compliance over the Financial Status Reporting  
process.**

***Condition:***

DHMH is required to submit an annual Financial Status Report (FSR) ninety days after the end of the budget period for the CDC Grant , Bioterrorism Program. The FSR was due November 30, 2006, however, the report was not filed timely and has not been filed through end of fieldwork. We also noted that DHMH’s documentation was not in agreement with expenditures reported on the FSR and a reconciliation needs to take place.

***Criteria:***

OMB Circular A-133 Subpart C Section .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 and grant agreements that could have a material effect on each of its Federal programs.”

The cooperative agreements states “an annual financial status report for the budget period is required to be submitted to the Grant Management Officer ninety days after the end of the budget period.”

The Financial Status Report instructions for Line 10a (total outlays) states, “For reports prepared on a cash basis, outlays are the sum of actual cash disbursements for direct costs for goods and services, the amount of indirect expense charged, the value of in-kind contributions applied, and the amount of cash advances and payments made to subrecipients.”

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

**Finding 2006-20 (Continued)**

*Cause:*

DHMH does not have a tracking system in place to ensure that final FSR reports are filed timely.

*Effect:*

DHMH's internal controls over the FSR reporting process are not adequate to ensure accurate preparation and timely submission of required reports. This resulted in non-compliance with the cooperative agreement.

*Questioned Costs:*

*Unknown*

*Recommendation:*

We recommend that DHMH establish a tracking system to ensure the FSR reports are filed timely.

We also recommend that DHMH modify their existing control related to the supervisory review to ensure that the proper supervisor review is completed to ensure the data submitted is accurate and complete.

*Auditee Response and Corrective Action Plan:*

We concur. We will immediately review our policy and procedures and take appropriate action.

*Auditors' Conclusions:*

Based on the above, the finding remains as stated.

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

**Finding 2006-21**

**Department of Housing and Community Development (DHCD)**  
**CFDA 14.871 Section 8 Housing Choice Vouchers**

**U.S. Department of Housing and Urban Development**

**The Department of Housing and Community Development did not have adequate documentation to support purging two individuals from the wait list.**

***Condition:***

During single audit testing SBC noted that two individuals purged from the wait list had no supporting documentation that they had returned mail or that notices were sent to determine why a pre-application had not been submitted to DHCD upon request.

***Criteria:***

Per 24 CFR sections 5.410, 982.54(d), and 982.201 through 982.207, “the Public Housing Authority (PHA) must have written policies in its Housing Choice Voucher Payment (HCVP) administrative plan for selecting applicants from the waiting list and PHA documentation must show that the PHA follows these policies when selecting applicants for admission from the waiting list. “Selection” from the waiting list generally occurs when the PHA notifies a family whose name reaches the top of the list to come in to verify eligibility for admission”.

“The HCVP administration plan states that “families who are determined to be ineligible will be removed from the Local Housing Authority’s (LHA’s) Section 8 Waiting List. Prior to removal from the waiting list, ineligible families will be notified in writing by the LHA. This written notification will explain the reason for denial.”

***Cause:***

The Department of Housing and Community Development does not seem to have a policy to retain documentation supporting reasons to purge potential applicants from the wait list.

***Effect:***

There is no documentation to support the proper removal of applicants from the waiting list.

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

**Finding 2006-21 (Continued)**

*Questioned Costs:*

Unknown

*Recommendation:*

We recommend that Section 8 Housing Choice Voucher Program staff retain documentation to support reasons for purging individuals from the wait list and all other procedures performed in accordance with the administrative plan.

*Auditee Response and Corrective Action Plan:*

DHCD will develop a wait list documentation retention policy and will retain documentation to support changes in the wait list.

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-22**

**Department of Housing and Community Development (DHCD)**  
**CFDA 93.569 Community Services Block Grant**

**U.S. Department of Health and Human Services**

**The Department of Housing and Community Development did not perform full subrecipient monitoring for all subrecipients receiving funds under the Community Services Block Grant.**

***Condition:***

During single audit testing SBC noted that one subrecipient selected for testing did not have a full subrecipient monitoring report in the file that was performed within a three year period as required.

***Criteria:***

Per 42 USC 9914(a) – “States must conduct full onsite reviews of each eligible subgrantee once every three years to check conformity with performance goals, administrative standards, financial management rules, and other requirements”.

***Cause:***

The Department of Housing and Community Development may not have sufficient staff or a realistic case load for staff within the Community Services Block Grant division.

***Effect:***

The full site reviews are not happening for all subgrantees within the three year required time frame.

***Questioned Costs:***

Unknown

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

**Finding 2006-22 (Continued)**

***Recommendation:***

We recommend that going forward the Community Service Block Grant personnel analyze the three year expiration of onsite reviews of all subgrantees and schedule full onsite reviews throughout the three year period as to not have to complete all reviews at the end of the three year period. SBC also recommends that upper management consider hiring additional Community Service Block Grant project managers so that the staff can efficiently manage their work load.

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

This finding was a result of unforeseen turnover in this department. DHCD will ensure that the department is adequately staffed and that onsite reviews of all subgrantees occur in accordance with regulations.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-23**

**Maryland State Department of Education (MSDE)**  
**CFDA No. 84.287 – 21<sup>ST</sup> Century Community Learning Centers**

**U. S. Department of Education**

**MSDE has internal controls weaknesses over verifying the eligibility of Local Education Agencies (LEA)**

***Condition:***

Determining the eligibility of an LEA involves the approval of the LEA's proposed budget by an LEA's Superintendent or Designee, an LEA's Finance Officer and an MSDE Program Officer. During our review of 25 LEAs, we noted 4 instances, or 16% of the LEAs, where the approval of the LEA's Superintendent or Designee was missing from the proposed budget.

***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:***

MSDE lacked the 2<sup>nd</sup> signature on the budget document, during our review of internal control procedures for the granting of Federal award monies to local education agencies.

***Effect:***

There was a lack of assurance that the local education agencies, budget was approved by the LEA's Superintendent or designee before the Federal funds were awarded.

***Questioned Costs:***

Unknown

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

**Finding 2006-23 (Continued)**

***Recommendation:***

We recommend that MSDE establish proper internal controls procedures, such requiring signatory approvals as proof of review of a proposed budget, before a local education agency is awarded any Federal funds.

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

Each of the four questioned forms contained the signature of the Chief Financial Officer of the LEA and the MSDE Program Officer which demonstrated that the budget had been reviewed and approved by both parties of the grant. MSDE agrees that the second LEA signature on the four questioned forms was missing. In response to the Finding, the questioned forms have been returned to the local school systems for the second signature. In addition, all new subgrantees in the 21<sup>st</sup> Century Community Learning Centers Program will be required to attend an orientation session which provides instruction for properly completing grantee paperwork. In addition the Department will emphasize the importance of having the required information on the grant documents, or they will be returned to the grantee for completion.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

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

**Finding 2006-24**

**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 Educations Opportunity Grants (FSEOG)**

**U.S. Department of Education**

**Morgan State University lacks adequate documentation for return of Title IV funds.**

***Condition:***

Morgan State University's (Morgan) methodology used to satisfy the requirement of returning unearned Title IV funds to the Department of Education (ED) when students withdraw from the institution, is not properly documented to provide required audit trails.

We reviewed the refund calculation for 25 students and found that although, the Title IV funds were not physically returned, they were netted using a methodology of reducing Morgan's request/drawdown by 10% to offset the physical return of Title IV funds.

