

STATE OF MARYLAND

**Single Audit Together with
Reports of Independent Public Accountants**

Year Ended June 30, 2011



SB & COMPANY, LLC
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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Peter Franchot
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, 2011, and for the year ended, which collectively comprise the State’s basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of (1) certain Economic Development Loan Programs; (2) the Maryland State Lottery Agency; (3) the Maryland Transportation Authority; (4) the Economic Development Insurance Programs; (5) certain foundations included in the higher education component units; (6) the Maryland Food Center Authority; (7) the Maryland Technology Development Corporation; and (8) the Investment Trust Fund, which represent the percentages of the total assets, total net assets, and total operating revenues or additions included in the accompanying financial statements.

	Percentage of Opinion Unit		
	<u>Total Assets</u>	<u>Total Net Assets</u>	<u>Total Operating Revenues</u>
Business-Type Activities			
Major -			
Certain Economic Development Loan Programs	28.0 %	8.0 %	3.9 %
Maryland State Lottery Agency	2.2	0.1	49.3
Maryland Transportation Authority	49.2	48.0	14.8
Non-Major -			
Economic Development Insurance Programs	0.8	1.4	0.1
Total percentage of business-type activities	<u>80.2 %</u>	<u>57.5 %</u>	<u>68.1 %</u>
Component Units			
Major -			
Certain foundations included in the higher education component units	13.3 %	15.7 %	11.8 %
Non-Major -			
Maryland Food Center Authority	0.3	0.4	0.3
Maryland Technology Development Corporation	0.2	0.1	1.5
Total percentage of component units	<u>13.8 %</u>	<u>16.2 %</u>	<u>13.6 %</u>
Fiduciary Funds			
Investment Trust Fund	<u>5.0 %</u>	<u>5.9 %</u>	<u>72.3 %</u>



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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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 the 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, as of June 30, 2011, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2011, 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.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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, *Audit of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting 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 the Environment; the Maryland Transportation Authority, an enterprise fund of the State; the Maryland Technology Development Corporation, a component unit of the State, and the Maryland Health Insurance program, part of the general fund of the State, that had separate OMB Circular A-133 audits. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis; required supplemental schedules of funding progress and employer contributions for the Maryland Pension and Retirement System, the Maryland Transit Administration Pension Plan, and Other Post-employment Benefits Plan; and the respective budgetary comparison for the budgetary general, special and Federal funds as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the State's basic financial statements. The combining financial statements, schedules, introductory and statistical sections, and financial schedules required by law, 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining financial statements and schedules have been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the reports of the other auditors, the combining financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory and statistical sections of this report and the financial schedules required by law have not been subjected to the auditing procedures applied by us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion or provide any assurance on them.

Hunt Valley, Maryland
December 15, 2011

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

The Honorable Peter Franchot
Comptroller of Maryland

We have audited the basic financial statements of the State of Maryland (the State), as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. 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.

Internal Control over Financial Reporting

Management of the State is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the State's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal controls, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We and the other auditors did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 grant 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 and those of other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



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We noted other matters involving the internal control over financial reporting, which we have reported to the management of the Baltimore City Community College in a separate report dated November 30, 2011, to management of the University System of Maryland in a separate report dated October 28, 2011, and to management of Morgan State University in a separate report dated December 2, 2011.

This report is intended solely for the information and use of the State's 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.

Hunt Valley, Maryland
December 15, 2011

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND
MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON
COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Peter Franchot
Comptroller of Maryland

Compliance

We have audited the State of Maryland's (the State) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State's major Federal programs for the year ended June 30, 2011. The State's major Federal programs are identified in the Summary of Independent Public Accountant's 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; the Maryland Transportation Authority, an enterprise fund of the State; the Maryland Technology Development Corporation, a component unit of the State; and the Maryland Health Insurance Program, part of the general fund of the State, 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 these entities 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 provides 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, the State complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-2, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7, 2011-8, 2011-9 and 2011-11.

Internal Control over Compliance

Management of the State is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major Federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a Federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a Federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2011-1, 2011-3, 2011-4, 2011-5, 2011-6, 2011-7, 2011-8 and 2011-10. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The State's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit the State's responses and, accordingly, we express no opinion on the responses.



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This report is intended solely for the information and use of the State's 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.

SB + Company, LLC

Hunt Valley, Maryland
March 12, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
US DEPARTMENT OF AGRICULTURE (USDA)						
Contract/Other	10.Unknown	\$ -	\$ -	\$ 47,500	\$ -	\$ 47,500
Agricultural Research: Basic and Applied Research	10.001	-	-	1,769,000	-	1,769,000
Plant & Animal Disease, Pest Control & Animal Care	10.025	-	-	1,658,283	-	1,658,283
Wild Life Service	10.028	-	-	68,918	-	68,918
Federal-State Marketing Improvement Program	10.156	-	-	49,832	-	49,832
Inspection Grading and Standardization	10.162	-	-	4,044	-	4,044
Market Protection & Promotion	10.163	-	-	198,789	-	198,789
Specialty Crop Block Grant Program - Farm Bill	10.170	-	-	452,387	-	452,387
Pass-Through University of Massachusetts- Dartmouth	10.200	-	-	10,292	-	10,292
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	-	1,346,437	-	1,346,437
Grants for Agricultural Research: Competitive Research Grants	10.206	33,117	-	-	-	33,117
Sustainable Agriculture Research and Education	10.215	-	-	749,265	-	749,265
Pass-Through Grants - University of Vermont	10.215	-	-	68,689	-	68,689
1890 Institution Capacity Building Grants	10.216	-	-	849,144	-	849,144
Secondary and Two-Year Postsecondary Agriculture Education Challenge Grant	10.226	-	-	19,881	-	19,881
Integrated Programs	10.303	-	-	403,465	-	403,465
Pass-Through Pennsylvania State University	10.303	-	-	8,848	-	8,848
Pass-Through Auburn University	10.304	-	-	9,056	-	9,056
Organic Agriculture Research and Extension Initiative	10.307	-	-	38,785	-	38,785
Specialty Crop Research Initiative	10.309	-	-	751,260	-	751,260
Agricultural and Food Research Initiative (AFRI)	10.310	-	-	6,812	-	6,812
Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers	10.443	-	-	116,011	-	116,011
Community Outreach and Assistance Partnership Program	10.455	-	-	39,114	-	39,114
Crop Insurance Education in Targeted States	10.458	-	-	338,259	-	338,259
Egg Product Inspection	10.476	-	-	139,648	-	139,648
Food Safety Cooperative Agreements	10.479	-	-	137,269	-	137,269
Cooperative Extension Service	10.500	-	-	5,381,185	-	5,381,185
Pass-Through University of Delaware	10.500	-	-	26,024	-	26,024
Pass-Through Kansas State University	10.500	-	-	53,203	-	53,203
Pass-Through Auburn University	10.500	-	-	7,074	-	7,074
Pass-Through Northeast Center for Risk Management Association	10.500	-	-	18,898	-	18,898
Pass-Through University of Vermont	10.500	-	-	13,823	-	13,823
Pass-Through Utah State University	10.500	-	-	2,925	-	2,925
Pass - Through University of Massachusetts- Amherst	10.500	-	-	57,496	-	57,496
Supplemental Nutritional Assistance Program Cluster (SNAP)						
Food Stamps	10.551	-	-	993,348,710	-	993,348,710
Admin. Funding for Food Stamp Program	10.561	-	-	52,263,478	-	52,263,478
Total SNAP Cluster					\$ 1,045,612,188	
Child Nutrition Cluster						
School Breakfast Program	10.553	-	-	36,722,179	-	36,722,179
National School Lunch Program (NSLP)	10.555	-	-	142,444,730	-	142,444,730
Special Milk Program for Children	10.556	-	-	384,869	-	384,869
Summer Food Service Program for Children - (SFSPC)	10.559	-	-	6,359,165	-	6,359,165
Total Child Nutrition Cluster					185,910,943	
Team Nutrition Training for Healthy School Meals	10.554	-	-	208,296	-	208,296
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	-	-	105,253,727	-	105,253,727
Child & Adult Care Food Program	10.558	-	-	43,961,807	-	43,961,807
Administrative Expenses for Child Nutrition	10.560	-	-	2,427,984	-	2,427,984
Emergency Food Assistance Program Cluster (TEFAP)						
Emergency Food Assistance Program (Admin. Costs)	10.568	-	-	794,507	-	794,507
Emergency Food Assistance Program - ARRA	10.569	-	-	608,319	-	608,319
Emergency Food Assistance Program (Food Commodities)	10.569	-	-	3,048,707	-	3,048,707
Total TEFAP Cluster					4,451,533	
WIC Farmers' Market Nutrition Program (FMNP)	10.572	-	-	388,021	-	388,021
Team Nutrition Training	10.574	-	-	5,982	-	5,982
Farmers Market Nutrition Program (SFMNP)	10.576	-	-	244,062	-	244,062
Administrative Review & Training	10.579	-	-	154,470	-	154,470
Fresh Fruit & Vegetable Program	10.582	-	-	2,013,111	-	2,013,111
Agricultural Mediation Program	10.645	-	-	156,906	-	156,906
Cooperative Forestry Assistance	10.664	-	-	1,380,838	-	1,380,838
Forest Legacy Program	10.676	-	-	14,662	-	14,662
Forest Stewardship Program	10.678	-	-	142,754	-	142,754
Forest Health Protection	10.680	-	-	15,000	-	15,000
1890 Land Grant Institution Rural Entrepreneurial Outreach Program	10.856	-	-	100,000	-	100,000
Environmental Quality	10.912	-	-	425,756	-	425,756
Agricultural Land Preservation	10.913	-	-	1,872,162	-	1,872,162
Agricultural Statistical Reports	10.950	-	-	8,517	-	8,517
Technical Agricultural Assistance	10.960	-	-	3,197,507	-	3,197,507
International Training: Foreign Participant	10.962	-	-	225,524	-	225,524
Agricultural Research Service	10.RD	1,819,365	-	-	-	1,819,365
Animal and Plant Health Inspection Service	10.RD	255,617	-	-	-	255,617
Economic Research Service	10.RD	474,807	-	-	-	474,807
Food Safety and Inspection Service	10.RD	36,717	-	-	-	36,717
Foreign Agricultural Service	10.RD	711,468	-	-	-	711,468
Forest Service	10.RD	267,018	-	-	-	267,018
National Agricultural Statistics Service	10.RD	66,052	-	-	-	66,052
Natural Resources Conservation Service	10.RD	237,710	-	-	-	237,710
Pass-Through Cornell University	10.RD	126,280	-	-	-	126,280
Pass-Through Delaware State University	10.RD	247	-	-	-	247
Pass-Through Indiana University-Purdue University Indianapolis	10.RD	50,956	-	-	-	50,956

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
US DEPARTMENT OF AGRICULTURE (USDA) (continued)						
Natural Resources Conservation Service (continued)						
Pass-Through National Fish & Wildlife Foundation	10.RD	\$ 9,651	\$ -	\$ -	\$ -	\$ 9,651
Pass-Through North Carolina State University	10.RD	26	-	-	-	26
Pass-Through Ohio State University	10.RD	52,787	-	-	-	52,787
Pass-Through Pennsylvania State University	10.RD	76,885	-	-	-	76,885
Pass-Through University of Massachusetts Dartmouth	10.RD	97,805	-	-	-	97,805
Pass-Through University of Vermont	10.RD	21,766	-	-	-	21,766
Pass-Through University of Wisconsin	10.RD	37,707	-	-	-	37,707
Pass-Through Virginia Polytechnic Institute and State University	10.RD	12,636	-	-	-	12,636
Pass-Through, Rutgers, the State University of New Jersey	10.RD	39,810	-	-	-	39,810
Pass-Through University of California	10.RD	62,270	-	-	-	62,270
Pass-Through University of California, Davis	10.RD	4,804	-	-	-	4,804
Pass-Through University of Hawaii	10.RD	3,484	-	-	-	3,484
Pass-Through University of Minnesota	10.RD	14,591	-	-	-	14,591
Pass-Through American Statistical Association	10.RD	35,839	-	-	-	35,839
The National Institute of Food and Agriculture (NIFA)	10.RD	8,447,257	-	-	-	8,447,257
Total US Department of Agriculture		12,996,672	-	1,413,013,366	-	1,426,010,038
DEPARTMENT OF COMMERCE (DOC)						
Contract/Other	11.SB134109-SE0916	-	-	15	-	15
Contract/Other	11.YA132307-CN0048	-	-	1,969,226	-	1,969,226
Contract/Other - Census Bureau	11.IPA No. 6308IPA01	-	-	36,966	-	36,966
Contract/Other - NIST	11.IPA No. IP0915	-	-	105,579	-	105,579
Census Special Tabulations and Services	11.005	-	-	-	-	-
Economic Development: Technical Assistance	11.303	-	-	170,604	-	170,604
Economic Adjustment Assistance	11.307	-	-	5,774,599	-	5,774,599
Interjurisdictional Fisheries Act of 1986	11.407	-	-	66,332	-	66,332
Sea Grant Support	11.417	7,794	-	-	-	7,794
Coastal Zone Management Administration Awards	11.419	-	-	4,085,367	-	4,085,367
Coastal Zone Management Estuarine Research Reserves	11.420	-	-	629,502	-	629,502
Financial Assistance for National Centers for Coastal Ocean Science	11.426	-	-	390,584	-	390,584
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	-	-	119,587	-	119,587
Marine Mammal Data Program	11.439	-	-	49,600	-	49,600
Unallied Industry Projects	11.452	-	-	4,350,065	-	4,350,065
Unallied Management Program	11.454	-	-	19,279	-	19,279
Chesapeake Bay Studies	11.457	3,233,533	-	-	-	3,233,533
Special Oceanic Atmospheric Administration	11.460	-	-	21,427	-	21,427
Unallied Science Program	11.472	-	-	18,679	-	18,679
Atlantic Coastal Fisheries Cooperative Management Act	11.474	-	-	214,374	-	214,374
Coastal Ocean Research Program	11.478	-	-	148,629	-	148,629
Educational Partnership Program	11.481	-	-	2,625,045	-	2,625,045
Public Safety Interop Comm. Grant Prog FY 2007	11.555	-	-	8,400,850	-	8,400,850
One Maryland Broadband Network - ARRA	11.557	-	-	7,868,939	-	7,868,939
Broadband Technology Opportunities Program (BTOP)	11.557	-	-	485,407	-	485,407
Pass-Through Maryland Broadband Cooperative, Inc - ARRA	11.558	-	-	707,058	-	707,058
Measurement & Engineering Research & Standards	11.609	443,406	-	-	-	443,406
Measurement & Engineering Research & Standards - ARRA	11.609	3,175,609	-	-	-	3,175,609
Pass-Through Temple University - ARRA	11.609	249,526	-	-	-	249,526
Manufacturing Extension Partnership	11.611	-	-	484,805	-	484,805
Ntl Institute of Standards & Technology Construction Grant Program - ARRA	11.618	-	-	1,328,327	-	1,328,327
Basic Minority Business Development Centers	11.800	-	-	12,731	-	12,731
National Institute for Standards and Technology	11.RD	18,865,252	-	-	-	18,865,252
Pass-Through Utah State University	11.RD	15,265	-	-	-	15,265
National Oceanic and Atmospheric Administration	11.RD	18,722,910	-	-	-	18,722,910
Pass-Through Rutgers, The State University of New Jersey	11.RD	107,135	-	-	-	107,135
Pass-Through Chesapeake Research Consortium	11.RD	374,124	-	-	-	374,124
Pass-Through Florida Fish & Wildlife Conservation Commission	11.RD	108,030	-	-	-	108,030
Pass-Through Metropolitan Washington Council of Governments	11.RD	19,143	-	-	-	19,143
Pass-Through Oak Management, Inc	11.RD	45,960	-	-	-	45,960
Pass-Through Oyster Recovery Partnership	11.RD	296,440	-	-	-	296,440
US Census Bureau	11.RD	136,966	-	-	-	136,966
Pass-Through University of New York	11.RD	104,184	-	-	-	104,184
Pass-Through City University of New York	11.RD	50,214	-	-	-	50,214
Pass-Through University Corporation for Atmospheric Research	11.RD	41,676	-	-	-	41,676
Pass-Through University of Delaware	11.RD	33,567	-	-	-	33,567
Pass-Through University of Florida	11.RD	1,504	-	-	-	1,504
Pass-Through Villanova University	11.RD	40,898	-	-	-	40,898
Pass-Through University of New Hampshire	11.RD	45,688	-	-	-	45,688
Pass-Through University of Texas - Austin	11.RD	110,172	-	-	-	110,172
Pass-Through Virginia Marine Research Corp.	11.RD	52,462	-	-	-	52,462
Pass-Through Prometheus Computing	11.RD	35,926	-	-	-	35,926
Total Department of Commerce		46,317,384	-	40,083,576	-	86,400,960

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF DEFENSE (DOD)						
Contract/Other	12.Unknown	\$ -	\$ -	\$ 211,133	\$ -	\$ 211,133
Contract/Other - National Defense University: IPA Contract	12.0701027003	-	-	139,499	-	139,499
Contract/Other	12.C-0895	-	-	65,190	-	65,190
Contract/Other	12.D-4015	-	-	671,971	-	671,971
Contract/Other - United States Navy IPA	12.09092132	-	-	200,628	-	200,628
Contract/Other - United States Navy IPA	12.09123191	-	-	20,201	-	20,201
Contract/Other - United States Navy IPA	12.10020378	-	-	14,324	-	14,324
Pass-Through Neocera, Inc	12.100614	101,571	-	-	-	101,571
Pass-Through Charles River Analytics	12.1007202	305,379	-	-	-	305,379
Contract/Other - Defense Advanced Research Projects Agency	12.10092424	-	-	228,925	-	228,925
Contract/Other - United States Army IPA	12.10123227	-	-	12,501	-	12,501
Pass-Through Battelle Memorial Institute	12.10194	13,101	-	-	-	13,101
Pass-Through Syntonic, Inc.	12.102679	91,109	-	-	-	91,109
Contract/Other - United States Air Force	12.FA805211	-	-	-	-	-
P0010		16,394	-	-	-	16,394
Contract/Other - United States Air Force	12.FA865011	-	-	-	-	-
c7103		196,580	-	-	-	196,580
Contract/Other - United States Air Force IPA	12.FIATA08182	-	-	-	-	-
PD01		-	-	150,076	-	150,076
Contract /Other	12.H98230-09-C-	-	-	-	-	-
0265		169,974	-	-	-	169,974
Contract / Other - Defense Threat Reduction Agency	12.HDTRA1-10-	-	-	-	-	-
C-0067		560,951	-	-	-	560,951
Contract/Other - United States Navy	12.N00174-09-	-	-	-	-	-
M0067		3,936	-	-	-	3,936
Contract/Other - United States Navy	12.N0018909	-	-	-	-	-
P1885		-	-	99,820	-	99,820
Contract / Other National Naval Medical Center	12.N10AC18077	49,875	-	-	-	49,875
Contract/Other - United States Army	12.W911-NF-05-	-	-	-	-	-
2-0023		29,665	-	-	-	29,665
Contract/Other - United States Army	12.W911-NF-10-	-	-	-	-	-
2-0042		125,168	-	-	-	125,168
Contract/Other - United States Army	12.W911-QX-09-	-	-	-	-	-
P-0302		12,696	-	-	-	12,696
Contract/Other - Army Research Lab Contract	12.W911QX10	-	-	-	-	-
P0412		-	-	130,000	-	130,000
Pass-Through University of California	12 RD	61,490	-	-	-	61,490
Pass-Through University of Southern California	12 .135874	73,775	-	-	-	73,775
Pass-Through Battelle Memorial Institute	12.0000255042	58,633	-	-	-	58,633
Pass-Through Institute for Mathematics and its Applications	12.0008892090	-	-	30,000	-	30,000
Procurement Technical Assistance for Business Firms	12.002	-	-	413,814	-	413,814
Pass-Through Combustion Research & Flow Technology	12.08C0687C363	64,359	-	-	-	64,359
Planning Assistance to States	12.110	-	-	74,264	-	74,264
Pass-Through Scola, Inc.	12.11071649	-	-	156,311	-	156,311
State Memo of Agreement Prog for Reimb of Tech Service	12.113	-	-	730,168	-	730,168
Pass-Through University Research Foundation	12.11539	250,000	-	-	-	250,000
Pass-Through Lynntech	12.2009-	-	-	-	-	-
NAV4670001		290,890	-	-	-	290,890
Pass-Through SRI International	12.27001376	311,746	-	-	-	311,746
High Atom Number in Microsized Atom Traps	12.300	-	-	75,970	-	75,970
Basic and Applied Scientific Research	12.300	-	-	189,690	-	189,690
Pass-Through Iktara and Associates	12.300	-	-	9,171	-	9,171
Basic and Applied Scientific Research	12.300	490,591	-	-	-	490,591
Pass-Through BAE Systems Advance Information Technologies	12.316079	849,564	-	-	-	849,564
Pass-Through GE Global Research	12.400036855	176,934	-	-	-	176,934
National Guard Military Operations & Maintenance (O&M) Projects	12.401	-	-	17,847,532	-	17,847,532
National Guard Civilian Youth Opportunities	12.404	-	-	1,725,051	-	1,725,051
Basic Scientific Research	12.431	334,744	-	-	-	334,744
Pass-Through International Business Machines, Corp. (IBM)	12.50025204	173,380	-	-	-	173,380
Pass-Through Institute of International Education	12.551	-	-	455,420	-	455,420
Pass-Through Exponent, Inc.	12.600	-	-	21,681	-	21,681
Pass-Through CPU Technology, Inc	12.RD	57,075	-	-	-	57,075
Community Econ. Adjustment Planning Assistance	12.607	-	-	1,134,703	-	1,134,703
Pass-Through Michigan State University	12.613551A	63,516	-	-	-	63,516
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	-	494,119	-	494,119
Basic, Applied, Advanced Research in Science & Engineering	12.630	74,322	-	-	-	74,322
Pass-Through Academy of Applied Science	12.630	-	-	7,403	-	7,403
Motor Week Energy	12.678	-	-	549,127	-	549,127
Pass-Through BAE Systems Advance Information Technologies	12.684228	157,900	-	-	-	157,900
Pass-Through BAE Systems Advance Information Technologies	12.739596	450,112	-	-	-	450,112
Pass-Through BAE Systems Advance Information Technologies	12.739622	221,661	-	-	-	221,661
Air Force Defense Research Sciences Program	12.800	79,001	-	-	-	79,001
Pass-Through Princeton University - ARRA	12.800	237,319	-	-	-	237,319
Mathematical Sciences Grants Program	12.901	-	-	57,337	-	57,337
Mathematical Sciences Grants Program	12.901	108,920	-	-	-	108,920