***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.

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

**Finding 2006-24 (Continued)**

***Cause:***

Morgan has inadequate documentation in their control procedures over the return of unearned Title IV funds.

***Effect:***

The documentation is inadequate to support process used for the return of Title IV funds.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that Morgan strengthens its documentation to support their netting methodology when they request drawdown of Title IV funds. The process should include a listing of students who had changes in student status (Withdrawn from or Dropped Classes) and an analysis should be prepared to obtain a semester percentage (Number of Days completed / Total number of days in the Semester). This percentage times the tuition should reflect the amount of Title IV funds to be returned. Morgan can then reduce/net their next scheduled drawdown by the balance due for return of Title IV funds. This process will show a clear and definitive audit trail that will effectively show that Title IV refunds are properly done within the required timeframe of thirty days.

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

It is the University's intention to implement a procedure prior to April 30, 2007 that will require the Financial Aid Office (FAO) to query the University's Information System on a bi-weekly basis for student withdrawals. Then the FAO will use the query information to, again on a bi-weekly basis, have the financial aid advisors initiate a recalculation of the students' award. The FAO director, or designee, will review the recalculation, authorize return of the unearned Title IV funds, and assure that an appropriate transition record is maintained as documentation. The Financial Aid Office is currently working with the University's Information Technology Department to accomplish the objectives indicated. The University's internal auditor will perform a follow-up review before June 30, 2007 to ensure that this finding is adequately addressed.

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

**Finding 2006-24 (Continued)**

*Auditors' Conclusion:*

Based on the above, the finding remains as stated.

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

**Finding 2006-25**

**Morgan State University**

**Student Financial Aid Cluster**

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

**U.S. Department of Education**

**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.

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**Year Ended June 30, 2006**

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

**Finding 2006-25 (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.

***Questioned Costs:***

Unknown

***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:***

Currently, the Financial Aid Office (FAO) Student Loan component performs reconciliations of the SAS files on a continuous basis. The University will implement procedural changes so that the reconciliations are performed on a monthly basis, effective April 30, 2007. The Director of the FAO, or the FAO Director's designee, will review the record to document compliance, and maintain an appropriate file. Again, the Financial Aid Office is working with the University's Information Technology Department to accomplish these objectives. The University's internal auditor will perform a follow-up review before June 30, 2007 to ensure that this finding is adequately addressed. The University is sensitive to the fact that this is a repeated finding.

***Auditors' Conclusion:***

Based on the above, the finding remains as stated.

**STATE OF MARYLAND**  
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**Year Ended June 30, 2006**

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

**Finding 2006-26**

**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)**

**U.S. Department of Education (DED)**

**Morgan State University lacks effective internal controls over reconciliation of the FISAP with the general ledger.**

***Condition:***

Institutions are required to submit the Fiscal Operations Report and Application to Participate (FISAP) by September 30, 2006 for the fiscal year ended June 30, 2006. 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 noted inconsistencies in the data between the FISAP and Morgan's general ledger or other supporting records for the FPL, FSEOG and FWS as follows:

1. Cash on hand and in depository as of June 30, 2006 did not agree to the accounting records for the Perkins Loan.
2. Tuition and Fees for undergraduates and graduate/professionals did not agree to the audited financial statements for the year ending June 30, 2006.
3. Direct Loans advanced to Students did not agree to supporting documents.

We found that the reported amounts for the aforementioned items were preliminary numbers obtained prior to completion of the financial statement audit. However, the FISAP was not revised for the final audited statement amounts upon completion of the audit. This action would be necessary to ensure that the FISAP was accurately reported and in agreement with the audited financial statements.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-26 (Continued)**

***Criteria:***

U.S. Department of Education Office of Inspector General, Audit Guide for Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, January, 2000 cite the Fiscal Operations Report and Application to Participate (FISAP) (ED Form 646-1)-This electronic report is submitted annually to receive funds for the campus-based programs and is described in the Instruction Booklet for Fiscal Operations Report and Application to Participate. The school uses the Fiscal Operation Report portion to report its expenditures in the previous award year and the Application to Participate portion to apply for the following year. FISAP are required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1, 1999, the institution should submit its' FISAP that includes the Fiscal Operations Report for the award year ended June 30, 1999, and the Application to Participate for the 2000-2001 award year. Institution receives an "Edit Report", that allows the institution to make correction to the FISAP. The "Edit Report", must be resubmitted by mid-December. Key FISAP items are: (FPL, FWS, FSEOG 34 CFR section 673.3).

***Cause:***

Morgan lacks internal controls over monitoring the accuracy of information reported on the FISAP. The contributing information to the FISAP is not reviewed for accuracy by supervisory personnel to ensure that the data reported is correct or is revised as more information becomes available.

***Effect:***

Without proper monitoring of controls over reporting of FISAP information, there is no assurance that the information reported to DED is accurate.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that Morgan implement stronger control procedures over its' reporting of FISAP data to DED. At a minimum a supervisor from each contributing department should validate that the data submitted is accurate, and agrees with the University's audited financial statements and/or supporting documentation.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

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

**Finding 2006-26 (Continued)**

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

The University agrees and will take the following steps to comply:

1. It will submit an amended FISAP report for fiscal year 2006 to address inconsistencies noted by the auditor. This will be completed by April 13, 2007.
2. It will implement stronger quality control procedures over the FISAP reporting process. This will include a review for adequacy, accuracy, and agreement with the University's audited financial statements and/or supporting documentation. This will become effective with the submission of our FISAP for fiscal year 2007.

***Auditors' Conclusion:***

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, 2006**

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

**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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

The University implemented a new integrated software system (Banner) and now has adequate internal controls in place to maintain inventory records of equipment acquired with federal and other grantor funds.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update has been implemented.

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 non-administrative costs were inaccurately charged to this fund. MSDE has determined the value of the non-administrative costs and these costs have been reclassified bringing MSDE into compliance for FY05. Furthermore, MSDE has developed controls and procedures which monitor that the administrative costs for IDEA Part B grants are within allowable limits.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-3**

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

**CFDA No 84.120 - 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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update is being implemented.

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 Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-3 (Continued)**

*FY 2006 Auditee Updated 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.

**STATE OF MARYLAND  
Schedule of Prior Year Findings  
Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update is being implemented and the completion date is projected to be June 30, 2007.

Specifically, for the fiscal year ending June 30, 2006, the accounts receivable balances for all Federal programs were reconciled directly with the State accounting general ledger and grant system (R\*STARS) by grant, with the exception of the holding account for funds not yet assigned to a specific grant program.

For the fiscal year ending June 30, 2007, it is anticipated that all accounts receivables listed on the Schedule G will match the general ledger and grant system of R\*STARS.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-5**

**Department of Health and Mental Hygiene (DHMH)**  
**Medicaid Assistance Program Medicaid Cluster**

**State Children's Health Insurance Program**  
**CFDA 93.778 and 93.767**

**U.S. Department of Health and Human Services**

**Internal control weakness 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.

***Comment:***

Unresolved by the Federal Government.