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF DEFENSE (DOD) (continued)						
Information Security Grant Program	12.902	\$ -	\$ -	\$ 150,035	\$ -	\$ 150,035
Pass-Through BBNT Solutions LLC	12.9500008394	73,944	-	-	-	73,944
Pass-Through BBNT Solutions LLC	12.9500009235	320,740	-	-	-	320,740
Pass-Through Raytheon Corporation	12.9500010745	49,138	-	-	-	49,138
Pass-Through Johns Hopkins University Applied Physics Laboratory	12.9518070000	12,849	-	-	-	12,849
Pass-Through Argonne National Laboratory	12.9F31741	176,975	-	-	-	176,975
Pass-Through Aurora Flight Sciences Corporation	12.AFS100888	3,510	-	-	-	3,510
Pass-Through Applied Physical Sciences Corp.	12.APS1014	21,000	-	-	-	21,000
Pass-Through BBN Technologies Corporation	12.FA8650-06-C-7606	3,758	-	-	-	3,758
Pass-Through Dragonfly Pictures, Inc	12.GWP11	-	-	-	-	-
	MAY09	4,080	-	-	-	4,080
Pass-Through Johns Hopkins University	12.APL-940720	-	-	4,246	-	4,246
	09123055	9,055	-	-	-	9,055
Pass-Through Kitware, Inc.	12.HR001108	-	-	-	-	-
	C0135S5	7,472	-	-	-	7,472
Pass-Through Kitware, Inc.	12.K000135S11	252,361	-	-	-	252,361
Pass-Through Kitware, Inc	12.K000567S01	8,655	-	-	-	8,655
Pass-Through Intelligent Automation	12.N68335-10-C-0443	21,034	-	-	-	21,034
Pass-Through Smart Information Flow Technologies	12.OBTWUM	-	-	-	-	-
	DO1	77,321	-	-	-	77,321
Pass-Through Science Applications International Corporation (SAIC)	12.P010068745	75,499	-	-	-	75,499
Pass-Through QMagiQ, LLC	12.PO#2010-UMBC1	-	-	30,158	-	30,158
Pass-Through Qualtech, Inc	12.QSIDSC08015	20,453	-	-	-	20,453
Pass-Through Wyle Laboratories	12.RC00035524009	174,360	-	-	-	174,360
Advanced Research Projects Agency:	12.RD	3,809,098	-	-	-	3,809,098
Department of the Air Force, Material Command	12.RD	9,400,073	-	-	-	9,400,073
Department of the Army, Office of the Chief of Engineers	12.RD	322,077	-	-	-	322,077
Department of the Navy, Office of Chief of Naval Research	12.RD	21,424,439	-	-	-	21,424,439
National Geospatial Intelligence Agency	12.RD	126,408	-	-	-	126,408
National Security Agency	12.RD	38,373,488	-	-	-	38,373,488
Office of the Secretary of Defense	12.RD	3,732,811	-	-	-	3,732,811
Other Department of Defense	12.RD	192,737	-	-	-	192,737
Pass-Through AGEISS	12.RD	3,605	-	-	-	3,605
Pass-Through Auburn University	12.RD	25,376	-	-	-	25,376
U.S. Army, Material Command	12.RD	14,674,013	-	-	-	14,674,013
U.S. Army, Medical Command	12.RD	6,111,115	-	-	-	6,111,115
Pass-Through Brown University	12.RD	334,732	-	-	-	334,732
Pass-Through California Institute of Technology	12.RD	225,309	-	-	-	225,309
Pass-Through Carnegie Mellon University	12.RD	233,335	-	-	-	233,335
Pass-Through Duke University	12.RD	586,962	-	-	-	586,962
Pass-Through Duke University	12.RD	9,452	-	-	-	9,452
Pass-Through Energetics Technology Center	12.RD	187,440	-	-	-	187,440
Pass-Through Exponent, Inc	12.RD	344	-	-	-	344
Pass-Through Georgia Institute of Technology	12.RD	549,694	-	-	-	549,694
Pass-Through Harvard University	12.RD	154,445	-	-	-	154,445
Pass-Through Henry Jackson Foundation	12.RD	33,782	-	-	-	33,782
Pass-Through Institute of Global Environment and Society	12.RD	1,622	-	-	-	1,622
Pass-Through Institute of International Educations	12.RD	1,334,385	-	-	-	1,334,385
Pass-Through Johns Hopkins University	12.RD	293,712	-	-	-	293,712
Pass-Through Johns Hopkins University Applied Physics Lab	12.RD	272,159	-	-	-	272,159
Pass-Through Maryland Proof of Concept Alliance	12.RD	139,117	-	-	-	139,117
Pass-Through Ohio State University	12.RD	183,715	-	-	-	183,715
Pass-Through Penn State University	12.RD	114,197	-	-	-	114,197
Pass-Through Penn State University	12.RD	87,999	-	-	-	87,999
Pass-Through Princeton University	12.RD	2,000	-	-	-	2,000
Pass-Through RABA Technologies, LLC	12.RD	8,100	-	-	-	8,100
Pass-Through Rensselaer Polytechnic Institute	12.RD	410,155	-	-	-	410,155
Pass-Through Rensselaer Polytechnic Institute	12.RD	70,294	-	-	-	70,294
Pass-Through Rice University	12.RD	280,796	-	-	-	280,796
Pass-Through Rice University	12.RD	49,107	-	-	-	49,107
Pass-Through Rutgers, State University of New Jersey	12.RD	25,915	-	-	-	25,915
Pass-Through Samueli Institute	12.RD	104,918	-	-	-	104,918
Pass-Through SRI International	12.RD	190,022	-	-	-	190,022
Pass-Through Stevens Institute of Technology	12.RD	218,811	-	-	-	218,811
Pass-Through Technion - Israel Institute of Technology	12.RD	26,982	-	-	-	26,982
Pass-Through Texas University	12.RD	21,164	-	-	-	21,164
Pass-Through University of Arizona	12.RD	98,147	-	-	-	98,147
Pass-Through University of California, Irvine	12.RD	23,478	-	-	-	23,478
Pass-Through University of California, Irvine	12.RD	74,140	-	-	-	74,140
Pass-Through University of Illinois	12.RD	40,494	-	-	-	40,494
Pass-Through University of Michigan	12.RD	43,387	-	-	-	43,387
Pass-Through University of Nevada, Las Vegas	12.RD	1,158	-	-	-	1,158
Pass-Through University of Pennsylvania	12.RD	158,270	-	-	-	158,270
Pass-Through University of Rochester Institute of Optics	12.RD	47,074	-	-	-	47,074
Pass-Through University of Washington	12.RD	54,909	-	-	-	54,909
University of Uniformed Services of the Health Sciences	12.RD	4,528	-	-	-	4,528
Pass-Through Envisioneering	12.S1020	28,180	-	-	-	28,180

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF DEFENSE (DOD) (continued)						
University of Uniformed Services of the Health Sciences (continued)						
Pass-Through Exponent Environment Group, Inc	12.S751182	\$ 5,893	\$ -	\$ -	\$ -	\$ 5,893
Pass-Through Physical Sciences, Inc	12.SC524131	71646.000	14,844	-	-	14,844
Pass-Through Ziva Corporation	12.UMDRFTRA	2,618	-	-	-	2,618
Total Department of Defense		<u>112,517,560</u>	<u>-</u>	<u>26,100,468</u>		<u>138,618,028</u>
DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (HUD)						
Department of Housing & Urban Development	14.000	-	-	3,269,195		3,269,195
TCAP - ARRA	14.000	-	-	18,578,979		18,578,979
Supportive Housing for Persons with Disabilities	14.181	-	-	317,030		317,030
Section 8 Project-Based Cluster						
Section 8 Housing Assistance Payments Program	14.195	-	-	179,019,211		179,019,211
Lower Income Housing Assistance Program - Section 8	14.856	-	-	354,922		354,922
Total Section 8 Project-Based Cluster					\$ 179,374,133	
Community Development Block Grants/Entitlement Grants	14.218	-	-	51,065		51,065
Community Development Block Grant/State's Program	14.228	-	-	14,535,191		14,535,191
Community Development Block Grant - ARRA	14.228	-	-	1,813,698		1,813,698
Housing Assistance	14.231	-	-	647,399		647,399
HPRP - ARRA	14.231	-	-	2,885,731		2,885,731
Supportive Housing Program	14.235	-	-	718,822		718,822
Shelter Plus Care	14.238	-	-	3,844,847		3,844,847
HOME Investment Partnership Program	14.239	-	-	7,564,455		7,564,455
Housing Opportunities for Persons with AIDS	14.241	-	-	1,065,284		1,065,284
Community Dev. Block Grants/Brownsfields Economic Dev. Initiative	14.246	-	-	28,966		28,966
Fair Housing Assistance Program: State & Local	14.401	-	-	319,557		319,557
Doctoral Dissertation Research Grants	14.516	-	-	23,703		23,703
Historically Black Colleges and Universities Programs	14.520	-	-	248,108		248,108
Section 8 Housing Choice Vouchers	14.871	-	-	18,018,140		18,018,140
Healthy Homes and Lead Hazard Control Programs	14.901	-	-	7,204		7,204
Total Department of Housing & Urban Development		<u>-</u>	<u>-</u>	<u>253,311,507</u>		<u>253,311,507</u>
DEPARTMENT OF THE INTERIOR (DOI)						
Contract / Other National Park Service	15.P3700090025	-	-	1,500		1,500
Reg of Surface Coal Mining & Surface Effects of Underground Coal Mining	15.250	-	-	652,353		652,353
Abandoned Mine Land Reclamation (AMLR) Program	15.252	-	-	1,395,053		1,395,053
Fish and Wildlife Cluster						
Sport Fish Restoration	15.605	-	-	4,612,414		4,612,414
Wildlife Restoration	15.611	-	-	3,362,228		3,362,228
Total Fish and Wildlife Cluster					7,974,642	
Fish & Wildlife Management Assistance	15.608	-	-	95,730		95,730
Endangered Species Conservation	15.612	-	-	8,243		8,243
Coastal Wetlands Planning, Protection and Restoration Act	15.614	-	-	191,963		191,963
Cooperative Endangered Species Conservation Fund	15.615	-	-	434,318		434,318
Clean Vessel Act	15.616	-	-	273,935		273,935
Landowner Incentive	15.633	-	-	276,151		276,151
State Wildlife Grants	15.634	-	-	775,659		775,659
Pass-Through North Dakota Game and Fish Department	15.634	-	-	23,726		23,726
Service, Training and Technical Assistance (Generic Training)	15.649	-	-	500		500
Endangered Species Conservation - Recovery Implementation Funds	15.657	-	-	10,760		10,760
U.S. Geological Survey: Research and Data Acquisition	15.808	-	-	45,927		45,927
National Cooperative Geologic Mapping Program	15.810	-	-	139,701		139,701
National Geological & Geophysical Data Preservation Program	15.814	-	-	7,752		7,752
Historic Preservation Fund Grants-In-Aid	15.904	-	-	754,006		754,006
Outdoor Recreation - Acquisition, Development & Planning	15.916	-	-	862,500		862,500
Native American Graves Protection & Repatriation Act	15.922	-	-	5,823		5,823
National Center for Preservation Technology & Training	15.923	-	-	11,891		11,891
Save America's Treasures	15.929	-	-	101,774		101,774
Chesapeake Bay Gateways Network	15.930	-	-	143,947		143,947
National Park Service	15.RD	1,388,150	-	-		1,388,150
Other Department of Interior - Research and Development	15.RD	460,867	-	-		460,867
Pass-Through America View, Inc	15.RD	24,004	-	-		24,004
Pass-Through Caroline Soil Conservation District	15.RD	25,977	-	-		25,977
U.S. Fish and Wildlife Service	15.RD	52,697	-	-		52,697
U.S. Geological Survey	15.RD	388,546	-	-		388,546
Total Department of the Interior (DOI)		<u>2,340,241</u>	<u>-</u>	<u>14,187,854</u>		<u>16,528,095</u>
DEPARTMENT OF JUSTICE (DOJ)						
Contract/Other	16.09051068	-	-	500		500
Equitable Sharing Program Contract/Other	16.000	-	-	3,393,650		3,393,650
Marijuana Eradication	16.004	-	-	78,834		78,834
Violence Against Women Act Court Training and Improvement Grants	16.013	-	-	20,909		20,909
Sexual Assault Services Formula	16.017	-	-	121,987		121,987
Offender Reentry Program	16.202	-	-	138,025		138,025
Juvenile Accountability Incentive Block Grants	16.523	-	-	589,724		589,724
Reduce Violent Crimes Against Women on Campus	16.525	-	-	209,938		209,938
Safe Havens for Children	16.527	-	-	28,999		28,999
Juvenile Justice & Delinquency Prevention: Allocation to States	16.540	-	-	1,032,200		1,032,200
Juvenile Justice and Delinquency Prevention	16.541	-	-	176,408		176,408
Missing Children's Assistance	16.543	-	-	225,667		225,667

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF JUSTICE (DOJ) (continued)						
Title V: Delinquency Prevention Program	16.548	\$ -	\$ -	\$ 46,094	\$ -	\$ 46,094
MD Justice Statistics Program - SACS	16.550	-	-	23,616	-	23,616
National Criminal History Improvement Program (NCHIP)	16.554	-	-	451,556	-	451,556
National Institute of Justice Research, Evaluation, & Development Projects Grants	16.560	-	-	288,269	-	288,269
Crime Victim Assistance	16.575	-	-	6,716,382	-	6,716,382
Crime Victim Assistance - ARRA	16.575	-	-	500,546	-	500,546
Crime Victim Compensation	16.576	-	-	2,719,000	-	2,719,000
Edward Byrne Memorial State & Local Law Enforcement Assistance						
Discretionary Grant Prog	16.580	-	-	639,623	-	639,623
Violence Against Women Formula Grants	16.588	-	-	2,204,572	-	2,204,572
Violence Against Women Formula Grants - ARRA	16.588	-	-	1,444,415	-	1,444,415
Residential Substance Abuse Treatment for State Prisoners	16.593	-	-	76,249	-	76,249
Community Capacity Development Office	16.595	-	-	51,213	-	51,213
State Criminal Alien Assistance Program	16.606	-	-	1,762,225	-	1,762,225
Bulletproof Vest Partnership Program	16.607	-	-	105,654	-	105,654
Gun Violence Prosecution Program	16.609	-	-	300,425	-	300,425
Public Safety Partnership & Community Policing	16.710	-	-	1,833,506	-	1,833,506
Public Safety Partnership and Community Policing Grants - ARRA	16.710	-	-	27,139	-	27,139
Juvenile Mentoring Program	16.726	-	-	26,063	-	26,063
Enforcing Underage Drinking Laws Program	16.727	-	-	458,179	-	458,179
Gang Resistance Education and Training	16.737	-	-	51,461	-	51,461
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	3,908,154	-	3,908,154
S/W Auto Victim Info Notification	16.740	-	-	13,750	-	13,750
DNA Capacity Enhancement FY 06(46195)	16.741	-	-	533,986	-	533,986
Paul Coverdell Nat Forensic - Lab	16.742	-	-	377,351	-	377,351
Anti-Gang Initiative Program	16.744	-	-	5,866	-	5,866
Edward Byrne Memorial Competitive Grant Program	16.751	-	-	24,846	-	24,846
Prescription Drug Monitoring	16.754	-	-	43,290	-	43,290
Violence Against Women Formula Grant (VARA)	16.800	-	-	341,070	-	341,070
Byrne Justice Recovery Act - ARRA	16.803	-	-	14,240,657	-	14,240,657
Pass-Through Salisbury City Police GOCCP Project - ARRA	16.803	-	-	45,281	-	45,281
John R. Justice Prosecutors and Defenders Incentive Act	16.816	-	-	168,190	-	168,190
Bureau of Justice Assistance	16.RD	70,581	-	-	-	70,581
National Institute of Justice	16.RD	263,787	-	-	-	263,787
Office of Justice Programs	16.RD	134,328	-	-	-	134,328
Office of Juvenile Justice and Delinquency Prevention	16.RD	724,551	-	-	-	724,551
Pass-Through University of Central Florida	16.RD	87,410	-	-	-	87,410
Total Department of Justice (DOJ)		1,280,657	-	45,445,469		46,726,126
DEPARTMENT OF LABOR (DOL)						
Contract/Other	17.000	-	-	3,152,416	-	3,152,416
Labor Force Statistics	17.002	-	-	1,298,404	-	1,298,404
Compensation & Working Conditions	17.005	-	-	173,619	-	173,619
Registered Apprenticeship and Other Training	17.201	-	-	71,120	-	71,120
Employment Service Cluster						
Employment Services	17.207	-	-	12,426,562	-	12,426,562
Employment Services - ARRA	17.207	-	-	4,410,549	-	4,410,549
Disabled Veterans' Outreach Program (DVOP)	17.801	-	-	1,458,755	-	1,458,755
Local Veterans' Employment Representative Program	17.804	-	-	1,301,325	-	1,301,325
Total Employment Service Cluster					\$ 19,597,191	
Unemployment Insurance	17.225	-	-	1,882,626,166	-	1,882,626,166
Unemployment Insurance - ARRA	17.225	-	-	278	-	278
Senior Community Service Employment Program	17.235	-	-	1,256,837	-	1,256,837
Trade Adjustment Assistance: Workers	17.245	-	-	876,584	-	876,584
Workforce Investment Act Cluster (WIA)						
Workforce Investment Act: Adult Program	17.258	-	-	10,726,692	-	10,726,692
Workforce Investment Act: Adult Program - ARRA	17.258	-	-	1,459,706	-	1,459,706
Workforce Investment Act: Youth Activities	17.259	-	-	11,966,969	-	11,966,969
Workforce Investment Act: Youth Activities - ARRA	17.259	-	-	3,947,016	-	3,947,016
Workforce Investment Act: Dislocated Workers	17.260	-	-	10,411,749	-	10,411,749
Workforce Investment Act: Dislocated Workers - ARRA	17.260	-	-	3,719,229	-	3,719,229
Total WIA Cluster					42,231,361	
WIA Pilots, Demonstrations and Research Projects	17.261	-	-	1,361,206	-	1,361,206
Work Incentives Grant	17.266	-	-	86,821	-	86,821
Pass-Through Community College of Baltimore County	17.268	-	-	60,446	-	60,446
Work Opportunity Tax Credit Program	17.271	-	-	411,831	-	411,831
Labor Certification for Alien Workers	17.273	-	-	107,317	-	107,317
State Energy Sector Partnership - ARRA	17.275	-	-	4,783,194	-	4,783,194
Pass-Through Baltimore County Office of Workforce Development	17.275	-	-	21,389	-	21,389
HCTC GAP Filler III - ARRA	17.276	-	-	828,452	-	828,452
WIA Dislocated Worker Formula Grants	17.278	-	-	641,496	-	641,496
Occupational Safety & Health	17.503	-	-	4,201,977	-	4,201,977
Consultation Agreements	17.504	-	-	702,189	-	702,189
Occupational Illness & Injury Prevention	17.600	-	-	29,540	-	29,540
Employment and Training Administration	17.RD	244,505	-	-	-	244,505
Pass-Through ICF International	17.RD	58,419	-	-	-	58,419
Total Department of Labor		302,924	-	1,964,519,834		1,964,822,758

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
US DEPARTMENT OF STATE (DOS)						
Pass-Through Institute of International Education	19.010	\$ -	\$ -	\$ 236,208		\$ 236,208
Thomas R. Pickering Foreign Affairs Fellowship Program	19.013	-	-	25,000		25,000
Pass-Through Academy for Educational Development	19.022	-	-	270,866		270,866
Pass-Through Institute of International Education	19.401	-	-	12,408		12,408
Pass-Through Academy for Educational Development	19.408	-	-	421		421
Academic Exchange Programs - English Language Programs	19.421	-	-	770,469		770,469
International Education Training and Research	19.430	-	-	138,991		138,991
Pass-Through National Council for Eurasian and East European Research	19.RD	32,393	-	-		32,393
Bureau of Diplomatic Security	19.RD	140,831	-	-		140,831
Pass-Through U.S. Civilian Research and Development Foundation	19.RD	147,533	-	-		147,533
Total US Department of State (DOS)		320,757	-	1,454,363		1,775,120
DEPARTMENT OF TRANSPORTATION (DOT)						
Contract/Other	20.000	-	-	1,343,431		1,343,431
Airport Improvement Program - ARRA	20.106	-	-	11,945,428		11,945,428
Highway Research and Development Program	20.200	-	-	85,239		85,239
Highway Planning & Construction Cluster						
Highway Planning & Construction	20.205	-	-	348,333,188		348,333,188
Highway Planning & Construction - ARRA	20.205	-	-	165,913,624		165,913,624
Appalachian Development Highway System	23.003	-	-	97,914		97,914
Total Highway Planning & Construction Cluster					\$ 514,344,726	
Highway Training and Education	20.215	-	-	85,633		85,633
National Motor Carrier Safety	20.218	-	-	2,372,031		2,372,031
Pass-Through University of North Carolina, Chapel Hill	20.218	-	-	96,394		96,394
Commercial Driver License Grant Agreement	20.232	-	-	581,999		581,999
Commercial Driver License Information System	20.238	-	-	193,183		193,183
High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants - ARRA	20.319	-	-	4,648,059		4,648,059
Federal Transit Cluster						
Capital Investment Grants	20.500	-	-	74,245,320		74,245,320
Capital Investment Grants - ARRA	20.500	-	-	8,346,219		8,346,219
Formula Grants	20.507	-	-	110,137,555		110,137,555
Federal Stimulus - ARRA	20.507	-	-	38,169,368		38,169,368
Total Federal Transit Cluster					230,898,462	
Federal Transit: Metropolitan Planning Grants	20.505	-	-	8,074,295		8,074,295
Formula Grants for Other Than Urbanized Areas	20.509	-	-	5,135,052		5,135,052
Formula Grants for Other Than Urbanized Areas - ARRA	20.509	-	-	7,489,055		7,489,055
Transit Services Programs Cluster						
Capital Assistance Program for Elderly Persons & Persons with Disabilities	20.513	-	-	2,007,591		2,007,591
Job Access: Reverse Commute	20.516	-	-	869,139		869,139
New Freedom Initiative	20.521	-	-	187,346		187,346
Total Transit Services Programs Cluster					3,064,076	
Alternative Analysis	20.522	-	-	202,209		202,209
Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions - ARRA	20.523	-	-	524,237		524,237
State & Community Highway Safety	20.600	-	-	6,204,718		6,204,718
National Highway Traffic Safety Administration	20.614	-	-	11,953		11,953
E-911 Grant Program	20.615	-	-	955,681		955,681
Pipeline Safety	20.700	-	-	342,240		342,240
University Transportation Centers Program	20.701	964,572	-	-		964,572
Research and Innovative Technology Administration						
University Transportation Center	20.701	-	-	19,383		19,383
Interagency Hazardous Materials Public Sector Training & Planning	20.703	-	-	274,302		274,302
RITA Hydrogen	20.704	-	-	86,526		86,526
Federal Aviation Administration	20.RD	275,735	-	-		275,735
Federal Highway Administration	20.RD	591,624	-	-		591,624
Federal Motor Carrier Safety Administration	20.RD	79,760	-	-		79,760
National Highway Traffic Safety Administration	20.RD	697,281	-	-		697,281
Other Research & Development	20.RD	694,879	-	-		694,879
Pass-Through Battelle Memorial Institute	20.RD	97,637	-	-		97,637
Pass-Through Cornell University	20.RD	31,738	-	-		31,738
Pass-Through The National Academies- Transportation Research Board	20.RD	166,700	-	-		166,700
Pass-Through Pennsylvania State University	20.RD	438,287	-	-		438,287
Pass-Through Westat Corporation	20.RD	224	-	-		224
Pass-Through University of Wisconsin	20.RD	11,732	-	-		11,732
Research and Innovative Technology Administration	20.RD	883,798	-	-		883,798
Total Department of Transportation (DOT)		4,933,967	-	798,978,312		803,912,279
DEPARTMENT OF THE TREASURY (DOTR)						
Contract / Other Office of Economic Policy IPA Program	21. IPA No. 10123328	-	-	179,396		179,396
Low Income Taxpayer Clinics	21.008	-	-	30,271		30,271
Pass-Through University of Baltimore Foundation	21.RD	19,610	-	-		19,610
Total Department of the Treasury (DOTR)		19,610	-	209,667		229,277

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
APPALACHIAN REGIONAL COMMISSION (ARC)						
Appalachian Regional Development	23.001	\$ -	\$ -	\$ 57,557		\$ 57,557
Appalachian Local Access Roads	23.008	-	-	438,300		438,300
Pass-Through East Tennessee State University	23.011	-	-	2,558		2,558
Pass-Through Frostburg State University Foundation	23.011	-	-	38,323		38,323
Total Appalachian Regional Commission (ARC)		-	-	536,738		536,738
EQUAL EMPLOYMENT OPPORTUNITY COMMITTEE - (EEOC)						
Employment Discrimination: State & Local Fair Employment Practices Agency Contracts	30.002	-	-	346,351		346,351
Total Equal Employment Opportunity Committee (EEOC)		-	-	346,351		346,351
GENERAL SERVICES ADMINISTRATION - (GSA) NON-CASH EXPENDITURE						
Disposal of Federal Surplus Real Property	39.002	-	-	4,344		4,344
Donation of Federal Surplus Property Program	39.003	-	-	146,216		146,216
Help America Vote Act	39.011	-	-	3,904,025		3,904,025
Public Buildings Services	39.012	-	-	179,862		179,862
Pass-Through District of Columbia Office of Planning	39.RD	25,760	-	-		25,760
Total General Services Administration (GSA)		25,760	-	4,234,447		4,260,207
GOVERNMENT PRINTING OFFICE						
Section 1602 (Monetization) - ARRA	40.Unknown	-	-	49,906,435		49,906,435
Total Government Printing Office		-	-	49,906,435		49,906,435
LIBRARY OF CONGRESS						
Contract/Other	42.LCLSC-10P00105	-	-	19,139		19,139
Library of Congress	42.RD	119,193	-	-		119,193
Pass-Through University of California, San Diego	42.RD	156,332	-	-		156,332
Total Library of Congress		275,525	-	19,139		294,664
NATIONAL AERONAUTICS & SPACE ADMINISTRATION (NASA)						
Aerospace Education Services Program	43.001	4,696,086	-	-		4,696,086
Pass-Through Anne Arundel County Public Schools	43.001	-	-	140,627		140,627
Technology Transfer	43.002	611,971	-	-		611,971
Pass-Through California State University - Monterey Bay - ARRA	43.006	78,932	-	-		78,932
NASA	43.RD	69,815,366	-	-		69,815,366
Pass-Through AdTech Photonics, Inc	43.RD	4,934	-	-		4,934
Pass-Through Axis Engineering Technologies	43.RD	12,459	-	-		12,459
Pass-Through Boston University	43.RD	103,008	-	-		103,008
Pass-Through Brown University	43.RD	13,162	-	-		13,162
Pass-Through California Institute of Technology	43.RD	183	-	-		183
Pass-Through California Institute of Technology and the Jet Propulsion Laboratory	43.RD	485,905	-	-		485,905
Pass-Through California Institute of Technology and the Jet Propulsion Laboratory	43.RD	174,208	-	-		174,208
Pass-Through Carnegie Institution	43.RD	12,000	-	-		12,000
Pass-Through Carnegie Institution of Washington	43.RD	85,950	-	-		85,950
Pass-Through Clark University	43.RD	8,450	-	-		8,450
Pass-Through Colorado State University	43.RD	119,185	-	-		119,185
Pass-Through CoolCAD Electronics	43.RD	82,155	-	-		82,155
Pass-Through Cornell University	43.RD	131,576	-	-		131,576
Pass-Through Drexel University	43.RD	13,977	-	-		13,977
Pass-Through Florida Institute of Technology	43.RD	9,168	-	-		9,168
Pass-Through George Mason University	43.RD	34,770	-	-		34,770
Pass-Through Georgia Institute of Technology	43.RD	5,000	-	-		5,000
Pass-Through Hampton University	43.RD	98,322	-	-		98,322
Pass-Through Innovative Health Applications	43.RD	17,865	-	-		17,865
Pass-Through Institute for Global Environment and Society	43.RD	27,880	-	-		27,880
Pass-Through Johns Hopkins University/Applied Physics Lab	43.RD	125,804	-	-		125,804
Pass-Through Mantech International Corporation	43.RD	38,256	-	-		38,256
Pass-Through Maxion Technologies	43.RD	37,545	-	-		37,545
Pass-Through Michigan Technological University	43.RD	52,348	-	-		52,348
Pass-Through National Institute of Aerospace	43.RD	389,243	-	-		389,243
Pass-Through National Space Grant Foundation	43.RD	40,815	-	-		40,815
Pass-Through North Carolina State University	43.RD	80,965	-	-		80,965
Pass-Through Oregon State University	43.RD	99,519	-	-		99,519
Pass-Through Planetary Science Institute	43.RD	15,504	-	-		15,504
Pass-Through Princeton University	43.RD	413,760	-	-		413,760
Pass-Through Resources for the Future	43.RD	54,074	-	-		54,074
Pass-Through Science Systems & Application, Inc	43.RD	22,813	-	-		22,813
Pass-Through Sigma Space Corporation	43.RD	6,829	-	-		6,829
Pass-Through Smithsonian Astrophysical Observatory	43.RD	13,593	-	-		13,593
Pass-Through South Dakota State University	43.RD	103,879	-	-		103,879
Pass-Through Southwest Research Institute	43.RD	15,612	-	-		15,612
Pass-Through Space Science Institute	43.RD	11,754	-	-		11,754
Pass-Through Space Telescope Science Institute	43.RD	170,822	-	-		170,822
Pass-Through Universities Space Research Association	43.RD	94,393	-	-		94,393
Pass-Through University of California at Berkeley	43.RD	26,720	-	-		26,720
Pass-Through University of California, Los Angeles	43.RD	7,620	-	-		7,620

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<u>NATIONAL AERONAUTICS & SPACE ADMINISTRATION (NASA) (continued)</u>						
NASA (continued)						
Pass-Through University of Central Florida	43.RD	\$ 13,675	\$ -	\$ -	\$ -	\$ 13,675
Pass-Through University of Colorado	43.RD	139,477	-	-	-	139,477
Pass-Through University of Florida	43.RD	129,663	-	-	-	129,663
Pass-Through University of Houston	43.RD	5,576	-	-	-	5,576
Pass-Through University of Michigan	43.RD	82,564	-	-	-	82,564
Pass-Through University of North Carolina at Chapel Hill	43.RD	29,996	-	-	-	29,996
Pass-Through University of Utah	43.RD	18,074	-	-	-	18,074
Pass-Through University of Virginia	43.RD	58,979	-	-	-	58,979
Pass-Through University of Washington	43.RD	2,888	-	-	-	2,888
Pass-Through University of Wisconsin	43.RD	114,724	-	-	-	114,724
Pass-Through Woods Hole Oceanographic Institute	43.RD	74,969	-	-	-	74,969
Total National Aeronautics & Space Administration (NASA)		79,134,965	-	140,627		79,275,592
<u>NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH)</u>						
Promotion of the Arts: Grants to Organizations and Individuals	45.024	-	-	78,832	-	78,832
Pass-Through New England Foundation for the Arts	45.024	-	-	1,426	-	1,426
Promotion of the Arts: Partnership Agreements	45.025	-	-	847,543	-	847,543
Pass-Through Mid-Atlantic Arts Foundation	45.025	-	-	29,260	-	29,260
Pass-Through Maryland Humanities	45.129	-	-	6,000	-	6,000
Promotion of the Humanities: Research	45.161	15,918	-	-	-	15,918
Promotion of the Humanities: Seminars and Institutes	45.163	-	-	91,062	-	91,062
Promotion of the Humanities: Public Programs	45.164	-	-	177,987	-	177,987
Promotion of the Humanities: Office of Digital Humanities	45.169	-	-	41,455	-	41,455
Pass-Through University of Nebraska	45.169	-	-	3,004	-	3,004
Conservation Project Support	45.303	-	-	73,251	-	73,251
Museum Grants for African American History and Culture	45.309	-	-	84,627	-	84,627
State Library Program	45.310	-	-	2,256,750	-	2,256,750
Institute of Museum and Library Services: National Leadership Grants	45.312	-	-	12,817	-	12,817
Laura Bush 21 Century Librarian Program	45.313	-	-	589,388	-	589,388
Institute of Museum and Library Services	45.RD	646,336	-	-	-	646,336
National Endowment for the Arts	45.RD	10,000	-	-	-	10,000
National Endowment for the Humanities	45.RD	360,804	-	-	-	360,804
Pass-Through Rice University	45.RD	6,994	-	-	-	6,994
Total National Endowment for the Humanities (NEH)		1,040,052	-	4,293,402		5,333,454
<u>NATIONAL SCIENCE FOUNDATION (NSF)</u>						
Engineering Grants	47.041	-	-	536,923	-	536,923
Engineering Grants	47.041	77,577	-	-	-	77,577
Mathematical and Physical Sciences	47.049	-	-	623,730	-	623,730
Pass-Through University of Notre Dame	47.049	-	-	4,459	-	4,459
Mathematical and Physical Sciences - ARRA	47.049	132,766	-	-	-	132,766
Geosciences	47.050	-	-	17,460	-	17,460
Hyperspec Remote Sensing	47.050	74,597	-	-	-	74,597
Computer and Information Science and Engineering	47.070	-	-	204,965	-	204,965
Pass-Through Computing Research Association	47.070	-	-	136,918	-	136,918
Collaborative Research BPC-ARTSI	47.070	8,117	-	-	-	8,117
Biological Sciences	47.074	-	-	190,689	-	190,689
Pass-Through Cary Institute of Ecosystem Studies	47.074	-	-	91,961	-	91,961
Social, Behavioral, and Economic Sciences	47.075	-	-	172,343	-	172,343
Pass-Through University of Southern California - ARRA	47.075	113,358	-	-	-	113,358
Pass-Through California Poly Corporation	47.076	-	-	7,546	-	7,546
Education and Human Resources	47.076	-	-	8,594,966	-	8,594,966
Pass-Through Colorado State University	47.076	-	-	192,076	-	192,076
Pass-Through University System of Maryland Foundation	47.076	-	-	424,150	-	424,150
International Science & Engineering (OISE)	47.079	15,776	-	-	-	15,776
Trans-NSF Recovery Act Research Support	47.082	-	-	100,141	-	100,141
Trans-NSF Recovery Act Research Support	47.082	197,777	-	-	-	197,777
Trans-NSF Recovery Act Research Support - ARRA	47.082	10,743,063	-	610,743	-	11,353,806
Pass-Through Georgetown University - ARRA	47.082	99,909	-	-	-	99,909
Pass-Through Stanford University - ARRA	47.082	58,067	-	-	-	58,067
Pass-Through Sienna College	47.082	856	-	-	-	856
Contract/Other	47.HDR-0853418	-	-	108,130	-	108,130
Contract/Other	47.10010092	-	-	20,133	-	20,133
Contract/Other	47.1010251	-	-	5,000	-	5,000
Contract/Other IPA Agreement	47. IPA No. CHE1020439	-	-	40,334	-	40,334
Contract/Other IPA Agreement	47. IPA No. CMMI1059137	-	-	244,062	-	244,062
Contract/Other IPA Agreement	47. IPA No. CNS1007091	-	-	266,191	-	266,191
Contract/Other IPA Agreement	47. IPA No. DEB1062346	-	-	142,260	-	142,260
Contract/Other IPA Agreement	47. IPA No. DMS0963731	-	-	196,689	-	196,689
Contract/Other IPA Agreement	47. IPA No. DMS1057962	-	-	185,621	-	185,621
Contract/Other IPA Agreement	47. IPA No. PHY1060895	-	-	141,101	-	141,101