***FY 2006 Auditee Response and Corrective Action Plan:***

***(January 2007 Update)***

As a result of communications between Secretary McCann (DHMH) and Secretary McCabe (DHR) in August 2005 apprising DHR of the issues relating to the audit finding, DHMH was provided corrective actions to all the cases cited. In addition, Secretary McCann sent a letter to Secretary McCabe of DHR on May 5, 2006, identifying the continuing problems and requesting the establishment of an inter-agency workgroup. On May 15, 2006, the Executive Director from the Office of Operations, Eligibility and Pharmacy (DHMH) and the Executive Director from the Family Investment Administration (DHR) met to discuss these issues. On July 7, 2006, the

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-5 (Continued)**

***FY 2006 Auditee Response and Corrective Action Plan, (Continued)***

Executive Directors of both agencies and several staff met and established the inter-agency workgroup to review and resolve ongoing issues relating to eligibility.

Both agencies have also worked individually to correct some of these issues. DHMH staff has begun working on the missing Social Security numbers and has notified individual district offices for them to take action. DHMH and DHR both continue to provide training to new and existing workers emphasizing the need to obtain required documentation and verification.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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).

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The reports referenced above display sign off by the Director as well as by senior management for FY 2006 submissions.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

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

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.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

In April 2006, the Office of Operations, Eligibility and Pharmacy (OOEP) requested an existing vendor contracted by the Office of Planning and Finance (OPF) to perform the Risk Assessment. The vendor was unable to accept the assignment due to the reprourement of the contract. OOEP requested that the new vendor be allowed to perform the Risk Assessment; however, due to other priorities within OPF, the new vendor could not accept the assignment. As a result, OOEP is assessing its options and hopes to have a task order issued by the March 31, 2007.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

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

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.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-9 (Continued)**

***FY 2006 Auditee Updated Response and Corrective Action Plan, (Continued)***

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.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

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

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

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The Department did not attempt to reconcile CMS 64 and Schedule G at March 31, 2006. Our attempts to reconcile the CMS 64 and Schedule G at June 30, 2006 have been unsuccessful.

DHMH will continue to refine the reconciliation process.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

DHMH has made timely, quarterly adjustments in FY 2006 and is reconciled and current with regard to the return of appropriate Federal Financial Participation.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

DLLR has complied with the audit recommendations in the following way. During April/July 2006 One-Stop Programmatic Monitoring was performed for all Local Workforce Investment Areas (LWIA). Written monitoring reports are prepared by DLLR staff and forwarded to the Local Workforce Investment Board (LWIB) director with copies maintained by DLLR. The results of the 2006 programs monitored reflect case manager's compliance with proper file maintenance procedures and their implementation of supervisor reviews. Program monitors are scheduled to perform their next annual programmatic monitoring in March/April 2007. Maryland Workforce Exchange (MWE) and Performance help desks are available to assist LWIA staff with technical support in the use of the MWE case note functionality. A special MWE Case Management training module has been developed and delivered. Quarterly meetings are held with LWIA staff and training is provided by operational management.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comments:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The Department has fully implemented procedures to monitor compliance with federal OMB circulars, workforce development laws and regulations. During Calendar Year 2006, DLLR monitors conducted the necessary on-site fiscal and programmatic reviews including the monitoring of obligation controls, audit trail, single audit reports, procurement activities, written procedures, Equal Employment Opportunity (EEO) and program eligibility. Written monitoring reports documenting the findings and recommended actions are prepared and forwarded to the local area after each monitoring visit. Monitoring reports as well as any other related documentation and corrective

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-14 (Continued)**

*FY 2006 Auditee Updated Response and Corrective Action Plan, (Continued)*

actions is kept on file in the DLLR central office. (A copy of the Comprehensive Monitoring Schedule for Calendar Year 2006 is attached)

The Division of Workforce Development has also implemented a quarterly desk monitoring review that documents both financial and programmatic activities of the local workforce investment areas. A written quarterly review letter is forwarded to each local area which documents financial and performance information as well as requesting written responses to specific issues when necessary.

**Maryland's Comprehensive Monitoring Schedule**  
**Program Year 2005/Calendar Year 2006**

Local Workforce Investment Area	One-Stop Programmatic Monitoring	Fiscal Monitoring	Procurement Monitoring	EEO Monitoring	Eligibility Monitoring	Performance Monitoring
Anne Arundel Co.	May 10, 2006	September 11, 2006		October 2006	June 7&9, 2006	Quarterly
Baltimore County	July 14, 2006	April 25, 2006		November 2006	October 24 & 26, 2006	Quarterly
Baltimore City	May 9 & 11, 2006	December 18, 2006		October 2006	June 19, 21, 22, 2006	Quarterly
Frederick County	April 26, 2006	May 17, 2006		October 2006	June 16, 2006	Quarterly
Lower Shore	April 27, 2006	August 14, 2006		October 2006	June 19, 2006	Quarterly
Mid Maryland	April 21 & May 2, 2006	October 31, 2006		October 2006	June 12, 2006	Quarterly
Montgomery Co.	April 28, 2006	August 1, 2006		October 2006	June 27, 2006	Quarterly
Prince George's	June 9, 2006	November 27, 2006		November 2006	June 12 & 14, 2006	Quarterly
Southern Maryland	June 7, 2006	Balance of State		November 2006	June 7, 2006	Quarterly
Susquehanna	July 20, 2006	July 11, 2006		November 2006	August 25, 2006	Quarterly
Upper Shore	April 25, 2006	September 25, 2006		October 2006	June 21, 2006	Quarterly
Western Maryland	May 2, 3, 4, 2006	October 10, 2006		October 2006	June 5, 2006	Quarterly

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland, College Park**

The University agrees with the auditor's finding. In response to a similar comment in the June 30, 2004 report, the University agreed to implement the position of Compliance Coordinator in the Office of Research Administration and Advancement. The University hired a person for that position in November 2005 and has been working since then to train this individual and improve processes and procedures related to monitoring subrecipient audit disclosures. The University will ensure that this individual understands the correct procedures and timelines for monitoring and obtaining appropriate audit reports going forward. Since the audit, the University has obtained the appropriate certifications on the four subcontracts reviewed and found that two had audit findings that required follow-up on our part.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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 Prior Year Findings  
Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**Single Audit Report CFDA No. 93.563 June 30, 2005**

<b>Issue: Inadequate internal controls over child support Inter-and Intra-State cases.</b>	<b>Current Status Of Corrective Action Taken Or In Process</b>
<p><b>Recommendation</b></p> <p>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.</p>	<p><u>Finding 2005-16</u></p> <p>Implemented a standardized Quality Control Review (QCR). The QCR is designed to ensure that cases are processed properly. The QCR requires the random selection of a statistically valid sample of cases on a quarterly basis. The supervisor reviews cases, documents the review results, indicates what, if any, action needs to be taken, and follow-up to determine that the required action was completed by the caseworker.</p> <p><b><u>Action Plan</u></b> <b>(Completed)</b></p> <p>1) Orientation sessions were conducted in July 2006. A statewide implementation started in September 2006. Quality Control Review Instrument was developed and implemented.</p>

**STATE OF MARYLAND  
Schedule of Prior Year Findings  
Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-16 (Continued)**

<p><b>Issue: In one of the thirteen Initiating Cases, there was no application in the case file.</b></p>	<p>Current Status Of Corrective Action Taken Or In Process</p>
<p><b>Situation Summary 1</b></p> <p>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.</p>	<p><u>A) There was no application in case file.</u> Child Support Enforcement Administration disagrees. The Initiating Case #390077513 is cited as an error case; “no application was present in the file.” We have provided to the auditors a hard copy of the original application, dated May 26, 2005 and appropriate documents obtained from the case file.</p>
<p><b>Issue: In one out of thirteen initiating cases, or 7.69%, the responding State was not notified within the proper time frame of a change in the case.</b></p>	<p>Current Status Of Corrective Action Taken Or In Process</p>