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
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FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<u>NATIONAL SCIENCE FOUNDATION (NSF) (continued)</u>						
Contract/Other IPA Agreement	47. IPA.No. IOS1125824	\$ -	\$ -	\$ 52,517	\$ -	\$ 52,517
National Science Foundation (NSF)	47.RD	56,487,927	-	2,839,479	-	59,327,406
Pass-Through Academy for Educational Development	47.RD	4,091	-	-	-	4,091
Pass-Through American Educational Research Association	47.RD	26,730	-	-	-	26,730
Pass-Through Association for Institutional Research	47.RD	16,477	-	-	-	16,477
Pass-Through BBNT Solutions, LLC	47.RD	203,708	-	-	-	203,708
Pass-Through Binational Agricultural Research and Development Fund (BA	47.RD	50,923	-	-	-	50,923
Pass-Through Blue Wave SemiConductors, Inc	47.RD	17,840	-	-	-	17,840
Pass-Through Boston University	47.RD	92,259	-	-	-	92,259
Pass-Through California Institute of Technology	47.RD	322,964	-	-	-	322,964
Pass-Through Carnegie Institution of Washington	47.RD	56,781	-	-	-	56,781
Pass-Through Case Western University	47.RD	50,429	-	-	-	50,429
Pass-Through Chesapeake Research Consortium	47.RD	15,593	-	-	-	15,593
Pass-Through Colorado School of Mines	47.RD	234	-	-	-	234
Pass-Through Colorado State University	47.RD	68,539	-	-	-	68,539
Pass-Through Columbia University	47.RD	122,780	-	-	-	122,780
Pass-Through Computing Research Association	47.RD	245,472	-	-	-	245,472
Pass-Through Dartmouth College	47.RD	16,201	-	-	-	16,201
Pass-Through Education Development Center	47.RD	56,675	-	-	-	56,675
Pass-Through Georgetown University	47.RD	27,207	-	-	-	27,207
Pass-Through Howard University	47.RD	15,465	-	-	-	15,465
Pass-Through Indiana University	47.RD	7,061	-	-	-	7,061
Pass-Through Johns Hopkins University	47.RD	63,314	-	-	-	63,314
Pass-Through Johns Hopkins University / Applied Physics Lab	47.RD	106,274	-	-	-	106,274
Pass-Through Lenterra Inc	47.RD	33,908	-	-	-	33,908
Pass-Through Loyola University	47.RD	35,579	-	-	-	35,579
Pass-Through National Radio Astronomy Observatory	47.RD	13,567	-	-	-	13,567
Pass-Through North Carolina State University	47.RD	1,747	-	-	-	1,747
Pass-Through Ohio State University	47.RD	6,988	-	-	-	6,988
Pass-Through OMIC Biosystems	47.RD	55,818	-	-	-	55,818
Pass-Through Oregon Health & Science University	47.RD	92,836	-	-	-	92,836
Pass-Through Pacific Ecoinformatics & Computational Ecology Lab	47.RD	43,340	-	-	-	43,340
Pass-Through Purdue University	47.RD	92,648	-	-	-	92,648
Pass-Through Research Foundation of City University of New York	47.RD	4,919	-	-	-	4,919
Pass-Through Sarissa Inc (Sarissa Technologies)	47.RD	22,072	-	-	-	22,072
Pass-Through Siena College	47.RD	7,784	-	-	-	7,784
Pass-Through Southwest Research Institute - ARRA	47.082	43,487	-	-	-	43,487
Pass-Through SRI International	47.RD	31,086	-	-	-	31,086
Pass-Through State University of New York at Stony Brook - ARRA	47.082	37,438	-	-	-	37,438
Pass-Through Stevens Institute of Technology	47.RD	6,501	-	-	-	6,501
Pass-Through Texas A&M University	47.RD	20,853	-	-	-	20,853
Pass-Through University of Arizona	47.RD	2,702	-	-	-	2,702
Pass-Through University of California, Davis	47.RD	69,919	-	-	-	69,919
Pass-Through University of California, San Diego	47.RD	285,880	-	-	-	285,880
Pass-Through University of Delaware	47.RD	15,128	-	-	-	15,128
Pass-Through University of Illinois	47.RD	5,384	-	-	-	5,384
Pass-Through University of Illinois at Urbana-Champaign	47.RD	18,826	-	-	-	18,826
Pass-Through University of Michigan	47.RD	175,877	-	-	-	175,877
Pass-Through University of Mississippi	47.RD	2,930	-	-	-	2,930
Pass-Through University of Southern California	47.RD	151,170	-	-	-	151,170
Pass-Through University of Utah	47.RD	146,644	-	-	-	146,644
Pass-Through University of Wisconsin	47.RD	412,005	-	-	-	412,005
Pass-Through University of Washington	47.RD	108,905	-	-	-	108,905
Pass-Through Vanderbilt University	47.RD	28,009	-	-	-	28,009
Pass-Through Virginia Commonwealth University	47.RD	40,186	-	-	-	40,186
Pass-Through Virginia Polytechnic Institute and State University	47.RD	127,026	-	-	-	127,026
Pass-Through Woods Hole Oceanographic	47.RD	69,566	-	-	-	69,566
Pass-Through Wright State University	47.RD	1,248	-	-	-	1,248
Pass-Through Yale University	47.RD	165,179	-	-	-	165,179
Total National Science Foundation (NSF)		71,973,962	-	16,150,587	-	88,124,549
<u>SMALL BUSINESS ADMINISTRATION</u>						
Contract/Other	59.SBAHG- 08-I-0186	-	-	8,559	-	8,559
Pass-Through Baltimore County Dept of Economic Development	59.006	-	-	86	-	86
Small Business Development Center	59.037	-	-	2,101,617	-	2,101,617
Program for Investment in Microentrepreneurs Act	59.050	-	-	61,234	-	61,234
Total Small Business Administration		-	-	2,171,496	-	2,171,496
<u>DEPARTMENT OF VETERAN AFFAIRS (VA)</u>						
	64.IPA No. 09051171	-	-	7,669	-	7,669
Veterans State Domiciliary Care	64.014	-	-	1,946,853	-	1,946,853
Veterans State Nursing Home Care	64.015	-	-	8,062,111	-	8,062,111
Burial Expenses Allowances	64.101	-	-	633,550	-	633,550
Vocational & Educational Counseling for Service Members & Veterans	64.125	-	-	239,676	-	239,676

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
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FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF VETERAN AFFAIRS (VA) (continued)						
State Cemetery Grants	64.203	\$ -	\$ -	\$ 5,905,999		\$ 5,905,999
Pass-Through PARRA Consulting Group, Inc	64.RD	593	-	-		593
Pass-Through University of Maryland Medical System	64.RD	42,161	-	-		42,161
Veterans Benefits Administration – Research and Development	64.RD	924	-	-		924
Veterans Health Administration – Research and Development	64.RD	6,566,628	-	-		6,566,628
Total Department of Veteran Affairs (VA)		6,610,306	-	16,795,858		23,406,164
ENVIRONMENTAL PROTECTION AGENCY (EPA)						
Contract/Other	66.G11C00073	-	-	3,311		3,311
Contract/Other	66.Unknown	-	-	2,908		2,908
Poultry Litter Project	66.000	-	-	860,966		860,966
Spec. Purpose Activities	66.034	-	-	539,184		539,184
MD State School Bus Grant Program - ARRA	66.039	-	-	508,785		508,785
National Clean Diesel Emissions Reduction Program	66.039	-	-	2,315,304		2,315,304
Pass-Through National Fish & Wildlife Foundation	66.039	-	-	39,027		39,027
Maryland Clean Diesel	66.040	-	-	294,040		294,040
MD State Clean Diesel Grant Program - ARRA	66.040	-	-	1,327,885		1,327,885
Congressionally Mandated Projects	66.202	-	-	97,381		97,381
Environmental Finance Center Grants	66.203	-	-	285,407		285,407
Water Quality Management Planning	66.454	-	-	316,782		316,782
MDE Water Quality Mgt Planning - ARRA	66.454	-	-	603,295		603,295
Nonpoint Source Implementation Grants	66.460	-	-	2,867,216		2,867,216
Regional Wetland Program Development Grants	66.461	-	-	2,363		2,363
Chesapeake Bay Program	66.466	-	-	5,631,488		5,631,488
Capitalization Grants for Drinking Water State Revolving Fund - ARRA	66.468	-	-	1,401,586		1,401,586
Operator Certification Expense Reimbursement	66.471	-	-	220,456		220,456
Beach Monitoring & Notification Program Implementation Grants	66.472	-	-	326,282		326,282
Pass-Through State of Delaware	66.472	-	-	56,990		56,990
Water Protection Grants to the States	66.474	-	-	4,877		4,877
MD Regulatory Wetland Program Enhancement	66.479	-	-	108,061		108,061
Pass-Through Resources for the Future	66.509	-	-	547		547
Greater Research Opportunities (GRO) Fellowships for Performance Partnership Grants (PPGs)	66.605	-	-	11,106,879		11,106,879
Environmental Information Exchange Network Grant Program	66.608	-	-	199,367		199,367
Environmental Policy & Innovation Grants	66.611	-	-	25,814		25,814
Pollution Prevention Grants Program	66.708	-	-	86,625		86,625
Multi-Media Capacity Building Grants for States and Tribes	66.709	-	-	1,222		1,222
Superfund State Site: Specific Cooperative Agreements	66.802	-	-	522,355		522,355
State & Tribal Underground Storage Tanks Program	66.804	-	-	631,178		631,178
Leaking Underground Storage Tank Program	66.805	-	-	1,602,500		1,602,500
Leaking Underground Storage Tank - ARRA	66.805	-	-	1,341,167		1,341,167
Solid Waste Management Assistance	66.808	-	-	5,052		5,052
Superfund State & Indian Tribe Core Program: Cooperative Agreements	66.809	-	-	378,263		378,263
State & Tribal Response Program Grants	66.817	-	-	362,167		362,167
Brownfields Assessment & Cleanup Cooperative Agreements	66.818	-	-	202,179		202,179
Pass-Through Oak Ridge Institute for Science and Education	66.951	-	-	46,872		46,872
Environmental Protection Agency	66.RD	148,178	-	-		148,178
Office of Research and Development	66.RD	1,096,689	-	-		1,096,689
Pass-Through Johns Hopkins University	66.RD	7,528	-	-		7,528
Pass-Through Pennsylvania State University	66.RD	13,988	-	-		13,988
Pass-Through Prince George's County Government	66.RD	11,258	-	-		11,258
Pass-Through University of Michigan	66.RD	1,028	-	-		1,028
Total Environmental Protection Agency (EPA)		1,278,669	-	34,325,781		35,604,450
NUCLEAR REGULATORY COMMISSION (NRC)						
Contract/Other IPA	77.IPA No. NRCDR4211002	-	-	48,121		48,121
Contract/Other IPA	77.IPA No. RESC10812	-	-	13,743		13,743
US Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	99,409		99,409
US Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	126,233		126,233
Other National Regulatory Commission – Research and Development	77.RD	510,947	-	-		510,947
Pass-Through Sandia National Laboratories	77.RD	100,048	-	-		100,048
Total Nuclear Regulatory Commission (NRC)		610,995	-	287,506		898,501
DEPARTMENT OF ENERGY (DOE)						
Contract/Other IPA Agreement	81.IPA No. 09071661	-	-	8,309		8,309
Contract/Other IPA Agreement	81.IPA No. 09092163	-	-	239,319		239,319
State Energy Program	81.041	-	-	24,499,757		24,499,757
Weatherization Assistance for Low-Income Persons	81.042	-	-	501,851		501,851
Weatherization Assistance for Low-Income Persons - ARRA	81.042	-	-	22,679,630		22,679,630
Office of Science Financial Assistance Program	81.049	-	-	76,767		76,767
Office of Science Financial Assistance Program - ARRA	81.049	775,380	-	-		775,380
University Coal Research	81.057	252,251	-	-		252,251
Conservation Research & Development	81.086	-	-	2,943,893		2,943,893
Conservation Research & Development	81.086	28,409	-	-		28,409

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF ENERGY (DOE) (continued)						
Renewable Energy Research & Development	81.087	\$ -	\$ -	\$ 53,103		\$ 53,103
State Heating & Propane Programs	81.090	-	-	8,465		8,465
State Energy Program Special Projects	81.119	-	-	20,023		20,023
Electricity Delivery & Energy Reliability - ARRA	81.122	-	-	320,607		320,607
EE Appliance Rebate Program	81.127	-	-	3,519,267		3,519,267
Energy Efficiency & Conservation Block Grant Program (EECBG)	81.128	-	-	15,062,459		15,062,459
Energy Efficiency & Conservation Block Grant Program (EECBG) - ARRA	81.128	-	-	7,888,769		7,888,769
Advanced Research and Projects Agency - Energy Financial Assistance Program - ARRA	81.135	111,109	-	-		111,109
Technology Transfer Activities	81.511	-	-	146,383		146,383
Pass-Through Battelle Memorial Institute - ARRA	81.106946	-	-	21,828		21,828
Pass-Through Battelle Memorial Institute - ARRA	81.112602	-	-	5,270		5,270
Pass-Through Battelle Memorial Institute - ARRA	81.113482	-	-	2,037		2,037
Pass-Through Battelle Corporation - ARRA	81.114407	496,765	-	-		496,765
Pass-Through Battelle Memorial Institute - ARRA	81.115198	-	-	36,396		36,396
Pass-Through Battelle Memorial Institute - ARRA	81.115199	-	-	33,273		33,273
Pass-Through Brookhaven National Laboratory - ARRA	81.158983	77,843	-	-		77,843
Pass-Through Fermilab	81.582682	-	-	1,422		1,422
Pass-Through Lawrence Livermore National Laboratory	81.6952393	47,772	-	-		47,772
Office of Science	81.RD	13,390,032	-	-		13,390,032
Other Department of Energy – Research and Development	81.RD	858,885	-	-		858,885
Pass-Through Ames Laboratory	81.RD	460,266	-	-		460,266
Pass-Through Army Test and Evaluation Command (ATEC)	81.RD	129,371	-	-		129,371
Pass-Through Battelle Corporation	81.RD	518,392	-	-		518,392
Pass-Through Brookhaven National Laboratory	81.RD	857	-	-		857
Pass-Through GE Global Research	81.RD	46,033	-	-		46,033
Pass-Through General Atomics	81.RD	29,868	-	-		29,868
Pass-Through General Electric Company	81.RD	24,318	-	-		24,318
Pass-Through HyperV Technologies, Inc	81.RD	41,971	-	-		41,971
Pass-Through Iowa State University	81.RD	35,986	-	-		35,986
Pass-Through Lawrence Livermore National Laboratory	81.RD	12,317	-	-		12,317
Pass-Through Oak Ridge National Laboratory	81.RD	2,530	-	-		2,530
Pass-Through Sandia National Labs	81.RD	398,569	-	-		398,569
Pass-Through Stanford University	81.RD	62,795	-	-		62,795
Pass-Through Teledyne Scientific	81.RD	43,791	-	-		43,791
Pass-Through Tulane University	81.RD	50,508	-	-		50,508
Pass-Through University of Michigan	81.RD	98,758	-	-		98,758
Pass-Through University of Texas - Austin	81.RD	23,705	-	-		23,705
Pass-Through University of Virginia	81.RD	183,687	-	-		183,687
Pass-Through University of Wisconsin	81.RD	58,109	-	-		58,109
Pass-Through UT Battelle LLC	81.RD	26,325	-	-		26,325
Pass-Through Yale University	81.RD	29,986	-	-		29,986
Total Department of Energy (DOE)		18,316,588	-	78,068,828		96,385,416
DEPARTMENT OF EDUCATION (ED)						
Contract/Other	84.unknown	-	-	39,791		39,791
Adult Education - State Grant Program	84.002	-	-	9,317,392		9,317,392
Federal Supplemental Educational Opportunity Grants	84.007	-	4,916,658	-		4,916,658
Federal Family Educational Loans	84.032	-	11,344,563	-		11,344,563
Federal Work-Study Program	84.033	-	8,382,782	-		8,382,782
Federal Work-Study Program - ARRA	84.033	-	16,340	-		16,340
Federal Perkins Loan Program: Federal Capital Contributions	84.038	-	73,202,480	-		73,202,480
Federal Pell Grant Program	84.063	-	163,265,997	-		163,265,997
Federal Direct Student Loans	84.268	-	930,146,690	-		930,146,690
Academic Competitiveness Grants	84.375	-	2,506,266	-		2,506,266
National Science and Mathematics Access to Retain Talent (Smart) Grants	84.376	-	3,510,988	-		3,510,988
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	-	431,280	-		431,280
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	-	11,960,416	-		11,960,416
Nursing Student Loan	93.364	-	1,853,422	-		1,853,422
Title 1, Part A Cluster						
Title 1 Part A - Title 1 Grants to Local Education Agencies	84.010	-	-	183,236,625		183,236,625
Title 1 Part A - Grants to LEAs - ARRA	84.389	-	-	66,816,896		66,816,896
Total Title 1, Part A Cluster					\$ 250,053,521	
Migrant Education: State Grant Program	84.011	-	-	459,272		459,272
Title 1 Program for Neglected & Delinquent Children	84.013	-	-	2,239,551		2,239,551
Undergraduate International Studies and Foreign Language Programs	84.016	-	-	70,674		70,674
International Research and Studies	84.017	-	-	43,304		43,304
International: Overseas: Group Projects Abroad	84.021	-	-	114,605		114,605
Special Education Cluster (IDEA)						
Special Education: Grants to States	84.027	-	-	201,275,157		201,275,157
Pass-Through Government of the District of Columbia	84.027	-	-	165,000		165,000
Special Education: Preschool Grants	84.173	-	-	6,273,594		6,273,594
Special Education Grants to State - ARRA	84.391	-	-	92,315,222		92,315,222
IDEA - Part B - Preschool Grants - ARRA	84.392	-	-	3,003,545		3,003,545
Total IDEA Part B Cluster					303,032,518	

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FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF EDUCATION (ED) (continued)						
Higher Education Institutional Aid	84.031	\$ -	\$ -	\$ 25,630,147	\$ -	25,630,147
Federal Perkins Loan Cancellations	84.037	-	593,992	-	-	593,992
TRIO Cluster						
TRIO: Student Support Services	84.042	-	-	2,096,036	-	2,096,036
TRIO: Talent Search	84.044	-	-	959,376	-	959,376
TRIO: Upward Bound	84.047	-	-	4,255,692	-	4,255,692
TRIO: Educational Opportunity Centers	84.066	-	-	263,206	-	263,206
TRIO: McNair Post – Baccalaureate Achievement	84.217	-	-	966,106	-	966,106
Total TRIO Cluster					\$ 8,540,416	
Vocational Education: Basic Grants to States	84.048	-	-	17,572,475	-	17,572,475
Career and Technical Education - National Programs	84.051	-	-	91,473	-	91,473
Leveraging Educational Assistance Partnership	84.069	-	-	1,211,922	-	1,211,922
Fund for the Improvement of Postsecondary Education	84.116	-	-	757,743	-	757,743
Video Cases for Novice College Mathematics Instructors	84.116B	-	-	10,242	-	10,242
Fund for the Improvement of Postsecondary Education	84.116Z	-	-	480,103	-	480,103
Minority Science and Engineering Improvement	84.120	-	-	11,428	-	11,428
Vocational Rehabilitation Cluster						
Rehabilitation Services: Vocational Rehab. Grants to States	84.126	-	-	39,865,917	-	39,865,917
D.O.R.S. Transition Grant - ARRA	84.390	-	-	65,366	-	65,366
Vocational Rehab. Grants - ARRA	84.390	-	-	1,886,912	-	1,886,912
Total Vocational Rehabilitation Cluster					41,818,195	
Rehabilitation Long-Term Training	84.129	-	-	472,306	-	472,306
National Institute on Disability and Rehabilitation Research	84.133	-	-	207,520	-	207,520
Business and International Education Projects	84.153	-	-	128,093	-	128,093
Rehabilitation Services: Client Assistance Program	84.161	-	-	138,816	-	138,816
Independent Living: State Grants	84.169	-	-	335,498	-	335,498
Independent Living Services for Older Individuals Who are Blind Cluster						
Rehabilitation Service: Independent Living Services for Older Individuals Who are Blind	84.177	-	-	678,657	-	678,657
Independent Living Services for Older Individuals Who are Blind - ARRA	84.399	-	-	153,608	-	153,608
Total Independent Living Services for Older Individuals Who are Blind Cluster					832,265	
Early Intervention Services Cluster (IEEA)						
Special Education: Grants for Infants & Families with Disabilities	84.181	-	-	7,304,964	-	7,304,964
IEEA Part C - Infants & Families - ARRA	84.393	-	-	10,652,146	-	10,652,146
Total IEEA Part C Cluster					17,957,110	
Safe & Drug-Free Schools & Communities National Programs	84.184	-	-	419,432	-	419,432
Byrd Honors Scholarships	84.185	-	-	1,129,379	-	1,129,379
Safe & Drug-Free Schools & Communities: State Grants	84.186	-	-	1,001,266	-	1,001,266
Supported Employment Services for Individuals with Severe Handicaps	84.187	-	-	390,107	-	390,107
Bilingual Education: Professional Development	84.195	-	-	296,968	-	296,968
Education of Homeless Children and Youth Cluster						
Education of Homeless Children and Youth	84.196	-	-	1,107,796	-	1,107,796
Homeless Youth and Children - ARRA	84.387	-	-	479,151	-	479,151
Total Education of Homeless Children and Youth Cluster					1,586,947	
Graduate Assistance in Areas of National Need	84.200	-	-	998,835	-	998,835
Even Start: State Educational Agencies	84.213	-	-	951,179	-	951,179
Scholarships for Health Professions Students from						
Fund for the Improvement of Education	84.215	-	-	305,912	-	305,912
Pass-Through Anne Arundel County Public Schools	84.215	-	-	139,328	-	139,328
Pass-Through Baltimore City Public Schools	84.215	-	-	34,788	-	34,788
Pass-Through Howard Co Public Schools	84.215	-	-	49,338	-	49,338
Pass-Through Baltimore County Public Schools	84.215	-	-	70,458	-	70,458
Centers for International Business Education	84.220	-	-	206,755	-	206,755
Assistive Technology	84.224	-	-	494,307	-	494,307
Rehabilitation Services Demonstrative & Training	84.235	-	-	570,147	-	570,147
Tech - Prep Education	84.243	-	-	1,434,283	-	1,434,283
Rehabilitation Training: State Vocational Rehabilitation						
Unit In-Service Training	84.265	-	-	127,021	-	127,021
The Charter School Program	84.282	-	-	5,663,982	-	5,663,982
Twenty-First Century Community Learning Centers	84.287	-	-	16,172,818	-	16,172,818
Pass-Through Worcester County Board of Education	84.287	-	-	676	-	676
Pass-Through Tennessee Tech University	84.305	-	-	10,286	-	10,286
Pass-Through University of Illinois	84.305	-	-	60,289	-	60,289
Education Technology States Cluster						
Technology Literacy Challenge Fund Grants	84.318	-	-	2,624,116	-	2,624,116
Education Technology - ARRA	84.386	-	-	3,910,964	-	3,910,964
Total Education Technology States Cluster					6,535,080	
SPED: State Program Improvement Grants for Children with Disabilities	84.323	-	-	1,286,851	-	1,286,851
SPED: Personnel Preparation to Improve Services & Results for Children with Disabilities	84.325	-	-	2,332,485	-	2,332,485
SPED: Tech Assist. & Dissemination to Improve Services & Results for Children with Disabilities	84.326	-	-	161,548	-	161,548
Advanced Placement Incentive Program	84.330	-	-	1,271,554	-	1,271,554
Grants to States for Incarcerated Youth Offenders	84.331	-	-	115,703	-	115,703
Gaining Early Awareness & Readiness for Undergraduate Programs	84.334	-	-	2,185,219	-	2,185,219
Pass-Through Baltimore City Public Schools	84.334	-	-	34,064	-	34,064
Child Care Access Means Parents in School	84.335	-	-	34,040	-	34,040

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FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF EDUCATION (ED) (continued)						
Teacher Quality Enhancement Grants	84.336	\$ -	\$ -	\$ 184,471		\$ 184,471
Pass-Through Baltimore City Public Schools	84.336	-	-	43,172		43,172
Underground Railroad Education & Cultural Program	84.345	-	-	110,734		110,734
Transition to Teaching	84.350	-	-	381,890		381,890
Reading First State Grants	84.357	-	-	1,001,825		1,001,825
English Language Acquisition Grants	84.365	-	-	9,636,427		9,636,427
Mathematics & Science Partnerships	84.366	-	-	2,018,416		2,018,416
Improving Teacher Quality State Grants	84.367	-	-	43,340,031		43,340,031
Pass-Through State of Delaware	84.367	-	-	30,124		30,124
Grants for State Assessments & Related Activities	84.369	-	-	7,355,755		7,355,755
Statewide Longitudinal Data System	84.372	-	-	1,824,735		1,824,735
School Improvement Grants Cluster						
School Improvement Grants	84.377	-	-	2,320,192		2,320,192
School Improvement Grants - ARRA	84.388	-	-	8,799,362		8,799,362
Total School Improvement Grants Cluster					\$ 11,119,554	
College Access Challenge Grant Program	84.378	-	-	915,860		915,860
Strengthening Minority-Servicing Institutions	84.382	-	-	302,924		302,924
State Fiscal Stabilization Fund Cluster (SFSF)						
State Fiscal Stabilization Fund - Education State Grants - ARRA	84.394	-	-	412,092,087		412,092,087
State Fiscal Stabilization Fund - Government Services - ARRA	84.397	-	-	79,049,842		79,049,842
Total SFSF Cluster					491,141,929	
SFSF-Race to the Top Incentive - ARRA	84.395	-	-	9,643,096		9,643,096
Pass-Through Baltimore City Public Schools	84.395	-	-	186		186
Independent Living -ARRA	84.398	-	-	93,322		93,322
Education Jobs Fund - ARRA	84.410	-	-	104,392,740		104,392,740
Pass-Through National Writing Project Corporation, University of California, Berkeley	84.928	-	-	179,264		179,264
Institute of Education Sciences	84.RD	1,040,298	-	-		1,040,298
Pass-Through Anne Arundel County Public Schools	84.RD	28,902	-	-		28,902
Pass-Through Baltimore County Public Schools	84.RD	60,598	-	-		60,598
Pass-Through Boston University	84.RD	47,839	-	-		47,839
Pass-Through Carnegie-Mellon University	84.RD	57,355	-	-		57,355
Pass-Through Duke University	84.RD	27,235	-	-		27,235
Pass-Through Georgia Tech Research Corp	84.RD	2,806	-	-		2,806
Pass-Through Office of State Superintendent of Ed (Washington, DC)	84.RD	7,346	-	-		7,346
Pass-Through SRI International	84.RD	44,848	-	-		44,848
Pass-Through TransCen, Inc.	84.RD	171,506	-	-		171,506
Pass-Through University of Colorado, Denver	84.RD	20,136	-	-		20,136
Pass-Through University of California, Los Angeles	84.RD	56,091	-	-		56,091
Pass-Through University of Kansas	84.RD	61,223	-	-		61,223
Postsecondary Education	84.RD	846,549	-	-		846,549
Special Education and Rehabilitative Services	84.RD	218,596	-	-		218,596
Total Department of Education (ED)		2,691,328	1,212,131,874	1,411,353,880		2,626,177,082
SMITHSONIAN INSTITUTION						
Smithsonian Institution Fellowship Program	85.601	-	-	141,083		141,083
Total Smithsonian Institution				141,083		141,083
NATIONAL ARCHIVES & RECORDS ADMINISTRATION						
National Historical Publications and Records Grants	89.003	-	-	62,652		62,652
National Archives and Records Administration - R&D	89.RD	230,936	-	-		230,936
Total National Archives & Records Administration		230,936	-	62,652		293,588
US ELECTION ASSISTANCE COMMISSION (EAC)						
Help America Vote Act	90.401	-	-	4,936,936		4,936,936
Election Assistance Commission - Research & Development	90.RD	6,165	-	-		6,165
Total US Election Assistance Commission (EAC)		6,165	-	4,936,936		4,943,101
US INSTITUTE OF PEACE						
United States Institute of Peace - Research & Development	91.RD	438	-	-		438
Total US Institute of Peace		438	-	-		438
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)						
Contract/Other	93.000	-	-	2,252,909		2,252,909
Contract/Other National Institute of Health	93.HHSN	-	-	-		-
26320100090		-	-	19,702		19,702
Cooperative Agreements to Improve the Health Status of Minority Populations	93.004	-	-	128,890		128,890
Minority Health State Partnership	93.006	-	-	1,000		1,000
Medical Reserve Corps Small Grant Program	93.008	-	-	10,000		10,000
Pass-Through National Association of Counties and Cities	93.008	-	-	3,453		3,453
Programs for Prevention of Elder Abuse	93.041	-	-	111,800		111,800
Long Term Care Ombudsman Services for Older Individuals	93.042	-	-	368,758		368,758
Special Programs for the Aging: Title III, Part F: Disease Prevention & Health Promotion Services	93.043	-	-	360,459		360,459
Aging Cluster						
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services & Senior Centers	93.044	-	-	6,800,522		6,800,522
Special Programs for the Aging: Title III, Part C: Nutrition Services	93.045	-	-	10,385,160		10,385,160
Nutrition Services Incentive Program	93.053	-	-	1,898,765		1,898,765
Total Aging Cluster					19,084,447	

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Special Programs for the Aging: Title IV: Training, Research & Discretionary Projects & Programs	93.048	\$ -	\$ -	\$ 319,389	\$ -	\$ 319,389
Nation Family Caregiver Support Program	93.052	-	-	2,376,891	-	2,376,891
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure	93.065	-	-	30,000	-	30,000
Public Health Emergency Preparedness	93.069	-	-	21,601,423	-	21,601,423
Asthma - From a Public Health Perspective	93.070	-	-	414,013	-	414,013
Healthy Marriage Promotion & Responsible Fatherhood Grants	93.086	-	-	1,080,211	-	1,080,211
Pass-Through Cecil County Department of Social Services	93.086	-	-	18,000	-	18,000
ASPAR-ESAR/VHP	93.089	-	-	45,234	-	45,234
Food & Drug Administration Research	93.103	-	-	203,057	-	203,057
Pass-Through Oak Ridge Institute for Science & Education	93.103	-	-	23,566	-	23,566
Comprehensive Community Mental Health Services for SED	93.104	-	-	1,320,778	-	1,320,778
Maternal & Child Health Federal Consolidated Programs	93.110	-	-	190,506	-	190,506
Environmental Health	93.113	5,611	-	-	-	5,611
Environmental Health	93.113	-	-	13,673	-	13,673
Project Grants & Coop Agreements for Tuberculosis Control Programs	93.116	-	-	1,270,486	-	1,270,486
Oral Diseases and Disorders Research - ARRA	93.121	258,377	-	-	-	258,377
Emergency Medical Services for Children	93.127	-	-	100,304	-	100,304
Primary Care Services: Resource Coordination & Development: Primary Care Offices	93.130	-	-	217,706	-	217,706
Injury Prevention & Control Research & State & Community Based Programs	93.136	-	-	1,022,046	-	1,022,046
Project for Assistance in Transition From Homelessness - (PATH)	93.150	-	-	1,166,765	-	1,166,765
Coordinated HIV Services & Access to Research for Children, Youth, Women & Families	93.153	-	-	1,349,289	-	1,349,289
Grants for State Loan Repayments	93.165	-	-	221,908	-	221,908
Human Genome Research - ARRA	93.172	808,201	-	-	-	808,201
Research related to Deafness and Communication Disorders	93.173	-	-	329,044	-	329,044
Research related to Deafness and Communication Disorders - ARRA	93.173	48,052	-	-	-	48,052
Nursing Workforce Diversity	93.178	-	-	468,884	-	468,884
Childhood Lead Poisoning Prevention & Surveillance of Comprehensive Community Mental Health Services for Family Planning: Services	93.198	-	-	855,288	-	855,288
Family Planning: Services	93.217	-	-	4,731,058	-	4,731,058
Research on Healthcare Costs, Quality and Outcomes	93.226	-	-	22,071	-	22,071
National Center on Sleep Disorders - ARRA	93.233	52,563	-	-	-	52,563
Affordable Care Act (ACA) Abstinence Education Program	93.235	-	-	87,025	-	87,025
Mental Health Research Grants	93.242	-	-	28,231	-	28,231
Mental Health Research Grants - ARRA	93.242	199,751	-	-	-	199,751
Substance Abuse & Mental Health Services Projects of Regional & National Significance	93.243	-	-	3,820,446	-	3,820,446
Advance Nursing Education Grant Program	93.247	-	-	112,208	-	112,208
Universal Newborn Hearing Screening	93.251	-	-	117,544	-	117,544
Occupational Safety and Health Program	93.262	-	-	104,884	-	104,884
Nurse Faculty Loan Program (NFLP)	93.264	-	93,238	-	-	93,238
Nurse Faculty Loan Program (NFLP) - ARRA	93.264	-	7,217	-	-	7,217
Adult Viral Hepatitis Prevention Coord	93.270	-	-	68,614	-	68,614
Immunization Grants Cluster						
Immunization Grants	93.268	-	-	4,005,514	-	4,005,514
Emerging Infections Sect. 317 Immune - ARRA	93.712	-	-	815,948	-	815,948
Total Immunization Grants Cluster					\$ 4,821,462	
Pass-Through Pacific Institute for Research Programs	93.273	-	-	28,337	-	28,337
Maryland Access Recovery	93.275	-	-	456,447	-	456,447
Drug Free Communities Support Program Grants	93.276	-	-	322,916	-	322,916
Pass-Through Wicomico County Health Department	93.276	-	-	409	-	409
Career Development Awards	93.277	-	-	263,067	-	263,067
Drug Abuse National Research Service Awards for Research Training	93.278	-	-	64,705	-	64,705
Drug Abuse and Addiction Research Programs	93.279	183,782	-	-	-	183,782
Pass-Through Louisiana State University	93.279	-	-	75,484	-	75,484
Drug Abuse and Addiction Research Programs - ARRA	93.279	31,454	-	-	-	31,454
Drug Abuse and Addiction Research Programs - ARRA	93.279	-	-	5,548	-	5,548
Mental Health National Research Service Awards for Research Training	93.282	-	-	228,652	-	228,652
Center for Disease Control & Prevention: Investigations & Tech Assistance	93.283	-	-	14,358,088	-	14,358,088
Technological Innovations to Improve Human Health	93.286	155,741	-	-	-	155,741
Discovery and Applied Research - ARRA	93.286	652,458	-	-	-	652,458
State Partnership Grant Program to Improve Minority Health	93.296	-	-	108,333	-	108,333
Small Rural Hospital Improvement Grants	93.301	-	-	17,510	-	17,510
Laboratory Animal Sciences & Primate Research - ARRA	93.306	17,043	-	-	-	17,043
Minority Health and Health Disparities Research	93.307	621,507	-	-	-	621,507
Pass-Through Henry Jackson Foundation	93.307	-	-	7,424	-	7,424
Pass-Through Shaw University	93.307	-	-	3,774	-	3,774
Advanced Education Nursing Traineeships	93.358	-	-	13,674	-	13,674
Nurse Education Practice and Retention Grants	93.359	-	-	178,888	-	178,888
Nursing Research - ARRA	93.361	99,046	-	-	-	99,046
Minority Research Training	93.375	70,625	-	-	-	70,625
Research Infrastructure	93.389	-	-	21,205	-	21,205
Cancer Cause & Prevention Research - ARRA	93.393	201,170	-	-	-	201,170
Cancer Treatment Research - ARRA	93.395	309,299	-	-	-	309,299
Cancer Biology Research - ARRA	93.396	45,331	-	-	-	45,331

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
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FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Cancer Centers Support Grants - ARRA	93.397	\$ 1,517,657	\$ -	\$ -	\$ -	\$ 1,517,657
Cancer Research Manpower - ARRA	93.398	57,434	-	-	-	57,434
Cancer Control - ARRA	93.399	22,267	-	-	-	22,267
State Loan Repayment Program - ARRA	93.402	-	-	50,000	-	50,000
Scholarships for Disadvantage Students - ARRA	93.407	-	147,992	-	-	147,992
Equipment to Enhance Training for Health Professionals - ARRA	93.411	357,594	-	-	-	357,594
State Primary Care Offices - ARRA	93.414	-	-	43,194	-	43,194
Food Safety & Security Monitoring Project	93.448	-	-	226,870	-	226,870
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	-	-	256,231	-	256,231
Strengthening Public Health Infrastructure for Improved Health Outcomes	93.507	-	-	70,452	-	70,452
Affordable Care Act (ACA) Grants to States for Health Insurance Premium Review	93.511	-	-	382,708	-	382,708
Affordable Care Act - Aging and Disability Resource Center	93.517	-	-	250,000	-	250,000
Affordable Care Act (ACA) - Consumer Assistance Program Grants	93.519	-	-	115,803	-	115,803
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements	93.521	-	-	40,154	-	40,154
The Affordable Care Act: Human Immunodeficiency Virus (HIV) Prevention and Public Health Fund Activities	93.523	-	-	418,774	-	418,774
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	-	-	559,400	-	559,400
Promoting Safe and Stable Families	93.556	-	-	7,270,849	-	7,270,849
Temporary Assistance for Needy Families Cluster (TANF)						
Temporary Assistance for Needy Families	93.558	-	-	278,336,144	-	278,336,144
Temporary Assistance for Needy Families - ARRA	93.558	-	-	17,023,854	-	17,023,854
Total TANF Cluster					\$ 295,359,998	
Child Support Enforcement (CSE)	93.563	-	-	81,612,511	-	81,612,511
Child Support Enforcement (CSE) - ARRA	93.563	-	-	1,979,597	-	1,979,597
Child Support Enforcement Research	93.564	-	-	127,435	-	127,435
Refugee and Entrant Assistance: State Administrated Programs	93.566	-	-	10,181,047	-	10,181,047
Refugee and Entrant Assistance: Voluntary Agency Programs	93.567	-	-	180,657	-	180,657
Low-Income Home Energy Assistance (LIHEAP)	93.568	-	-	82,362,757	-	82,362,757
Community Services Block Grant (CSBG)	93.569	-	-	9,134,645	-	9,134,645
Community Services Block Grant - ARRA	93.569	-	-	3,532,862	-	3,532,862
Refugee and Entrant Assistance: Discretionary Grants	93.576	-	-	161,009	-	161,009
Refugee and Entrant Assistance: Targeted Assistance Grants	93.584	-	-	946,175	-	946,175
State Court Improvement Program	93.586	-	-	428,299	-	428,299
Child Care and Development Fund Cluster (CCDF)						
Child Care and Development Block Grant	93.575	-	-	25,525,632	-	25,525,632
Pass-through Maryland Family Network	93.575	-	-	74,977	-	74,977
Child Care and Matching Funds of the Child Care and Development Fund	93.596	-	-	55,509,759	-	55,509,759
Child Care and Development Block Grant - ARRA	93.713	-	-	2,516,690	-	2,516,690
Pass-Through Maryland Family Network - ARRA	93.713	-	-	38,916	-	38,916
Total CCDF Cluster					83,665,974	
Family Violence Prevention and Services/Grants For Battered Women's Shelters: Grants to State Domestic Violence Coalitions	93.591	99,195	-	-	-	99,195
Grants to States for Access & Visitation Programs	93.597	-	-	196,875	-	196,875
Education & Training Vouchers	93.599	-	-	1,155,383	-	1,155,383
Head Start Cluster						
Head Start	93.600	-	-	2,227,643	-	2,227,643
Head Start - ARRA	93.708	-	-	68,935	-	68,935
Total Head Start Cluster					2,296,578	
Adoption Incentive Payments	93.603	-	-	50,605	-	50,605
Family Kinship Connection	93.605	-	-	510,065	-	510,065
Basic Center Grant for Runaway & Homeless Youth	93.623	-	-	229,490	-	229,490
Development Disabilities Basic Support & Advocacy Grants	93.630	-	-	1,039,023	-	1,039,023
Children's Justice Grants to States	93.643	-	-	272,028	-	272,028
Child Welfare Services: State Grants	93.645	-	-	4,375,296	-	4,375,296
Social Services Research & Demonstration	93.647	-	-	316,752	-	316,752
Child Welfare Research Training or Demonstration	93.648	5,000	-	-	-	5,000
Adoption Opportunities	93.652	-	-	23,028	-	23,028
Foster Care: Title IV-E	93.658	-	-	83,628,069	-	83,628,069
Foster Care: Title IV-E - ARRA	93.658	-	-	2,957,739	-	2,957,739
Adoption Assistance	93.659	-	-	23,517,226	-	23,517,226
Adoption Assistance - ARRA	93.659	-	-	1,927,985	-	1,927,985
Social Services Block Grant - (SSBG)	93.667	-	-	57,754,351	-	57,754,351
Child Abuse & Neglect State Grants	93.669	-	-	591,261	-	591,261
Family Violence Prevention & Service/Grants for Battered Women's Shelters: States & Indian Tribes	93.671	-	-	2,495,145	-	2,495,145
Chafee Foster Care Independent Living	93.674	-	-	2,284,184	-	2,284,184
Trans-NIH Recovery Act Research Support	93.701	8,815	-	-	-	8,815
Animal Model of Dual Diagnosis	93.701	-	-	26,291	-	26,291
National Center for Research Resources, Recovery Act						
Recovery Act Research Support - ARRA	93.701	2,331,362	-	-	-	2,331,362
Pass-Through Boston University - ARRA	93.701	271,107	-	-	-	271,107
Pass-Through Johns Hopkins University - ARRA	93.701	3,790	-	-	-	3,790
Pass-Through Medical University of South Carolina - ARRA	93.701	116,729	-	-	-	116,729
Pass-Through Michigan Technological Institute - ARRA	93.701	82,927	-	-	-	82,927