**STATE OF MARYLAND  
Schedule of Prior Year Findings  
Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-16 (Continued)**

<p><b>Situation Summary 2</b></p> <p>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.</p>	<p>B) <u>CSEA failed to notify responding State within 10 days.</u> Child Support Enforcement Administration (CSEA) disagrees. The initiating case #610073501 was worked by CSEA staff from the October 10, 2004 application date to the date the Uniform Interstate Family Support Act (UIFSA) packet was sent to responding State on December 12, 2004.</p> <p><u>Scenario of Events</u></p> <ol style="list-style-type: none"> <li>(1) Application for Child Support Services taken by Intake Unit on October 12, 2004.</li> <li>(2) On October 12, 2004 the case was assessed to Locate Unit by worker to obtain location of Non-Custodial Parent (NCP)</li> <li>(3) Location information required for UIFSA filing received 11/05/2004.</li> <li>(4) Case reassessed by worker from Locate Unit to Establishment Unit on November 8, 2004 awaiting receipt of required forms from custodial parent (CP).</li> <li>(5) Completed UIFSA forms received from CP and UIFSA Packet prepared by worker on December 20, 2004. As required in this local office, the UIFSA Packet was referred to Supervisor to ensure all required forms were contained in packet.</li> <li>(6) UIFSA Packet sent December 21, 2004 to Central Registry of responding State.</li> <li>(7) Acknowledgement received from responding State on January 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.</li> </ol> <p>This case met all time constraints. Documentation was supplied to the auditor that verifies all of the appropriate time frames.</p>
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**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-16 (Continued)**

<p><b>Issue: One out of twelve responding cases, or 8.33%, the non-custodial parent was not located within 75 days.</b></p>	<p>Current Status Of Corrective Action Taken Or In Process</p>
<p><b>Situation Summary 3</b></p> <p>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</p>	<p>C) <u>Non-Custodial Parent was not notified within 75 days and lack of documentation of reason.</u></p> <p>CSEA again disagrees. 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:</p> <p style="padding-left: 40px;">(iii) Process and enforce orders referred by another State.</p> <p><u>Scenario of Events</u></p> <p>(1) Petition to register Delaware’s support order was forwarded to Howard County by Maryland’s interstate central registry unit on September 1, 2004. First action taken on this case September 6, 2004 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.</p> <p>(2) The non-custodial parent (NCP) was served on September 22, 2004, 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 October 21, 2004, 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.</p> <p>(3) The order confirming registration of Delaware’s support order was received from the Clerk’s Office on November 19, 2004, and an earnings withholding order was generated to the non-custodial parent’s employer on November 14, 2005.</p> <p>This case met the time frame required by CFR 303.7(c)(4). We have provided support to the audits for Case #890072410 which contains documents that verifies the time frame.</p>

**STATE OF MARYLAND  
Schedule of Prior Year Findings  
Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-16 (Continued)**

<p><b>Issue: One out of the twenty-five Interstate cases, or 4.00%, performed no enforcement action after a delinquency was acknowledged.</b></p>	<p style="text-align: center;"><b>Current Status Of Corrective Action Taken Or In Process</b></p>
<p><b>Situation Summary 4</b></p> <p>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.</p>	<p>D)<u>No action of enforcement performed when delinquency acknowledged.</u></p> <p>Child Support Enforcement Administration disagrees with the finding. The court order in this case was signed by Howard the County court and became effective on January 17, 2006. 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, which was February 17, 2006. Maryland then has an additional 30 days to take appropriate enforcement actions after identifying that such a delinquency exists, which was March 17, 2006.</p> <p>We have provided the auditors with a copy of Case #50075043 which contains documents that verifies the time frame.</p>
<p><b>Issue: Of the 25 interstate cases reviewed, it was noted that there was one 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.</b></p>	<p style="text-align: center;">Current Status Of Corrective Action Taken Or In Process</p>

**STATE OF MARYLAND  
Schedule of Prior Year Findings  
Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-16 (Continued)**

<p><b>Situation Summary 5</b></p> <p>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</p> <p>and there was no insurance information obtained, nor any documentation or reasoning for not obtaining the information in the case files.</p> <p>This is a repeat finding from the Fiscal Year 2004, Single Audit Report finding number 2004-44.</p>	<p>E) <u>No action of enforcement performed when delinquency acknowledged</u></p> <p>Child Support Enforcement Administration disagrees with the finding. The request for medical insurance was in the petition as submitted to the Howard 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.</p>
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**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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 Educations 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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Effective March 1, 2007, the Financial Aid Office (FOA) will on a bi-weekly basis query the University's Information System for student withdrawals. Then the FOA will use the query information to, again on a bi-weekly basis, have financial aid advisors initiate recalculation of the students' award. The FOA director, or designee, will review the recalculation, authorize return of the unearned Title IV funds, and assure that an appropriate transition record is maintained as documentation.

***Auditors' Comments:***

This Corrective Action was not implemented during FY 2006.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***February 2007 Update:***

Currently, the Grant Accountant in the Office of Restricted Funds Accounting compares the Department of Education Common Origination and Disbursement (COD) entries with the University's Information System (Banner). The Grant Accountant then initiates the drawdown to reflect the COD entry amounts. Any differences between the COD and University's Information Banner records are then reconciled with the Financial Aid Office (Associate Director or other designee of the Director).

***Auditors' Comments:***

Morgan State University has implemented this process, however inconsistent applications were noted in that the Grant Accountant may initiate drawdowns under either system.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Currently, the Financial Aid Office (FAO) Student Loan component performs a monthly reconciliation of the Student Account Statement files. The Director of the FAO, or the FAO Director's designee, will review the record to document compliance, and maintain an appropriate file.

***Auditors' Comments:***

This is a repeat finding for 2006.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Currently, following the end of each award year, the Financial Aid Office (FAO) Quality Control Officer submits PELL payment data to the Department of Education (ED). The FAO Director assures compliance with the requirement and maintains the appropriate record in the form of an ED account statement which is also provided to the Restricted Funds Accounting Office.

***Auditors' Comments:***

There was no repeat finding for fiscal year 2006.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Unresolved by the Federal Government

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Effective March 1, 2007, the Financial Aid Office (FAO) will perform a weekly query of changes in student enrollment status reflected in the University's Student Information System. The information generated will then be used to make timely adjustments to students' awards in order to comply with the requirement to notify the Secretary within the required timeframe. The FAO Director will assure compliance, and maintain a file.

***Auditors' Comments:***

There was no repeat finding for fiscal year 2006.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Resolved by the Federal Government

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-22 (Continued)**

**Morgan State University**

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Currently, the University's Comptroller maintains the general ledger. Ledger entries are supported by documentation maintained by the Perkins Loan Coordinator (Bursar's Office), the Federal Work Study (FWS) Supervisor for work study programs, and the Associate Director of the Financial Aid Office (FAO) for the Federal Supplemental Education Opportunity Grant Program. The FAO Director reviews compliance with this requirement for the Federal Perkins Loan (FPL) and FWS programs; the Bursar reviews compliance for the FPL program. Appropriate files are maintained.

***Auditors' Comments:***

There was no repeat finding for fiscal year 2006. The corrected FISAP was filed.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (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.

***Comment:***

Resolved by the Federal Government

***Auditors' Response:***

The physical inventory count of the general ledger reconciliation was completed during the 2006 fiscal year.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-24**

**Maryland Transit Administration (MTA)**

**Federal Transit – Capital Investment grants and Federal Transit – Formula Grants Cluster**

**CFDA No. 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.

***Comment:***

Unresolved by the Federal Government

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-24**

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 1, 2007 Update)***

While the MTA still doesn't agree, the MTA has strengthened its procedure. The approval is now performed. The MTA maintains a grant file within Capital Programming for each FTA award. Within this award is the allowed percentage chargeable to Federal and Other funds. Capital Programming codes the MTA's construction expenditures before forwarding to Finance for payment. The documentation was and is available if there was a request to verify the expenditure split. This should have been discussed during the exit conference as the MTA could have explained and provided this information.

The MTA maintains source documentation for all transactions. The specific item mentioned in condition two cannot be determined, but the MTA believes it refers to a purchase order that was entered into the Financial Management Information System. A former employee entered the source document (purchase order) and therefore a follow up could not be performed to obtain an explanation.

The MTA acknowledges that verbal approvals were accepted for preventative maintenance transactions related to some FTA grants. The MTA has instituted a procedure requiring an approval signature for all the back up documentation for transactions.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-25**

**Maryland Transit Administration (MTA)**

**Federal Transit – Capital Investment grants and Federal Transit – Formula Grants Cluster**

**CFDA No. 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.

***Comment:***

Resolved by the Federal Government

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005- 26**

**Department of Health and Mental Hygiene (DHMH)**  
**Maryland State Children's Insurance Program (SCHIP)**

**CFDA No. 93.767**

**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 \$878,709 between the CMS 64 and Schedule G expenditures.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

Our attempts to reconcile the CMS 64 and Schedule G at June 30, 2006 have been unsuccessful. DHMH will continue working on refining the reconciliation process.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005 - 27**

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

**CFDA No. 93.778 - Medical Assistance Program (Medicaid Cluster)**

**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.**

***Condition:***

The Department of Human Resources (DHR) determines the eligibility status of medical assistance participants and documents such status in the Client Automated Resource Eligibility System (CARES). Due to interfacing problems between the eligibility system, CARES, and the payment system, Medicaid Management Information System II (MMIS II), a significant number of recipients encounter errors as part of the enrollment process. This results in recipients potentially having delayed or extended benefits until the identified errors are corrected.

***Comments:***

Unresolved by the Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

The error reports that are generated on a daily basis must be handled manually. DHMH staff correct those cases where they can determine the error and make the necessary changes to the appropriate database. In instance where they are unsure of the correct resolution, the Local Department of Social Services is contacted and appropriate action to the database is taken. While this daily file may not be completed in the day in which it was received, all corrections are made within one week of receipt. This occurs occasionally because at certain times, usually the end of the month, this file is much larger than normal. In addition, the majority of the errors or discrepancies are not substantial and do not result in erroneous payments.

The Department of Human Resources (DHR) will continue to send DHMH a monthly Client Automated Resource Eligibility System (CARES) and Medicaid Management Information

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005 -27 (Continued)**

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

***FY2006 Auditee Updated Response and Corrective Action, (Continued)***

System II (MMIS II) reconciliation file. The monthly file, which is now designed to identify those cases where a payment error could occur has gone from a manual process to a mostly (90%) automated process. Staff is able to complete the 10% manual processing required timely in the month in which it was reported.

As stated previously, Medical Care Programs Administration (MCPA) has identified those cases where it is cost effective and administratively feasible to collect erroneous payments.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-28**

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

**CFDA No. 93.283 - Center for Disease Control and Prevention: Investigation and Technical Assistance**

**Internal control weaknesses and non-compliance over the Federal cash management process.**

***Condition:***

We noted that one individual within the Department of Health and Mental Hygiene (DHMH) determines the drawdown amount, prepares the request for Federal reimbursement and forwards the request to the State Treasurer's Office for processing. DHMH's internal controls do not require a supervisor to review the drawdown for accuracy nor approve the drawdown request prior to requesting reimbursement for the Federal government.

We also noted that drawdown requests for Local Health Departments (LHD), which are extensions of the State, were based on allocations of funds made available to the LHD rather than actual expenditures of the LHD. DHMH's internal controls over the drawdown of funds related to LHD allocations are not in compliance with 31 CFR 205 Subpart B. Refer to the table below for the differences between actual cumulative expenditures posted to R\*STARS and actual funds drawdown (related to LHD's) on monthly basis.

***Comments:***

Unresolved by Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

***(March 2007 Update)***

The Department agrees with the finding and supervisory review and approval is required on all draw down requests. The Department changed its current practice of requesting funds for certain local health departments based on their award rather than actual expenditures during its corrective action plan in July 2005. A monthly request for funds is made based on expenditures as of the previous month.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-29**

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

**CFDA No. 93.283 - Center for Disease Control and Prevention: Investigation and Technical Assistance**

**Internal control weakness and non-compliance over the Period of Availability monitoring process. DHMH charged expenditures to awards subsequent to 90 days after the end of the funding period.**

***Condition:***

We noted that \$341,984 in obligations relating to the Pfiesteria-Related Illness Surveillance and Prevention Cooperative Agreement U50/CCU315411-05 were liquidated subsequent to the ninety day closeout period after the end of the funding period.

***Comments:***

Unresolved by Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

***(March 2007 Update)***

The Department agrees with the finding and is utilizing a FMIS feature to ensure that grants are closed 90 days after the end of the funding period. The Department implemented its corrective action plan in fiscal Year 2006.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-30**

**Department of Health and Mental Hygiene**

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and  
Technical Assistance**

**Internal control weaknesses and non-compliance over the Financial Status Reporting process.**

***Condition:***

DHMH is required to submit a final Financial Status Report (FSR) ninety days after the end of the budget period for the Pfiesteria-Related Illness Surveillance and Prevention cooperative agreement (U50/CCU315411-05). The expenditures reported on the FSR are reported on the cash basis. We noted that DHMH does not have a control in place to ensure that this report is submitted within the required time period.

***Comments:***

Unresolved by Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

***(March 2007 Update)***

The Department agrees with the finding and has established a tracking system that ensures FSR reports are filed timely after the review and approval of an appropriate supervisor. The Department implemented its corrective action plan in Fiscal Year 2006.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-31**

**Department of Health and Mental Hygiene**

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and Technical Assistance**

**Internal control weaknesses and non-compliance over the National Breast and Cervical Cancer Early Detection Program earmarking requirement.**

***Condition:***

We noted that the calculations performed by individuals with the Department of Health and Mental Hygiene (DHMH) related to the earmarking requirements for the National Breast and Cervical Cancer Early Detection Program (NBCCEDP) were based on estimated expenditures for screening, non-screening and administration.

***Comments:***

Unresolved by Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

***((March 2007 Update))***

The local Breast and Cervical Cancer Early Detection Program (BCCP) programs submitted their first quarter time studies for the period ending September 30, 2006 on October 31, 2006. Second quarter time studies for the period ending December 31, 2006 are due on January 31, 2007. Review of the first quarter time study report indicates that the local BCCP's actual expenditures are in compliance with the earmarking requirements under Center for Disease Control and Prevention CDC Program Announcement 2060. As stated in the September 2006 Update, quarterly reports for the period ending September 30, 2006 and December 31, 2006 will be used to verify compliance with the earmarking requirements under CDC Program Announcement 2060. Anticipated Completion Date: March 2007.