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STATE OF MARYLAND

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FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Recovery Act Research Support - ARRA (continued)						
Pass-Through The Research Institute at Nationwide Children's Hospital	93.701	\$ 36,520	\$ -	\$ -	\$ -	\$ 36,520
Pass-Through Tufts University - ARRA	93.701	86,495	-	-	-	86,495
Pass-Through University of Michigan - ARRA	93.701	98,340	-	-	-	98,340
Pass-Through University of Missouri - ARRA	93.701	17,935	-	-	-	17,935
Pass-Through University of Washington	93.701	197,335	-	-	-	197,335
Trans-NIH Recovery Act Research Support - ARRA	93.701	28,523,643	-	266,831	-	28,790,474
Natl Center for Research Resources, Construction Support - ARRA	93.702	284,998	-	-	-	284,998
Ambulatory Surgical CTR Healthcare - ARRA	93.717	-	-	1,063,170	-	1,063,170
State Health Information Exchange - ARRA	93.719	-	-	2,643,543	-	2,643,543
Nutrition & Physical Activity & Tobacco - ARRA	93.723	-	-	774,888	-	774,888
CDSMP - Recovery Act	93.725	-	-	400,000	-	400,000
Pass-Through University of Texas-Houston - ARRA	93.728	194,839	-	-	-	194,839
Children's Health Insurance Program (CHIP)	93.767	-	-	147,988,293	-	147,988,293
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768	-	-	832,729	-	832,729
Medicaid Cluster						
State Medicaid Fraud Control Units	93.775	-	-	1,872,781	-	1,872,781
State Survey & Certification of Health Care Providers & Suppliers	93.777	-	-	5,535,361	-	5,535,361
Medical Assistance Program (Medicaid)	93.778	-	-	3,679,278,609	-	3,679,278,609
Medical Assistance Program - ARRA	93.778	-	-	685,015,915	-	685,015,915
Total Medicaid Cluster					\$ 4,371,702,666	
Center for Medicare & Medicaid Services (CMS) Research, Demonstrations & Evaluations						
	93.779	-	-	1,302,706	-	1,302,706
Grants to States for Operation of Qualified High-Risk Pools	93.780	-	-	2,856,550	-	2,856,550
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789	-	-	2,334,109	-	2,334,109
Alternate Non-Emergency Service Providers or Networks	93.790	-	-	479,851	-	479,851
Money Follows the Person Rebalancing Demonstration	93.791	-	-	11,852,900	-	11,852,900
Cardiovascular Diseases Research	93.837	97,666	-	-	-	97,666
Blood Diseases and Resources Research - ARRA	93.839	399,900	-	-	-	399,900
Arthritis, Musculoskeletal and Skin Diseases Research - ARRA	93.846	82,378	-	-	-	82,378
Diabetes, Digestive, and Kidney Diseases Extramural Research - ARRA	93.847	31,533	-	-	-	31,533
Digestive Diseases and Nutrition Research - ARRA	93.848	44,280	-	-	-	44,280
Kidney Diseases, Urology and Hematology Research - ARRA	93.849	81,783	-	-	-	81,783
Extramural Research Programs in the Neurosciences and Neurological Disorders						
	93.853	29,347	-	-	-	29,347
Extramural Research Programs in the Neurosciences and Neurological Disorders - ARRA						
	93.853	169,748	-	-	-	169,748
Allergy, Immunology, & Transplantation Research						
	93.855	227,287	-	-	-	227,287
Allergy, Immunology, & Transplantation Research - ARRA						
	93.855	1,225,036	-	-	-	1,225,036
Microbiology and Infectious Diseases Research - ARRA						
	93.856	286,587	-	-	-	286,587
Biomedical Research and Research						
	93.859	1,109,442	-	-	-	1,109,442
Biomedical Research and Research Training						
	93.859	1,032,080	-	-	-	1,032,080
Biomedical Research and Research - ARRA						
	93.859	400,136	-	-	-	400,136
Center for Research for Mothers and Children						
	93.865	25,853	-	-	-	25,853
Child Health and Human Development Extramural Research						
	93.865	160,229	-	-	-	160,229
Center for Research for Mothers and Children - ARRA						
	93.865	81,358	-	-	-	81,358
Aging Research						
	93.866	234,057	-	-	-	234,057
Aging Research - ARRA						
	93.866	205,278	-	-	-	205,278
Vision Research						
	93.867	39,420	-	-	-	39,420
Medical Library Assistance						
	93.879	-	-	1,000	-	1,000
Specially Selected Health Projects						
	93.888	-	-	51,757	-	51,757
National Bioterrorism Hospital Preparedness						
	93.889	-	-	7,209,044	-	7,209,044
Family and Community Violence Prevention Program						
	93.910	-	-	296,376	-	296,376
Rural Health Outreach - Rural Network Development Program						
	93.912	-	-	133,850	-	133,850
Grants to States for Operation of Offices of Rural Health						
	93.913	-	-	155,283	-	155,283
HIV Emergency Relief Project Grants						
	93.914	-	-	314,417	-	314,417
HIV RW Part A-Med Case Management-F5720-3/1/10-2/28/11						
	93.915	-	-	56,818	-	56,818
HIV RW Part A-HIV-EFA-Med-F2800-3/1/10-2/28/11						
	93.916	-	-	4,312	-	4,312
HIV Care Formula Grants						
	93.917	-	-	36,602,149	-	36,602,149
Public Health Service ACT - AIDS						
	93.938	-	-	266,458	-	266,458
HIV Prevention Activities: Health Department Based						
	93.940	-	-	13,098,623	-	13,098,623
HIV Demonstration, Research, Public & Professional Education						
	93.941	-	-	90,541	-	90,541
HIV Demonstration, Research, Public & Professional Education						
	93.941	84,093	-	-	-	84,093
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV)						
Infection in Selected Population Groups						
	93.943	-	-	1,641,968	-	1,641,968
HIV/AIDS Surveillance						
	93.944	-	-	1,049,943	-	1,049,943
Pregnancy Risk Assessment						
	93.946	-	-	123,010	-	123,010
Block Grants for Community Mental Health Services						
	93.958	-	-	6,519,264	-	6,519,264
Block Grants for Prevention & Treatment of Substance Abuse						
	93.959	-	-	27,760,173	-	27,760,173
Preventive Health Services: Sexually Transmitted Diseases Control Grants						
	93.977	-	-	1,364,060	-	1,364,060
International Research & Research Training - ARRA						
	93.989	16,286	-	-	-	16,286
Preventative Health & Health Services Block Grant						
	93.991	-	-	1,777,647	-	1,777,647
Maternal & Child Health Services Block Grant to the States						
	93.994	-	-	11,701,272	-	11,701,272
Administration for Children and Families						
	93.RD	1,743,581	-	-	-	1,743,581
Administration on Aging						
	93.RD	9,920	-	-	-	9,920
Agency for Health Care Policy and Research						
	93.RD	135,394	-	-	-	135,394
Agency for Health Care Research and Quality						
	93.RD	2,957	-	-	-	2,957
Center for Disease Control and Prevention						
	93.RD	66,084,854	-	-	-	66,084,854
Food and Drug Administration						
	93.RD	2,329,784	-	-	-	2,329,784

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)						
Health Resources and Services Administration	93.RD	\$ 2,119,543	\$ -	\$ -	\$ -	\$ 2,119,543
National Institutes of Health	93.RD	223,293,056	-	-	-	223,293,056
Office of Population Affairs	93.RD	693,354	-	-	-	693,354
Pass- Through Buck Institute for Age Research	93.RD	12,886	-	-	-	12,886
Pass-Through University of Wisconsin	93.RD	90,816	-	-	-	90,816
Pass-Through Baltimore City, Maryland Department of Social Services	93.RD	159,013	-	-	-	159,013
Pass-Through Battelle Memorial Institute	93.RD	24,006	-	-	-	24,006
Pass-Through Brigham and Women's Hospital	93.RD	29,665	-	-	-	29,665
Pass-Through Brown University	93.RD	9,729	-	-	-	9,729
Pass-Through Case Western University	93.RD	144,015	-	-	-	144,015
Pass-Through Children's Hospital of Philadelphia	93.RD	38	-	-	-	38
Pass-Through Colorado School of Mines	93.RD	110,862	-	-	-	110,862
Pass-Through Cornell University	93.RD	25,738	-	-	-	25,738
Pass-Through George Mason University	93.RD	99,532	-	-	-	99,532
Pass-Through Georgetown University	93.RD	11,106	-	-	-	11,106
Pass-Through Hugo W Moser Research at Kennedy Krieger, Inc.	93.RD	30,857	-	-	-	30,857
Pass-Through IMPAQ International, Inc	93.RD	109,374	-	-	-	109,374
Pass-Through Johns Hopkins University	93.RD	1,059,730	-	-	-	1,059,730
Pass-Through Kennedy Krieger Institute	93.RD	365,983	-	-	-	365,983
Pass-Through Medical University of South Carolina	93.RD	108,459	-	-	-	108,459
Pass-Through Mount Sinai School of Medicine	93.RD	1,762,321	-	-	-	1,762,321
Pass-Through New York University	93.RD	56,886	-	-	-	56,886
Pass-Through North Carolina State University	93.RD	28,480	-	-	-	28,480
Pass-Through Ohio State University	93.RD	8,260	-	-	-	8,260
Pass-Through Research Institute at Nationwide Children's Hospital	93.RD	151,052	-	-	-	151,052
Pass-Through Sanaria, Inc	93.RD	3,370	-	-	-	3,370
Pass-Through Science Applications International Corporation (SAIC)	93.RD	56,035	-	-	-	56,035
Pass-Through Stanford University	93.RD	208,857	-	-	-	208,857
Pass-Through Temple University	93.RD	57,905	-	-	-	57,905
Pass-Through Thompson Reuters, Inc.	93.RD	118,936	-	-	-	118,936
Pass-Through The Mind Research Network	93.RD	290,993	-	-	-	290,993
Pass-Through University of Alabama at Birmingham	93.RD	75,028	-	-	-	75,028
Pass-Through University of Alabama- Birmingham	93.RD	26,366	-	-	-	26,366
Pass-Through University of California, Davis	93.RD	94,335	-	-	-	94,335
Pass-Through University of Cincinnati	93.RD	132,319	-	-	-	132,319
Pass-Through University of Massachusetts Medical Center	93.RD	15,301	-	-	-	15,301
Pass-Through University of Minnesota	93.RD	186,225	-	-	-	186,225
Pass-Through University of Oklahoma	93.RD	32,054	-	-	-	32,054
Pass-Through University of Pennsylvania	93.RD	4,234	-	-	-	4,234
Pass-Through University of Pittsburgh	93.RD	76,578	-	-	-	76,578
Pass-Through University of Southern California	93.RD	256,506	-	-	-	256,506
Pass-Through University of Utah	93.RD	25,297	-	-	-	25,297
Pass-Through Vanderbilt University	93.RD	289,159	-	-	-	289,159
Pass-Through University of Virginia	93.RD	24,827	-	-	-	24,827
Pass-Through Virginia Polytechnic and State University	93.RD	208,401	-	-	-	208,401
Pass-Through Weinberg Medical Physics, LLC	93.RD	11,861	-	-	-	11,861
Pass-Through Women and Infants Hospital of Rhode Island	93.RD	36,277	-	-	-	36,277
Substance Abuse and Mental Health Services Administration	93.RD	1,055,283	-	-	-	1,055,283
Total Department of Health and Human Services - (HHS)		348,235,168	248,447	5,506,768,859		5,855,252,474
CORPORATION FOR NATIONAL & COMMUNITY SERVICE (CNCS)						
State Commissions	94.003	-	-	237,834	-	237,834
Learn & Serve America: School & Community Board Programs	94.004	-	-	282,473	-	282,473
AmeriCorps	94.006	-	-	5,335,337	-	5,335,337
AmeriCorps - ARRA	94.006	-	-	130,883	-	130,883
Planning & Program Development Grants	94.007	-	-	102,435	-	102,435
Training & Technical Assistance	94.009	-	-	129,513	-	129,513
Foster Grandparent Program	94.011	-	-	305,203	-	305,203
Volunteers in Service to America (VISTA)	94.013	-	-	38,849	-	38,849
Volunteer Generation Fund	94.021	-	-	161,452	-	161,452
Corporation for National and Community Service	94.RD	1,226,005	-	-	-	1,226,005
Pass-Through Tufts University	94.RD	20,394	-	-	-	20,394
Total Corporation for National & Community Service		1,246,399	-	6,723,979		7,970,378
EXECUTIVE OFFICE OF THE PRESIDENT						
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	-	-	11,294,811	-	11,294,811
Pass-Through Monroe County Sheriff's Office	95.001	-	-	82,190	-	82,190
Total Executive Office of the President		-	-	11,377,001		11,377,001
SOCIAL SECURITY ADMINISTRATION (SSA)						
Unallocated Federal Funds	96.Unknown	-	-	540,506	-	540,506
Pass-Through Center for Retirement Research at Boston College	96.RD	1,339	-	-	-	1,339
Pass-Through Westat Incorporated	96.RD	158,735	-	-	-	158,735
Disability Insurance/SSI Cluster						
Social Security - Disability Insurance (DI)	96.001	-	-	35,096,415	-	35,096,415
Supplemental Security Income - (SSI)	96.006	-	-	2,324,566	-	2,324,566
Total Disability Insurance/SSI Cluster		-	-	37,420,981	\$	37,420,981
Social Security: Benefits Planning, Assistance, and Outreach Program	96.008	-	-	428	-	428
Total Social Security Administration - (SSA)		160,074	-	37,961,915		38,121,989

The accompanying notes are an integral part of this schedule.

STATE OF MARYLAND

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
DEPARTMENT OF HOMELAND SECURITY						
Statewide Catalog Number - Miscellaneous	97.Unknown	\$ -	\$ -	\$ 194,181	\$ -	\$ 194,181
NRC - Safeguards Information	97.005	-	-	4,379	-	4,379
Urban Areas Security Initiative	97.008	-	-	13,238,304	-	13,238,304
Citizenship Education and Training	97.010	-	-	50,258	-	50,258
Boating Safety Financial Assistance	97.012	-	-	3,024,848	-	3,024,848
Community Assist Program State Support Services Element (CAP-SSSE)	97.023	-	-	131,257	-	131,257
Public Assistance Grants	97.036	-	-	76,329,918	-	76,329,918
Hazard Mitigation Grant - (HMGP)	97.039	-	-	277,154	-	277,154
Pass-Through Vision Planning, LLC	97.039	-	-	8,173	-	8,173
National Dam Safety Program	97.041	-	-	74,210	-	74,210
Emergency Management Performance Grants	97.042	-	-	4,254,924	-	4,254,924
State Fire Training Systems Grant	97.043	-	-	28,000	-	28,000
Emergency Management - Cooperating Technical Partners	97.045	-	-	784,333	-	784,333
Pre-Disaster Mitigation	97.047	-	-	1,156,533	-	1,156,533
Presidential Declared Disaster Assist to Individuals & Households - Other Need	97.050	-	-	19,910	-	19,910
Homeland Security Cluster						
Citizen Corps	97.053	-	-	292,594	-	292,594
Homeland Security Grant Program	97.067	-	-	14,026,190	-	14,026,190
Metropolitan Medical Response Program	97.071	-	-	379,171	-	379,171
Total Homeland Security Cluster						
Interoperable Emergency Communications Grant Program - FY 2008	97.055	-	-	993,453	\$ 14,697,955	993,453
Port Security Grant Program for Critical National Seaports	97.056	-	-	5,400,947	-	5,400,947
Centers for Homeland Security	97.061	41,813	-	-	-	41,813
Homeland Security Information Technology Research, Testing, Evaluation and Demonstration Program	97.066	-	-	1,687,417	-	1,687,417
Map Modernization Mgmt. Support Program (MMMS)	97.070	-	-	12,150	-	12,150
K-9 Grant	97.072	-	-	410,880	-	410,880
Law Enforcement Terrorism Prevention Program	97.074	-	-	1,638,789	-	1,638,789
Homeland Security - MDOT Grant	97.075	-	-	2,815,517	-	2,815,517
Buffer Zone Protection Program	97.078	-	-	723,822	-	723,822
Real ID FY 2008	97.089	-	-	284,621	-	284,621
Law Enforcement Officer Reimb.	97.090	-	-	306,191	-	306,191
Degrees at a Distance Program	97.103	-	-	17,493	-	17,493
Homeland Security - Related Science, Technology, Engineering, and Mathematics (HS Stem) Career Development Program	97.104	-	-	495,917	-	495,917
Technology, Engineering and Mathematics (STEM) Career Development	97.104	51,489	-	-	-	51,489
Regional Catastrophic Prep Grant Program - FY 2008	97.111	-	-	852,379	-	852,379
Port Security Grant Program	97.116	-	-	246,116	-	246,116
Department of Homeland Security	97.RD	7,041,159	-	-	-	7,041,159
Pass-Through Battelle Columbus Operations	97.RD	34,021	-	-	-	34,021
Pass-Through District of Columbia Office of the Deputy Mayor for Public Safety and Justice	97.RD	703,313	-	-	-	703,313
Pass-Through John Jay College of Criminal Justice, The City University of New York	97.RD	3,948	-	-	-	3,948
Pass-Through Robust Analytics	97.RD	15,319	-	-	-	15,319
Pass-Through University of Southern California	97.RD	1,473	-	-	-	1,473
Total Department of Homeland Security		7,892,535	-	130,160,029		138,052,564
US AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)						
Pass-Through Salesian Missions, Inc	98.001	-	-	31,880	-	31,880
Agency for International Development	98.RD	555,075	-	-	-	555,075
Pass-Through African Wildlife Foundation	98.RD	95,994	-	-	-	95,994
Pass-Through University Research Corporation International	98.RD	152,587	-	-	-	152,587
Total US Agency for International Development (USAID)		803,656	-	31,880		835,536
OTHER						
Vietnam Educational Foundation	99.Unknown	-	-	990	-	990
Total Other		-	-	990		990
TOTAL		\$ 721,563,293	\$ 1,212,380,321	\$ 11,874,100,815		\$ 13,808,044,429

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

1. SINGLE AUDIT REPORTING ENTITY

The State of Maryland (State) includes expenditures in its Schedule of Expenditures of Federal Awards (SEFA) 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; the Maryland Transportation Authority, an enterprise fund of the State; the Maryland Technology Development Corporation, a component unit of the State; and the Maryland Health Insurance program, part of the general fund of the State. Separate single audits have been conducted for these entities.

2. BASIS OF ACCOUNTING

The accompanying 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 expenditures for Federal awards under the American Recovery and Reinvestment Act of 2009 (the Recovery Act) are separately identified on the accompanying Schedule of Expenditures of Federal Awards with the letters ARRA.

The noncash expenditures of approximately \$19,264,000, reported under CFDA No. 10.555, 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, 2010. These food commodities were received by the Maryland Department of Education from the U.S. Department of Agriculture for the year ended June 30, 2011.

The noncash expenditures of approximately \$3,049,000, 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, 2010. 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, 2011.

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

2. BASIS OF ACCOUNTING (continued)

Expenditures of approximately \$993,349,000, reported under CFDA No. 10.551, Supplemental Nutrition Assistance Program (SNAP), represent the fair market value of food stamps distributed for participants' food stamp purchases during the fiscal year ended June 30, 2011. The reported expenditures for benefits under SNAP (CFDA No. 10.551) are supported by both regularly appropriated funds and incremental funding made available under section 101 of the Recovery Act. The portion of total expenditures for SNAP benefits that is supported by Recovery Act funds varies according to fluctuations in the cost of the Thrifty Food Plan, and to changes in participating households' income, deductions, and assets. This condition prevents USDA from obtaining the regular and Recovery Act components of SNAP benefits expenditures through normal program reporting processes. As an alternative, USDA has computed a weighted average percentage to be applied to the national aggregate SNAP benefits provided to households in order to allocate an appropriate portion thereof to Recovery Act funds. This methodology generates valid results at the national aggregate level but not at the individual State level. Therefore, the State cannot validly disaggregate the regular and Recovery Act components of State reported expenditures for SNAP benefits. At the national aggregate level, however, Recovery Act funds account for approximately 16.55 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2011.