**STATE OF MARYLAND**  
**Schedule of Prior Year Findings**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005-32**

**Department of Health and Mental Hygiene**

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and  
Technical Assistance**

**Internal control weakness and non-compliance over the subrecipient monitoring process.  
DHMH did not classify subrecipients in accordance with OMB Circular A-133.**

***Condition:***

We noted that one of the twelve contracts tested was improperly classified as a vendor. DHMH's internal controls over subrecipient and vendor determinations are not in accordance with OMB Circular A-133. This internal control weakness also resulted in non-compliance with the subrecipient monitoring requirement of identifying to the subrecipient the Federal award information and applicable compliance requirements (at the time of the award).

***Comments:***

Unresolved by Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

***(October 2006 Update)***

The Department implemented its corrective action plan at the close of fiscal year 2005.

**STATE OF MARYLAND**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2006**

**Section IV - Status of Prior Year Findings (Continued)**

**Finding 2005- 33**

**Department of Human Resources (DHR)**  
**CFDA No. 10.561 – Food Stamps Program**

**The Food Stamps Program had internal control weakness over the Financial Reporting Process. We noted some reports were filed late, one lacked supervisory signature and submittal date.**

***Condition:***

The FNS-46 Issuance Reconciliation Report is a reconciliation report of food stamp benefits actually issued with the State's Master Issuance File. Generally, one FNS-46 covers the entire State if it operates only one issuance (EBT). The Master Issuance contains records on all households eligible to receive benefits. Actual issuances may be recorded in the Record for Issuance (RFI) or an alternative filing system. The RFI is created from the Master Issuance File and discloses the amount of benefits the household is eligible to receive and the actual amount issued. FNS-46 report is transmitted to the U.S. Department of Agriculture. The FNS-46 report is prepared on a monthly basis and is required to be submitted ninety (90) days after the month's end.

We reviewed 4 monthly FNS-46 Reports for testing and noted that 3 monthly reports were submitted more than ninety days after the month's end to the U.S. Department of Agriculture and one had a missing submittal date and signature.

***Comment:***

Unresolved by the Federal Government.

***FY2006 Auditee Updated Response and Corrective Action:***

The Department concurs with the finding. Based on the auditor's recommendations, new procedures for submission of the FNS-46 report have been developed to ensure timely future submissions. The new procedures, effective immediately, include the following controls:

- 1) Develop a schedule of FNS-46 Report due dates each federal fiscal year (FFY).
- 2) Perform supervisory monitoring of report submissions to ensure reports are submitted on or before the due dates.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*    **2004-3**

<i>Department Program</i>	<b>State Treasurer's Office 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</b>
<i>CFDA Number</i>	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
<i>Finding</i>	<b>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).</b>

**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, 2006**

**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.

**FY 2006 State Treasurer's Office Response on (01/29/2007):**

The check clearance pattern certifications pertaining to 2004-3 were replaced in Fiscal Year 2005. We developed and recertified the related clearance patterns; Average Clearance Vendor and Average Clearance Payroll. We have replaced Average Clearance Vendor (9 Day Pattern) and Average Clearance Payroll (1 Day Pattern) with Average Clearance Vendor (8 Day Pattern) and Average Clearance Payroll (1 Day Pattern) accordingly. Since the development of these new clearance patterns, the documentations have been reviewed and there has been no audit findings related to clearance pattern issues or the lack of supporting documentation.

We developed the patterns in accordance with a method approved by Financial Management Service (FMS), U.S. Department of the Treasury, including auditable calculations and maintenance of all supporting documentation. The Office worked with the appropriate State agencies and the State agencies started using the new check clearance patterns with transactions beginning on Monday March 28<sup>th</sup>, 2005. The State executed a revised Treasury-State Agreement in Fiscal Year 2005 to reflect the new clearance patterns.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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>	84.268
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Currently, the Financial Aid Office (FAO) Student Loan component performs a monthly reconciliation of the School Account Statement files. The Director of the FAO, or the FAO Director's designee, will review the record to document compliance, and maintain an appropriate file.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Effective March 1, 2007, the Financial Aid Office (FAO) will perform a weekly query of changes in student enrollment status reflected in the University's Student Information System. The information generated will then be used to make timely adjustments to students' awards in order to comply with the requirement to notify the Secretary within the required timeframe. The FAO Director will assure compliance, and maintain a file

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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>	84.063
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Currently, following the end of each award year, the Financial Aid Office (FAO) Quality Control Officer submits PELL payment data to the Department of Education (ED). The FAO Director assures compliance with the requirement and maintains the appropriate record in the form of an ED account statement which is also provided to the Restricted Funds Accounting Office.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 Finding</i>	<b>84.007, 84.033, 84.063, and 84.268 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.

***February 2007 Update:***

Currently, the Grant Accountant in the Office of Restricted Funds Accounting compares the Common Origination and Disbursement (COD) entries with the University's Information System (Banner). The Grant Accountant then initiates the drawdown to reflect the COD entry amounts. Any differences between the COD and University's Information System records are then reconciled with the Financial Aid Office (Associate Director or other designee of the Director).

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(February 2007 Update)***

Currently, the Federal Work Study Supervisor for work study programs reconciles payroll expenditures on a monthly basis to the University's Information System (Banner). This reconciliation is reviewed by the Associate Director, and an appropriate record is maintained. This item was not repeated in the fiscal year 2005 A-133 audit.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-9</b>
<i>Department</i>	<b>Student Financial Aid Cluster (Morgan State University)</b>
<i>Program</i>	<b>Federal Pell Grant Program, Federal Direct Student Loans</b>
<i>CFDA Number</i>	<b>84.063 and 84.268</b>
<i>Finding</i>	<b>Title IV refunds were not returned by Morgan State 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:***

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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***February 2007 Update:***

Effective March 1, 2007, the Financial Aid Office (FOA) will on a bi-weekly basis query the University's Student Information System for student withdrawals. Then, the FOA will use the query information to, again on a bi-weekly basis, have financial aid advisors initiate recalculation of the students' award. The FOA director, or designee, will review the recalculation, authorize the return of unearned Title IV funds, and assure that an appropriate transition record is maintained as documentation. All refunds identified by the auditors were properly returned to USDOE.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*        **2004-9**

***Auditors' Comments:***

This finding was partially repeated in fiscal year 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland University College**

The University continues to reconcile cash receipts on a daily basis and is still meeting the U.S. Department of Education requirements.

**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 began in September 2004 that 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, 2006**

**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>	84.032
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland, Baltimore**

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.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-11** ((Continued)

***FY 2006 Auditee Updated Response and Corrective Action Plan, (Continued)***

The use of the National Student Clearinghouse program for reporting of student data will not be in effect until the 2007-2008 year. Our testing and installation of the software will be February 2007.

We are, however, in compliance with our reporting to the National Student Loan Data System. We transmit the information according to the federal time table.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland University College**

The University continues to reconcile cash receipts on a daily basis and is still meeting the U.S. Department of Education requirements.

This finding was found to be incorrect and the resulting entry reversed in 2005. There is no further update needed.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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>	84.268 and 84.033
<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.