Noncash expenditures of approximately \$146,000, for CFDA No. 39.003, Donation of Federal Surplus Property Program, represents the average fair market value percentage per the General Services Administration (GSA) of 25 percent of the Federal government original acquisition cost (OAC) of the Federal property transferred to recipients by the State during the fiscal year ended June 30, 2011.

3. CATEGORIZATION OF EXPENDITURES

The accompanying 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 accompanying 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 accompanying Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2011, reflects CFDA changes issued through June 2011.

STATE OF MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

4. STATE NONMONETARY FEDERAL FINANCIAL ASSISTANCE

The State distributes Federal surplus food to the institutions (schools, hospitals, and prisons) and to the needy. The total inventory balance of Federal surplus food on hand as of June 30, 2011, was approximately \$1,000 for CFDA No. 10.555, Food Donation Program and approximately \$1,887,000, for CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities), and they are not considered current year Federal expenditures. 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, 2010.

When 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. There was no donated Federal surplus property on hand as of June 30, 2011, for CFDA No. 39.003, Donation of Federal Surplus Property Program.

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, 2011. Because those issues have been previously reported to the affected Federal agencies, the issues identified in other audit reports have not been repeated in the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2011.

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 accompanying Schedule of Expenditures of Federal Awards. The individual State and Federal portions are as follows:

State regular UC benefits	\$ 1,012,175,001
Federal UC benefits	788,456,538
Federal UC administrative costs	81,994,905
Total Benefits	<u><u>\$ 1,882,626,444</u></u>

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2011

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.

8. LOAN PROGRAMS

St. Mary's College of Maryland

St. Mary's College of Maryland (the College) administers the Federal Perkins Loan Program: Federal Capital Contributions (CFDA No. 84.038) (the Program). The College received no Federal funds under the Program for the fiscal year ended June 30, 2011. The outstanding loan balance of \$251,899, as of June 30, 2010, and the outstanding loan balance of \$251,001, for the fiscal year ended June 30, 2011, is not considered current year Federal expenditures. The Schedule of Expenditures of Federal Awards includes \$35,848, for loans issued during the fiscal year ended June 30, 2011.

During the fiscal year ended June 30, 2011, the College processed the following amount of new loans under the Federal Family Education Loans Program (CFDA No. 84.032), 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, 2011, 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, 2011, are reported in the Schedule of Expenditures of Federal Awards.

<u>CFDA Number</u>		<u>Loan Expenditures for Fiscal Year Ended June 30, 2011</u>
84.032	Stafford Loan Program	\$ 5,685,870
84.032	PLUS Loans	5,658,693
		<u>\$ 11,344,563</u>

Baltimore City Community College

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, 2011 were \$199,263 and \$13,907, respectively. There were no new loans made in the fiscal year ended June 30, 2011. 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, 2011**

8. LOAN PROGRAMS (continued)

Morgan State University

Morgan State University (the University) administers the Federal Perkins Loan Program: Federal Capital Contributions (CFDA No. 84.038). The outstanding loan balance of \$3,330,823, as of June 30, 2011, the loan expenditures of \$48,250, for the fiscal year ended June 30, 2011, and the fiscal year 2011 administrative cost allowance of \$2,413, are considered current-year Federal expenditures. These amounts are reported in summary in the Schedule of Expenditures of Federal Awards.

During the fiscal year ended June 30, 2011, the University processed \$59,734,285, of new loans under the Federal Direct Student Loans Program (CFDA No. 84.268). Since this program is administered by outside financial institutions, the new loans made in the fiscal year ended June 30, 2011, 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, 2011, are reported in the Schedule of Expenditures of Federal Awards.

University System of Maryland

During the year ended June 30, 2011, University System of Maryland (the System) processed the following amount of new loans under the Direct Loan Program, which includes the Federal Stafford and Plus Loan programs. Since these loan programs are administered by the Federal government, new loans made in the fiscal year ended June 30, 2011, are reported in the Schedule of Expenditures of Federal Awards, whereas the outstanding loan balances are not.

<u>CFDA Number</u>		Loan Expenditures for Fiscal Year Ended June 30, 2011
84.268	Federal Direct Student Loans	\$870,412,405

STATE OF MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

8. LOAN PROGRAMS (continued)

University System of Maryland (continued)

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 (RLF) assists business development and expansion. Below is the detail to support the calculation of total Federal awards expended as included in the Schedule of Expenditures of Federal Awards:

Economic Development Administration (EDA) Award Number(s)	014903420- 01490342001	14903271	11903134
1. Balance of RLF loans outstanding at the end of the fiscal year, plus	\$ 2,609,294	\$ 906,833	\$ 1,075,004
2. Cash and investment balance in the RLF at the end of the fiscal year, plus	2,089,234	820,840	30,273
3. Administrative expenses paid out of RLF income during the fiscal year, plus	182,704	-	-
4. The unpaid principal of all loans written off during the fiscal year, and then multiply this sum (1+2+3+4) by	-	-	-
5. The Federal share of the RLF	0.75	0.75	0.574713
6. Total Federal Awards Expended	<u>\$ 3,660,924</u>	<u>\$1,295,755</u>	<u>\$ 635,217</u>

STATE OF MARYLAND

**Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

8. LOAN PROGRAMS (continued)

University System of Maryland (continued)

The System administers the following Federal Student Financial Assistance Programs:

CFDA Number	Outstanding Balance as of June 30, 2010	Loan Expenditures For Fiscal Year Ended June 30, 2011
84.038 Perkins Loan Programs	\$ 61,867,737	\$ 7,718,146
93.264 Nurse Faculty Loan Program - ARRA	7,217	-
93.264 Nurse Faculty Loan Program	93,238	-
93.364 Federal Nursing Loan - Undergraduate	1,350,946	201,928
93.364 Federal Nursing Loan - Graduate	249,441	37,200
93.342 Health Professions Student Loans - Medical	60,442	-
93.342 Health Professions Student Loans - Dental	5,338,827	300,000
93.342 Health Professions Student Loans - Pharmacy	1,203,225	100,000
93.342 Health Professions Student Loans - Primary Care	4,002,625	955,297
Total	\$ 74,173,698	\$ 9,312,571

The outstanding loan balances as of June 30, 2010, and loan expenditures for the fiscal year ended June 30, 2011, are considered current-year Federal expenditures. These amounts are reported on the Schedule of Expenditures of Federal Awards.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MARYLAND

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Section I – Summary of Independent Public Accountant’s Results

Financial Statements

Type of Independent Public Accountant’s report issued	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Type of Independent Public Accountant’s report issued on compliance for major programs	Unqualified
Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered to be material weakness(es)?	Yes
Noncompliance material to financial statements noted?	None reported
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	Yes

STATE OF MARYLAND

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Section I – Summary of Independent Public Accountant’s Results (continued)

Identification of Major Programs

Major Program	CFDA No.	Federal Expenditures
Supplemental Nutritional Assistance Program Cluster	10.551/10.561	\$ 1,045,612,188
Child Nutrition Cluster	10.553/10.555/10.556/10.559	185,910,943
Special Supplemental Nutrition Prog for Women, Infants, & Children	10.557	105,253,727
Emergency Food Assistance Program	10.568/10.569	3,843,214
Emergency Food Assistance Program - ARRA	10.569	608,319
Section 8 Cluster	14.195/14.856	179,374,133
Unemployment Insurance	17.225	1,882,626,166
Unemployment Insurance - ARRA	17.225	278
Workforce Investment Act Cluster	17.258/17.259/ 17.260	33,105,410
Workforce Investment Act Cluster - ARRA	17.258/17.259/ 17.260	9,125,951
Highway Planning and Construction Cluster	20.205/23.003	348,431,102
Highway Planning and Construction Cluster - ARRA	20.205	165,913,624
Federal Transit Cluster	20.500/20.507	184,382,875
Federal Transit Cluster - ARRA	20.500/20.507	46,515,587
Section 1602 Monetization- ARRA	40. unknown	49,906,435
Title I, Part A Cluster	84.010	183,236,625
Title I, Part A Cluster - ARRA	84.389	66,816,896
Special Education Cluster	84.027/84.173	207,713,751
Special Education Cluster - ARRA	84.391/84.392	95,318,767
Vocational Rehabilitation Cluster	84.126	39,865,917
Vocational Rehabilitation Cluster - ARRA	84.390	1,952,278
Improving Teacher Quality	84.367	43,370,155
State Fiscal Stabilization Fund Cluster - ARRA	84.394/84.397	491,141,929
Education Jobs Bill - ARRA	84.410	104,392,740
Temporary Assistance for Needy Families Cluster	93.558	278,336,144
Temporary Assistance for Needy Families Cluster - ARRA	93.558	17,023,854
Child Support Enforcement	93.563	81,612,511
Child Support Enforcement - ARRA	93.563	1,979,597
LIHEAP	93.568	82,362,757
Child Care and Development Block Grant	93.575/93.596	81,110,368
Child Care and Development Block Grant - ARRA	93.713	2,555,606
Foster Care: Title IV-E	93.658	83,628,069
Foster Care: Title IV-E - ARRA	93.658	2,957,739
Adoption Assistance	93.659	23,517,226
Adoption Assistance - ARRA	93.659	1,927,985
Social Services Block Grant	93.667	57,754,351
Children's Health Insurance Program	93.767	147,988,293
Medicaid Cluster	93.775/93.777/93.778	3,686,686,751
Medicaid Cluster - ARRA	93.778	685,015,915
HIV Care Formula Grant	93.917	36,602,149
Public Assistance Grants	97.036	76,329,918
Student Financial Aid Cluster	84.007/84.032/84.033/84.037/84.038/ 84.063/84.268/84.375/84.376/84.379/ 93.264/93.342/93.364/93.407	1,212,380,321
Research and Development Cluster (R&D)	Various	721,563,293
Passenger Facility Charges	Unknown	13,773,416
Total		\$ 12,769,525,273

STATE OF MARYLAND

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Section I – Summary of Independent Public Accountant’s Results (continued)

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

Dollar threshold used to distinguish between type A and type B programs: \$30,000,000

Auditee qualified as low-risk Auditee? No

Section II Financial Statement Findings

None

Section III Federal Awards Findings and Questioned Costs

See findings 2011-1 through 2011-11

Section IV Summary Schedule of Prior Audit Findings

See findings 2010-1 through 2010-18
See findings 2009-2, 2009-3, 2009-4 and 2009-5
See findings 2008-1 and 2008-3
See findings 2007-2 and 2007-3

SECTION III - FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

<u>Finding No.</u>	<u>Funding Department</u>	<u>Title of Finding</u>
2011-1	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over the Eligibility Determination Process
2011-2	U.S. Department of Health and Human Services	Compliance Deficiency over Allowable Costs - Recoveries, Refunds, Rebates and Third Party Liabilities
2011-3	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Eligibility
2011-4	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Eligibility
2011-5	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Eligibility
2011-6	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Subrecipient Monitoring
2011-7	U.S. Department of Health and Human Services	Compliance and Internal Control over Special Test: Provision of Child Support Service for Interstate Cases
2011-8	U.S. Department of Agriculture	Compliance and Significant Deficiency over Accountability for Commodities
2011-9	U.S. Department of Transportation	Compliance Deficiency over Activities Allowed or Unallowed
2011-10	U.S. Department of Transportation	Internal Control Deficiency over Subrecipient Monitoring
2011-11	U.S. Department of Education	Compliance Deficiency over Special Reporting

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 1

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

**Children's Health Insurance Program (CHIP)
CFDA No. 93.767**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over the Eligibility Determination Process

Condition:

The Local Health Departments (LHD) and the Local Departments of Social Services (LDSS) are responsible for determining eligibility under the Medicaid Cluster and the Maryland Children's Health Insurance Program (CHIP) on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH and who apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 60 CHIP claims and 60 Medicaid claims to review files for eligibility determination. All claims were processed during the fiscal year ended June 30, 2011. Below are the exceptions:

CHIP

Baltimore City - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if the individual met the eligibility criteria.

Prince Georges County - LDSS

During our testing, we noted two individuals for which the case files could not be located in order to determine if they met the eligibility criteria.

Medicaid Program

Baltimore City - LDSS

During our testing, we noted two individuals for which the case files could not be located in order to determine if they met the eligibility criteria

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2011 - 1 (continued)

Baltimore County - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if the individual met the eligibility criteria.

The benefits paid for the related cases above totaled \$32,732 for the fiscal year ended June 30, 2011.

Criteria:

OMB Circular 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 Insurance 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 U.S. on or after August 22, 1996, are not eligible for CHIP 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 8 USC 1613; and
8. Eligibility must be redetermined at least every 12 months.

Cause:

LDSS personnel did not obtain or maintain the necessary documentation to support the eligibility determination.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 1 (continued)

Effect:

Since documentation and verifications were not performed in accordance with program requirements, DHMH does not have adequate assurance that eligibility for Medicaid and CHIP is being properly determined.

Questioned Costs:

\$32,732

Recommendation:

We recommend the Local Departments of Social Services comply with established Federal and State regulations for determining eligibility by obtaining and maintaining the required documentation.

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that the Local Departments of Social Services (LDSS) comply with established Federal and State regulations for determining eligibility by obtaining and maintaining the required documentation.

DHMH will work with the Department of Human Resources (DHR) and the LDSS on issues with record retention, obtaining and maintaining documentation, performing the appropriate clearances at application and redetermination, transferring case records between local departments and re-determining eligibility appropriately.

With regard to each of the missing case files, we have investigated the specific recipients of those missing files and have determined that based solely upon a review of the electronic case materials, each would in fact be Medicaid eligible. Furthermore, we have determined that three of the missing case files were a result of two offices merging and two of the missing case files were as a result of a flood encountered by another office.

We are working with the three cited local departments to address how they plan to track, monitor and secure case records. In addition to following-up with each cited local department, we will issue an updated information memorandum highlighting the issues to all eligibility workers by the end of fiscal year 2012. Review of error-prone activities is a standard agenda item in DHMH training sessions for eligibility workers.

A Pre-Review system developed jointly with DHR has been in place since October 2011, as a review mechanism to apply to eligibility determinations before they are finalized. We are currently in the process of “fine-tuning” the system to maximize program benefits. It is expected that identification of error-prone elements prior to finalization will significantly reduce our vulnerability to audit findings.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 1 (continued)

Auditee Response and Corrective Action Plan: (continued)

Additionally, we will continue to add appropriate items to the agenda for the regularly scheduled meetings with DHR and Local Department staff.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 2

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance Deficiency over Allowable Costs – Recoveries, Refunds, Rebates and Third Party Liabilities

Condition:

Within 37 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found. During our audit of a sample of 60 items, we noted there were 23 selections where the payment date was in excess of 37 days. Of the 23 items noted above, 16 were in excess of 45 days. We noted that for the 23 selections that were not paid within 37 days, dunning notices were sent after 45 days to the vendors in pursuit of collection.

Criteria:

Per OMB Circular A133:

Section 1927 of the Social Security Act allows States to receive rebates for drug purchases the same as other payers receive. Drug manufacturers are required to provide a listing to Center for Medicaid Services (CMS) of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on this data, CMS calculates a unit rebate amount for each drug, which it then provides to States. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 37 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found.

Cause:

The above is due to the drug manufacturers not paying the required rebates within 37 days of receipt of the utilization data and invoice from the State Medicaid Agency or providing the State with written notice of any disputed items not paid due to discrepancies with the utilization data received.

Effect:

DHMH is not in compliance with the allowable costs requirements related to recoveries, refunds and rebates. There is a risk that payments from drug manufacturers for rebates will not be obtained within the timeframe expected by CMS.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2011 - 2 (continued)

Questioned Costs:

Unknown

Recommendation:

We recommend DHMH obtain a waiver from CMS for delays in receipt of vendor payments required under OMB A-133 requirements. We also recommend DHMH continue to send dunning notices to the vendors in pursuit of collection of the required rebates for payments not received within 37 days.

Auditee Response and Corrective Action Plan:

The Department does not concur with the finding that State Agencies be held responsible for the late payment of rebates by drug manufacturers as it is not within the State Agency's control when manufacturers remit payment for rebate invoices. The auditors concur with the Department and have attempted to contact HHS to obtain clarification, but to date, no response has been received. The Department, however, does follow its policy of reminding drug manufacturers to pay rebate invoices timely, by sending out dunning notices to any manufacturer that has not made payment 45 days from the invoice postmarked date and a second dunning notice to any manufacturer that has not made payment 75 days from the invoice postmarked date. Manufacturers that have not made payment 210 days from the invoice postmarked date are referred to the State's Central Collection Unit. Dunning notices were sent out to all of those drug manufacturers that made payment after the 37-day federal requirement, as appropriate. It is the intention of the Department to continue this policy.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 3

Department of Human Resources (DHR)

**Foster Care – Title IV - E
CFDA No. 93.658**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Eligibility

Condition:

We selected a sample size of 60 transactions for eligibility testing. During our testing of eligibility at the Baltimore City site, we noted three exceptions out of a sample size of 40. We noted one case where we were unable to determine if reasonable efforts were made to finalize a permanency plan and two cases where the child did not meet the eligibility requirements of the AFDC program.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Per OMB Circular A-133, March 2011:

Foster Care maintenance payments are allowable only if the foster child was removed from the home of a relative specified in section 406(a) of the Social Security Act, as in effect on July 16, 1996, and placed in foster care by means of a judicial determination, as defined in 42 USC 672(a)(2), or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f), (42 USC 672(a)(1) and (2) and 45 CFR section 1356.21).

45 CFR section 1356.21(b)(2):

(c) *Reasonable efforts to finalize a permanency plan* – A judicial determination regarding reasonable efforts to finalize the permanency plan must be made within 12 months of the date on which the child is considered to have entered foster care and at least once every 12 months thereafter while the child is in foster care. The judicial determination must be explicitly documented and made on a case by case basis. If a judicial determination regarding reasonable efforts to finalize a permanency plan is not made within this timeframe, the child is ineligible at

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 3 (continued)

Criteria: (continued)

the end of the 12th month from the date the child was considered to have entered foster care or at the end of the month in which the subsequent judicial determination of reasonable efforts was due, and the child remains ineligible until such a judicial determination is made.

45 USC 672(a): A child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program.

Cause:

DHR did not obtain or maintain the necessary documentation to support the eligibility determinations and did not maintain support for the final permanency plan.

Effect:

Since documentation was not maintained in accordance with program requirements, DHR does not have adequate assurance that eligibility for the foster care program is properly determined.

Questioned Costs:

Unknown.

Recommendation:

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

Auditee Response and Corrective Action Plan:

The cases in question will be reviewed and corrected as appropriate, including any necessary payment adjustment for already claimed reimbursement and assurances that said claims will not be included in future claims.

DHR will collaborate with Foster Care Court Improvement to provide a joint training for judges and local department professionals (attorneys, child welfare administrators and supervisors) which will include an emphasis on the importance of the Reasonable Efforts to Achieve Permanency finding and timeliness. Included will be details on the opportunity to establish the finding when hearings have been postponed.

DHR is providing statewide training for Title IV-E Specialist Fall 2012. Improvement area noted in this audit will be included and specifically addressed in the "Audit Opportunities for Improvement" training section.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2011 - 4

Department of Human Resources (DHR)

Low-Income Home Energy Assistance Program (LIHEAP) CFDA No. 93.568

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Eligibility

Condition:

We selected a sample of 60 transactions for eligibility testing. During our testing, we noted four files were not properly maintained, which prevented audit verification of supervisory approval. There were a total of five files without supervisory signature approval for eligibility; four files at Baltimore City and one file at Baltimore County. In addition, we noted the eligibility requirement for one applicant could not be properly determined, as income supporting documentation was missing.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Per 42 USC 8624(b)(2):

The State agrees to make payments under this subchapter only with respect to--

(A) households in which 1 or more individuals are receiving--

- (i) assistance under the State program funded under part A of title IV of the Social Security Act [42 U.S.C. 601 et seq.];
- (ii) supplemental security income payments under title XVI of the Social Security Act [42 U.S.C. 1381 et seq.];
- (iii) food stamps under the Food Stamp Act of 1977 [7 U.S.C. 2011 et seq.]; or
- (iv) payments under section 1315, 1521, 1541, or 1542 of title 38, or under section 306 of the Veterans' and Survivors' Pension Improvement Act of 1978; or

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 4 (continued)

Criteria: (continued)

- (B) households with incomes which do not exceed the greater of--
 - (i) an amount equal to 150 percent of the poverty level for such State; or
 - (ii) an amount equal to 60 percent of the State median income.