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland University College**

UMUC cash drawdowns continue to be performed on a monthly basis. The employee charged with the reimbursement of cash must obtain the supervisor's approval prior to the cash drawdown request. The request is reviewed by the supervisor prior to the drawdown taking place.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*        **2004-13** (Continued)

**University of Maryland, Baltimore**

No change to original response.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-14</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, University College and University of Maryland, College Park)</b>
<i>Program</i>	<b>Federal Perkins Loans</b>
<i>CFDA Number</i>	84.038
<i>Finding</i>	<b>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.</b>

***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.

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland, University College**

The FISAP report from 2004 to current has been supported by UMUC financial records. FISAPs for fiscal year 2004 through 2006 have all been submitted and accepted by the Department of Education. A thorough review will continue to be conducted on an annual basis prior to submission of the report.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*        **2004-14** (Continued)

**University of Maryland, College Park**

UMCP maintains the same position as our original response indicates.

**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 and 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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>	84.268, 84.032, and 84.063
<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.

**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, 2006**

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

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

*Finding Number*            **2004-15 (Continued)**

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland University College**

UMUC continues to perform a monthly review and approval process at a supervisory level to ensure that all calculations are completed within the regulatory time frames. All Return of Title IV funds calculations are being completed within the regulatory limit, and documentation of this is retained by the Office of Financial Aid. In addition, the UMUC Office of Financial Aid has created a policy and procedures manual which includes the Institution's current business practice for Return of Title IV funds calculations.

**University of Maryland, College Park**

Staffing changes were made to assure a more timely process.

**Towson University**

This finding was directly related to PeopleSoft's inability to accurately calculate the number of days in a given academic term. The problem was immediately corrected through internal manual procedural change. PeopleSoft sent us a software modification on 7/1/2005 that has corrected this issue.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 Program</i>	<b>Student Financial Aid Cluster (University of Maryland, Baltimore) 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 Finding</i>	<b>84.032, 84.063, 84.038, 84.007, 84.033, 93.342 and 93.364 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 than 10 days prior to the beginning of classes.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland, Baltimore**

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 than 10 days prior to the beginning of classes.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-17</b>
<i>Department</i>	<b>Student Financial Aid Cluster (University of Maryland, College Park, Towson University)</b>
<i>Program</i>	<b>Federal Pell Grant Program</b>
<i>CFDA Number</i>	84.063
<i>Finding</i>	<b>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.</b>

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland, College Park**

As indicated in our original response, as of Spring 2005 we implemented software enhancements which automatically schedule the Pell Grant origination and disbursement files, for transmission to the Department of Education, every other Monday (14 days).

**Towson University**

Problems related to reporting Pell origination, change and disbursement data were corrected on 8/30/04.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-18**

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

*Finding*                      **The University of Maryland, College Park does not adequately monitor subrecipients.**

**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.

***FY 2006 Auditee Updated Response and Corrective-Action Plan:***

**University of Maryland, College Park**

As indicated in our original response, 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.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-20</b>
<i>Department</i>	<b>Research and Development Cluster (University of Maryland, Baltimore)</b>
<i>Finding</i>	<b>Internal controls at the University of Maryland, Baltimore over the cash management process are weak.</b>

**Comment**

**Unresolved by the Federal Government**

***FY 2005 Auditee Updated Response and Corrective Action Plan:***

Cash drawdowns are currently performed on a semimonthly basis.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**University of Maryland, Baltimore**

On March 1, 2006 the institution implemented PeopleSoft to record financial activity and reporting. As part of the implementation, a letter-of-credit drawdown process was developed to address the deficiencies of the old process. Having the drawdown come directly from the financial system eliminated the need for complicated reconciliation process. The Manager of Restricted Funds approves each drawdown amount to ensure accuracy and timeliness of the request.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The reviewing supervisor has signed off on each draw in FY 2006.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-22</b>
<i>Department</i>	<b>Department of Health and Mental Hygiene (DHMH)</b>
<i>Program</i>	<b>Medical Assistance Program</b>
<i>CFDA Number</i>	<b>93.778</b>
<i>Finding</i>	<b>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.</b>

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

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

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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>	93.778
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

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

The reviewing, supervisory personnel is signing and dating each completed review.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

As a result of communications between Secretary McCann (DHMH) and Secretary McCabe (DHR) in August 2005 apprising DHR of the issues relating to the audit finding, DHMH was provided corrective actions to all the cases cited. In addition, Secretary McCann sent a letter to Secretary McCabe of DHR on May 5, 2006, identifying the continuing problems and requesting the establishment of an inter-agency workgroup. On May 15, 2006, the Executive Director from the Office of Operations, Eligibility and Pharmacy (DHMH) and the Executive Director from the Family Investment Administration (DHR) met to discuss these issues. On July 7, 2006, the Executive Directors of both agencies and several staff met and established the inter-agency workgroup to review and resolve ongoing issues relating to eligibility.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-24** (Continued)

***FY 2006 Auditee Updated Response and Corrective Action Plan (Continued)***

Both agencies have also worked individually to correct some of these issues. DHMH staff has begun working on the missing Social Security numbers and has notified individual district offices for them to take action. DHMH and DHR both continue to provide training to new and existing workers emphasizing the need to obtain required documentation and verification

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The Department (OCPMP) has revised its MOU form effective July 1, 2005. This information was shared with users via a July 2005 Bulletin.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

Comments remain the same as given above.

Although we agree with the auditor's finding that the contractor did not meet the contract requirements for the inpatient and outpatient bills submitted to them by DHMH, we do not agree that the Department did not adequately monitor the contract. As specified in the 2004 audit response, the Department realized that the 25% and 50% requirements, respectively, were not a reasonable standard 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 standard.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-26**

***FY 2006 Auditee Updated Response and Corrective Action Plan, (continued)***

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

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

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-27</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>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.</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 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).

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

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

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-28</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 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.</b>

**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, 2006**

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

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

*Finding Number*            **2004-28 (Continued)**

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The error reports that are generated on a daily basis must be handled manually. DHMH staff correct those cases where they can determine the error and make the necessary changes to the appropriate database. In instance where they are unsure of the correct resolution, the LDSS is contacted and appropriate action to the database is taken. While this daily file may not be completed in the day in which it was received, all corrections are made within one week of receipt. This occurs occasionally because at certain times, usually the end of the month, this file is much larger than normal. In addition, the majority of the errors or discrepancies are not substantial and do not result in erroneous payments.

As stated in the February 2006 update, DHR continues to send DHMH a monthly CARES/MMIS reconciliation file. The monthly file, which is now designed to identify those cases where a payment error could occur has gone from a manual process to a mostly (90%) automated process. Staff is able to complete the 10% manual processing required timely in the month in which it was reported.

As stated previously, Medical Care Program Administration has identified those cases where it is cost effective and administratively feasible to collect erroneous payments.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 Program</i>	<b>Department of Health and Mental Hygiene (DHMH) Center for Disease Control and Prevention: Investigations and Technical Assistance</b>
<i>CFDA Number</i>	93.283
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The Department implemented its corrective action plan in July 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 Program</i>	<b>Department of Health and Mental Hygiene (DHMH) 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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

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

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The Department implemented its corrective action plan in Fiscal Year 2006.

The corrective action plan has established a tracking system that ensures that Financial Status 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, 2006**

**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).

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The local Breast and Cervical Cancer (BCCP) programs submitted their first quarter time studies for the period ending September 30, 2006 on October 31, 2006. Second quarter time studies for the period ending December 31, 2006 are due on January 31, 2007. Review of the first quarter time study report indicates that the local BCCP's actual expenditures are in compliance with the earmarking requirements under Center for Disease Control (CDC) Program Announcement 2060. As stated in the September 2006 Update, quarterly reports for the period ending September 30, 2006 and December 31, 2006 will be used to verify compliance with the earmarking requirements under CDC Program Announcement 2060. Anticipated Completion Date: February 28, 2007.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 Program</i>	<b>Department of Health and Mental Hygiene (DHMH) 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 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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

***(January 2007 Update)***

The Department implemented its corrective action plan at the close of Fiscal Year 2005.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 redced to writing and recorded in a MEMA procedure manual.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-34 (Continued)**

***Auditee Updated Response and Corrective Action Plan, (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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

There were four problems that prevented accurate reconciliations between the Excel Spreadsheets and RSTARS.

The first problem was that there were multiple Program Cost Accounts (PCA) associated with each Public Assistance (PA) Award. The expenditures for some of these PCA's were not reported on the Excel Spreadsheets.

To rectify this, only one PCA are assigned to all new awards. Within this PCA, Object 1 will be used to record allowable statutory direct costs (Category Z) costs. Object 12 is used to record the Project Worksheet (PW) reimbursements made to the local jurisdictions. The remaining objects are used for Management & Administrative Costs.

The second problem was that the PCA's were established in RSTARS at the summary level. This prevented the running of a meaningful expenditure report in "View Direct."

To correct this situation, all new PCA's in FY 2007 have been established at program level 4. This will allow us to run a DAFR T100 report at the detail level for any period of time. This will allow the reconciliation of each cost line item to the spreadsheet.

The third problem related to the nature of the Excel Spreadsheets. The spreadsheets used in the past did not isolate allowable Management and Administration (M&A) and Category Z costs. A new spreadsheet format has been implemented for each award and forwarded to the auditors. This spreadsheet isolates all types of costs making it much easier to reconcile to T100 report.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-34** (Continued)

***FY 2006 Auditee Updated Response and Corrective Action Plan, (Continued)***

The T100, Excel Spread and FEMA Drawdown request form are filed together as a “package” on a monthly basis making them readily available to prove the validity of revenue and expenditures. For those PA awards that were established prior to FY 2007, an RSTARS “66” Screen Print is used to tie monthly expenditures to the Excel Spreadsheets. All of these documents are stored in a secure location in accordance with Maryland’s policy for record retention.

These procedures have been formally documented in our Financial Procedures Manual.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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 filing requirement are all 23 Maryland Counties plus Baltimore City, City of Annapolis and the Town of Ocean City. The regulation requires a filing 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, 2006**

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

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

*Finding Number*            **2004-35** (Continued)

***FY 2006 Auditee Updated Response and Corrective Action Plan: (Continued)***

A “Single Audit” database has been created and forwarded to the auditors.

An initial request letter is sent to the local jurisdictions in September of the Fiscal Year following the report year. A follow up letter will be sent in April to those jurisdictions that are not in compliance by the nine month due date.

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, 2006**

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

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

<i>Finding Number</i>	<b>2004-36</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 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.</b>

**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, 2006**

**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)***

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, 2006**

**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)***

The problems alluded to in this finding were due to the use of a different cut-off dates in the FEMA reports vs. the RSTARS General Ledger.

Written procedures have been implemented to insure that if a FEMA 20-10 report and the associated PSC 272 report are for the period ending 12-31-06 only those expenditures and revenue incurred during that period will be reported. These written procedures have been forwarded to the auditors.

The changes made in our response to Finding 2004-34 make it much easier to report with consistent cut-off dates.

Binders are created for each reporting period. Behind each FEMA 20-10 are RSTARS 66 screen prints as well as DAFR reports that cut off at the same date. These binders are stored in a secure location in accordance with Maryland's policy for record retention.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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</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 maintain supporting documentation to verify that “during the award” monitoring was conducted.</b>

**Comment**

**Unresolved by the Federal Government**

***FY 2005 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.

***FY 2006 Auditee Updated Response and Status of Corrective Action:***

The Department has fully implemented procedures to conduct on-site fiscal monitoring of the local workforce development sub-recipients. The Division of Workforce Development has two experienced fiscal monitors on staff and is currently bringing on one more additional staff person dedicated to fiscal monitoring. During Calendar Year 2006, DLLR fiscal monitors completed the necessary on-site reviews of the local workforce investment areas. Written monitoring reports documenting the findings and recommended actions are forwarded to the local area and copies are maintained on file at DLLR. (A copy of the Comprehensive Monitoring Schedule for Calendar Year 2006 has been forwarded to the auditors.)

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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, 2006**

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

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

*Finding Number*            **2004-38**

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

DLLR has implemented the recommended procedures to refresh the Wage Record Archive, maintained by the University of Baltimore, with the total Maryland Automated Benefits System (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 Workforce Investment Act Standardized Record Data (WIASRD) data. The MABS system does not include Wage Record Interchange System (WRIS) data or wage record data from adjoining states, which is included in the WIASRD. DLLR has addressed this issue with the Jacob France Institute at the University of Baltimore. A summary of their findings has been forwarded to the auditors.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

DLLR has implemented the above auditor recommendations. 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

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-39** (Continued)

***FY 2006 Auditee Updated Response and Corrective Action Plan, cont.***

The Division of Workforce Development (DWD) staff performs the recommended reconciliations of the Financial Status Reports (SF269). The DWD has developed procedures and during FY2007 will be reconciling the R\*STARS reports to the Financial Status Reports (SF269) each quarter.

In addition, significant staff training has occurred to heighten staff awareness of OMB Circulars A-133 and A-87 requirements. This involved sending staff to numerous training sessions on various phases of Federal grant reporting.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

**State Treasurer's Office Response on 01/29/2007:**

State Treasurer's office did report in the Fiscal Year 2005 CMIA annual report that was due and filed before December 31, 2005 any errors related to the audit finding so as to correct the previously reported incorrect amounts. Accordingly, the net prior period State liability adjustment we reported for MSDE (Maryland Sate Department of Education) CFDA program 10.555 in the amount of \$500 was for two audit finding:

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

*Finding Number*            **2004-40** (Continued)

***FY 2006 Auditee Updated Response and Corrective Action Plan, (Continued)***

2003-13	Net Federal liability adjustment	\$448
2004-40	Net Federal liability adjustment	<u>52</u>
Total		<u>\$500</u>

The above adjustment was accepted by Financial Management Service (Federal Government Agency).

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

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

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

<i>Finding Number</i>	<b>2004-41</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>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.</b>

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update has been implemented.

Specifically, a Title IIA monitoring tool has been developed and was utilized during on-site visits which occurred at each LEA during the period January 20 through July 22, 2006. Documentation has been created and is on file for each of the 24 visits including any follow up activities for noted deficiencies. A revised monitoring tool has been developed for use during FY07 visits and in the future each LEA will be monitored at least once every three years. Finally, controls and procedures have been established regarding the timely receipt and analysis of interim and final reports.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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>	84.367
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The corrective action reported in our last update has been implemented.

Specifically, during August, 2005, the U.S. Department of Education provided updated guidance regarding Title IIA allocation and re-allocation procedures. MSDE Divisions of Business Services and Instruction have mutually developed procedures which comply with USDE updated guidance. These procedures were implemented for FY06.

**STATE OF MARYLAND**  
**Schedule of Prior-Year Findings**  
**Year Ended June 30, 2006**

**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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The Department’s previous response and corrective action plan remains as corrected.

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, 2006**

**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>	93.563
<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.

***FY 2006 Auditee Updated Response and Corrective Action Plan:***

The Department has reviewed all of the cases and has made corrections, additions and/or both as appropriate to each case.