Cause:

DHR did not follow its established procedures of review and sign off to ensure that applicant eligibility determinations were reviewed for accuracy. DHR also did not maintain files and other documentation to support their eligibility determination.

Effect:

Since documentation and verification were not properly maintained in accordance with program requirements and cases could not be located, DHR does not have adequate assurance that eligibility for LIHEAP is being properly determined.

Questioned Costs:

\$1,035

Recommendation:

We recommend that DHR comply with established Federal and State regulations for determining eligibility to include obtaining and maintaining the required documentation and performing verifications to support eligibility decisions. We also recommend that all records are properly safeguarded and maintained.

Auditee Response and Corrective Action Plan:

DHR reviewed the auditors' sample and concurred with the finding regarding documentation. We reached similar conclusions from our reviews and have cited local agencies in the past. The Office of Home Energy Programs (OHEP) will present and discuss these findings at the OHEP's annual meeting of the local agencies administering LIHEAP in April. The goal is to reinforce the significance of maintaining the required documentation and signatures, as well as to ensure that the policies are clearly understood. The next DHR monitoring cycle will validate whether policies are being followed.

DHR was aware of the destruction of some files as the result of flooding in a file room caused by burst pipes. Therefore, the finding that "files were not properly maintained" does not apply to that office.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2011 - 5

Department of Human Resources (DHR)

Adoption Assistance – Title IV - E CFDA No. 93.659

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Eligibility

Condition:

We selected a sample of 60 transactions for eligibility testing. During our testing, we noted three children did not meet categorical eligibility requirements. In addition, there were two files where state adoption assistance subsidies were incorrectly charged to the Federal grant.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in Internal Control-Integrated Framework (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Per 42 USC 673:

(1)(A) Each State having a plan approved under this part shall enter into adoption assistance agreements (as defined in section 675(3) of this title) with the adoptive parents of children with special needs.

(B) Under any adoption assistance agreement entered into by a State with parents who adopt a child with special needs, the State-- (i) shall make payments of nonrecurring adoption expenses incurred by or on behalf of such parents in connection with the adoption of such child, directly through the State agency or through another public or nonprofit private agency, in amounts determined under paragraph (3), and (ii) in any case where the child meets the requirements of paragraph (2), may make adoption assistance payments to such parents, directly through the State agency or through another public or nonprofit private agency, in amounts so determined. (2)(A) For purposes of paragraph (1)(B)(ii), a child meets the requirements of this paragraph if the child-- (i)(I)(aa) was removed from the home of a relative specified in section 606(a) of this title (as in effect on July 16, 1996) and placed in foster care in accordance with a voluntary placement agreement with respect to which Federal payments are provided under section 674 of this title (or section 603 of this title, as such section was in effect on July 16, 1996), or in accordance with a judicial determination to the effect that continuation in the home would be contrary to the welfare

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 – 5 (continued)

Criteria: (continued)

of the child; and (bb) met the requirements of section 672(a)(3) of this title with respect to the home referred to in item (aa) of this subclause; (II) meets all of the requirements of subchapter XVI with respect to eligibility for supplemental security income benefits; or (III) is a child whose costs in a foster family home or child-care institution are covered by the foster care maintenance payments being made with respect to the minor parent of the child as provided in section 675(4)(B) of this title.

Cause:

DHR did not follow its established procedures of review charged to ensure that applicant eligibility determinations were accurate and supported.

Effect:

DHR does not have adequate documentation that eligibility for the Adoption Assistance program is being properly determined and non-allowable expenditures are being charged to the Federal grant.

Questioned Costs:

Three children related to categorical eligibility - \$12,764.
Two files incorrectly charged to the Federal grant - \$20,482.

Recommendation:

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

Auditee Response and Corrective Action Plan:

The cases will be reviewed to confirm that DHR procedures were not followed. The cases in question will be reviewed and corrected as appropriate, including any necessary payment adjustment for already claimed reimbursement and assurances that said claims will not be included in future claims. If reimbursement claims have not yet been requested, the cases in question will be re-categorized to State only and no Federal reimbursement claims will be made.

DHR is providing statewide training for Title IV-E Specialist Fall 2012. Improvement area noted in this audit will be included and specifically addressed in the “Audit Opportunities for Improvement” training section.

Auditor’s Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2011 - 6

Department of Human Resources (DHR)

Child Support Enforcement CFDA No. 93.563

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Subrecipient Monitoring

Condition:

During the testing of subrecipient monitoring, we selected a sample size of nine transactions. We noted three subrecipient monitoring reports did not have supervisory approval. The A-133 audit reports were not obtained and reviewed for three subrecipients. In addition, four subrecipient corrective action plans were not received related to monitoring reports identifying deficiencies.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Per OMB Circular A-133 and 31 USC 7502(f)(2)(B):

A pass-through entity is responsible for:

Award Identification – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

During-the-Award Monitoring – Monitoring the subrecipient's use of Federal awards through reporting, site visits, regular contact, 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.

Subrecipient Audits – (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient's fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>)

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 6 (continued)

Criteria: (continued)

and that the required audits are completed within 9 months of the end of the subrecipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Cause:

The child support program staff did not have controls in place to sufficiently maintain proper documentation to verify subrecipient monitoring was completed in accordance with their policy.

Effect:

DHR is not in compliance with the subrecipient monitoring requirements of OMB Circular A-133.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the child support program implement procedures that ensure that all programs are properly monitored each year and the documentation noting the monitoring was performed and maintained. We also recommend the established monitoring and follow up procedures that are in place are adequately documented and maintained on file.

Auditee Response and Corrective Action Plan:

It is DHR/CSEA management's contention that a supervisory review and approval is required for all monitoring reports and corrective action plans. The reviewed subrecipient monitoring reports in relation to this audit established the compliance with deliverables within the contracts parameters by all but one subrecipient. The lone subrecipient that appeared to be out of compliance within the established parameters of the contract was inappropriately subjected those parameters.

DHR/CSEA management secured audited financial statements from subrecipients who received \$500,000 or more from DHR/CSEA. Moreover, the deficiencies noted as a part of the audited financial statements appeared to indirectly relate to the Sheriffs and Masters whom are the subrecipients of DHR/CSEA. However, DHR/CSEA will institute new policy requiring audited financial statements from all subrecipients.

Auditor's Conclusion:

Based on the above, the finding will remain as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 7

Department of Human Resources (DHR)

**Child Support Enforcement
CFDA No. 93.563**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Special Test: Provision of Child Support Service for Interstate Cases

Condition:

During our testing, we noted three of 60 cases where the initiating state did not refer the case to the responding state within 20 days of determining the noncustodial parent is in another State. For two of those three cases, DHR had insufficient documentation to support not referring the case to the responding state within 20 days. We also noted one case that the department did not notify the responding state for receipt of new information until 26 days, which is required to be notified within 10 days of receipt of new information.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Per 45 CFR section 303.7:

- (1) The State IV-D agency must establish an interstate central registry responsible for receiving, distributing and responding to inquiries on all incoming interstate IV-D cases.
- (2) Within 10 working days of receipt of an interstate IV-D case from an initiating State, the central registry must: (i) Ensure that the documentation submitted with the case has been reviewed to determine completeness; (ii) Forward the case for necessary action either to the State PLS for location services or to the appropriate agency for processing; (iii) Acknowledge receipt of the case and ensure that any missing documentation has been requested from the initiating State; and (iv) Inform the IV-D agency in the initiating State where the case was sent for action.

(b) Initiating State IV-D agency responsibilities. The IV-D agency must:

STATE OF MARYLAND

Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2011 - 7 (continued)

Criteria: (continued)

- (1) Use its long arm statute to establish paternity, when appropriate.
- (2) Except as provided in paragraph (b)(1) of this section, 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 child support program did not have proper monitoring controls and documentation in place to ensure adherence with the timing requirements set forth by the Federal agency for initiating and responding state cases.

Effect:

DHR is not in compliance with the provisions of child support service for interstate cases requirements of OMB Circular A-133.

Questioned Costs:

None.

Recommendation:

We recommend DHR strengthen its existing controls over monitoring cases to ensure Federal timing requirements are met. We also recommend DHR improve their documentation of issues or other activities completed related to the cases.

Auditee Response and Corrective Action Plan:

DHR/CSEA management recognizes the need to adopt new or enhance existing policy requiring descriptive documentation of activities, especially those activities that are time sensitive within case action logs and overall case management. Moreover, local jurisdictions will provide training for new staff and refresher training for existing staff on the CFR timeframes for interstate processing.

Auditor's Conclusion:

Based on the above, finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 8

Department of Human Resources (DHR)

**Emergency Food Assistance Program Cluster (TEFAP)
CFDA No. 10.568, 10.569**

U.S. Department of Agriculture (USDA)

Compliance and Significant Deficiency over Accountability for Commodities

Condition:

During our audit, we noted that DHR does not have a consistent system of taking periodic inventory counts. We were unable to test the accountability of commodities as the required physical inventory records were not maintained by DHR.

Criteria:

Per 7 CFR sections 250.16(a)(6) and 250.15(c):

Accurate and complete records shall be maintained with respect to the receipt, distribution/use, and inventory of donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods, and the agency, processor, or entity is liable for the value of the food or replacement of the food in kind.

Per 7 CFR section 250.14(e):

Distributing and recipient agencies shall take a physical inventory of all storage facilities. Such inventory shall be reconciled annually with the storage facility's inventory records and maintained on file by the agency which contracted with or maintained the storage facility. Corrective action shall be taken immediately on all deficiencies and inventory discrepancies and the results of the corrective action forwarded to the distributing agency.

Cause:

DHR did not have adequate procedures in place related to the accountability of commodities.

Effect:

The lack of tracking and maintaining records of the physical inventory allows the potential for abuse, including fraud and other defalcation, to exist and not be detected.

Questioned Costs:

Unknown.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 – 8 (continued)

Recommendation:

We recommend that physical counts of inventory should be performed at least annually. The results should be reviewed and reconciled to the accounting system. The perpetual inventory listing should be reconciled to the general ledger, with any large discrepancies investigated and explained. Any adjustments, along with the cost of goods sold entries, should be made and a procedure should be implemented to allow for these adjustments to occur on an annual basis.

Auditee Response and Corrective Action Plan:

DHR agrees that at one time, its oversight of commodity food inventories needed improvement.

The USDA reviewed this program in FY 2010, and found some shortcomings regarding the inventory process. Subsequent to June 2011, new processes were implemented by the DHR TEFAP staff.

The unit responsible for commodities and related contracts were previously located in the DHR Office of Grants Management (OGM). A reorganization of some modals within DHR took place effective February 28, 2012, and the OGM personnel responsible for TEFAP administration were transferred to the Family Investment Administration (FIA) Bureau of Policy, Reporting and Training. FIA management is currently reviewing all prior policies and procedures and will work with the TEFAP staff to ensure that the process approved by the USDA remains in place.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 – 9

Maryland Department of Transportation (MDOT)

**State Highway Planning
CFDA No. 20.205, 23.003**

U.S. Department of Transportation

Compliance Deficiency over Activities Allowed or Unallowed

Condition:

A voluntary separation bonus of \$23,800 paid to a State Highway Administration (SHA) employee who retired in February 2011 was erroneously charged to Federal funding for highway construction project AA253K-5A. A fringe benefit cost allocation of \$17,671.50 calculated for this bonus was also incorrectly charged to Federal funding. This resulted in a total of \$41,471.50 erroneously paid with Federal funds.

All other voluntary separation bonuses paid to SHA employees during FY 2011 were charged to State funding.

Criteria:

Attachment A to OMB Circular A-87 defines direct costs to include employee compensation "for the time devoted and identified specifically to the performance of those awards".

Attachment B allows severance payments "associated with normal turnover" as an indirect cost, but requires specific approval by a Federal agency for "abnormal or mass severance pay."

Cause:

SHA employees mistakenly charged the bonus to the same project as the allowable direct costs. The voluntary separation bonus was part of an unusual, one-time severance payment program. It is not allowable as a direct cost of project AA253K-5A and would require Federal approval for allocation as an indirect cost. The use of Federal funding for this bonus and the related fringe benefit allocation does not comply with the general cost principles of OMB Circular A-87.

Effect:

The cost of project AA253K-5A was overstated by \$41,471.50.

Questioned Costs:

\$41,471.50

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 9 (continued)

Recommendation:

We recommend that only allowable costs are charged to the Federal program. The department should ensure all costs are allowed or obtain the necessary approval before charging them to the program.

Auditee Response and Corrective Action Plan:

SHA agrees that Federal funds were erroneously charged for both the voluntary separation bonus of \$23,800, as well as the fringe benefit cost allocation of \$17,671.50 for a total of \$41,471.50. It should be noted that the correction of the fringe benefit charge was made in March 2011. A correcting journal entry was made in March 2012 to reimburse the Federal Highway Administration for the bonus of \$23,800. We believe that the erroneous charge represents an isolated incident and no additional steps need to be taken.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 10

Maryland Department of Transportation (MDOT)

**State Highway Planning
CFDA No. 20.205, 23.003**

U.S. Department of Transportation

Internal Control Deficiency over Subrecipient Monitoring

Condition:

During our testing of sub-recipient monitoring, we noted that the department did not receive the OMB A-133 Single Audit report from two of its subrecipients.

Criteria:

Per OMB A-133, the department is responsible for ensuring that subrecipients expending \$500,000 or more in Federal awards during the sub recipient's fiscal year for fiscal years ending after December 31, 2003, have met the audit requirements of OMB Circular A-133 and that the required audits are completed within 9 months of the end of the subrecipient's audit period. In case of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

Cause:

The State Highway Administration (SHA) did not follow its policy to obtain A-133 report from its subrecipients.

Effect:

SHA may not be able to provide reasonable assurance that the subrecipient administers Federal awards in compliance with Federal requirements.

Questioned Costs:

Unknown

Recommendation:

We recommend SHA to follow its policy and Federal requirement to obtain the audit report within 9 months of the end of the subrecipient's audit period.

Auditee Response and Corrective Action Plan:

SHA agrees with the auditor's recommendation. It should be noted that when the auditors first reviewed the subrecipients required to supply a copy of their single audit reports, two audit reports were not received within the required timeframe. Both reports have since been received and procedures are in place to obtain the reports more timely.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND

**Schedule of Current Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2011 - 11

Bowie State University

Student Financial Aid Cluster

CFDA No. 84.063, 84.033, 84.268, 84.038, 84.007, 84.032

U.S. Department of Education

Compliance Deficiency over Special Reporting

Condition:

The University was unable to provide support from Campus Partners, loan service provider, to agree with the cumulative amount of funds advanced to students and the cumulative amount of the loan principal collected related to the Federal Perkins Loan program, as reported on the FISAP.

Criteria:

All recipients of student financial aid funds are required to submit ED Form 646-1, *Fiscal Operations Report and Application to Participate (FISAP)*. The University uses the *Fiscal Operations Report* to report its expenditures in the previous award year and the *Application to Participate* to apply to participate in the succeeding year. The Department of Education requires recipients to retain accurate and verifiable records for program review and audit purposes.

Cause:

The University was not able to correctly report certain lines within the FISAP report due to system limitations which caused submission errors when the correct information was reported.

Effect:

The information reported on certain lines in the FISAP was not accurate.

Questioned Costs:

None.

Recommendation:

We recommend the University work with Campus Partners to update the system feeding information to the FISAP report so that all line items are accurately stated when submitted to the Department of Education.

Auditee Response and Corrective Action Plan:

We agree with the finding. In the past, the University has been unable to correct certain lines on the FISAP report without getting system validation errors. We are currently working with Campus Partners, our loan service provider, to determine an acceptable method for correcting the data on the FISAP report and anticipate having a resolution by the next FISAP reporting cycle.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 1

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

**Children's Health Insurance Program (CHIP)
CFDA No. 93.767**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over the Eligibility Determination Process

Condition:

The Local Health Departments (LHD) and the Local Departments of Social Services (LDSS) are responsible for determining eligibility under the Maryland Children's Health Insurance Program (CHIP) on a uniform basis throughout the State for persons who apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 60 CHIP claims and 60 Medicaid claims to review files for eligibility determination. All claims were processed during the fiscal year ended June 30, 2010. Below are the exceptions:

CHIP

Anne Arundel County - LHD

During our testing, we noted the annual redetermination was made after the 12 month required period for one individual.

Baltimore City - LDSS

During our testing, we noted one individual that did not have proof of citizenship in their case file.

Prince Georges County - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if it met the eligibility criteria.

Medicaid Program

DHMH

During our testing, we noted for one individual, the application was received in 2008, but was not considered eligible until 2010. No annual redetermination was made for this individual until 2010. DHMH processed and accepted the original application from 2008.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 1 (continued)

Condition: (continued)

Baltimore City - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if it met the eligibility criteria.

Baltimore County - LDSS

During our testing, we noted one individual for which the case file could not be located in order to determine if it met the eligibility criteria.

The benefits paid for the related cases above totaled \$21,589 for the fiscal year ended June 30, 2010.

Criteria:

OMB Circular 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 U.S. on or after August 22, 1996, are not eligible for CHIP 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 8 USC 1613.
8. Eligibility must be redetermined at least every 12 months.

Cause:

LHD and LDSS personnel did not obtain or maintain the necessary documentation to support the eligibility determination, and DHMH (PAC) and the LHD did not re-determine eligibility at least every 12 months.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 1 (continued)

Effect:

Since documentation, re-determinations and verifications were not performed in accordance with program requirements, DHMH does not have adequate assurance that eligibility for Medicaid and CHIP is being properly determined.

Questioned Costs:

\$21,589

Recommendation:

We recommend that DHMH's Local Health Departments, Local Departments of Social Services and Division of Eligibility Waiver Services/Primary Adult Program comply with established Federal and state regulations for determining eligibility by obtaining and maintaining the required documentation and performing verifications to support eligibility decisions, and re-determining eligibility as required.

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that Local Health Departments (LHD), Local Departments of Social Services (LDSS) and the Division of Eligibility Waiver Services/Primary Adult Program (DEWS/PAC) comply with established Federal and state regulations for determining eligibility by obtaining and maintaining the required documentation, performing verifications to support eligibility decisions, and re-determining eligibility as required.

DHMH will work with the Department of Human Resources (DHR) and the LHD on issues with obtaining and maintaining documentation, performing the appropriate clearances at application and redetermination, transferring case records between local departments, record retention and re-determining eligibility appropriately. In addition to following-up with each cited local department, we will issue an information memorandum highlighting the issues to all eligibility workers by the end of the fiscal year. Additionally, we will add appropriate items to the agenda for the regularly scheduled meetings and training sessions beginning in April 2011.

The eligibility and re-determination process for PAC is provided for on a separate system from Medicaid and CHIP. There were multiple enhancements to the PAC Eligibility system in 2009 and 2010. Once the enhancements were made, DHMH made provisions for the backlog associated with the PAC Eligibility system down time to be resolved. Although the re-determinations were not completely timely as required by Federal and State regulations, continued eligibility was re-established when the system enhancements were completed.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 1 (continued)

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

Each of the cases cited by the auditors has been researched and it appears that only one case may result in the recipient's ineligibility. We are further reviewing this case and in the process of determining the amount of "Questioned Costs" related to this case.

An Information Memorandum highlighting the types of errors reported in 2010-1 was issued jointly with DHR on August 30, 2011, as #12-05 Compliance Issues from Medicaid Audit Findings. Additionally, an Action Transmittal specifically highlighting MCHP Premium Redetermination Processing was issued jointly with DHR on August 15, 2011, as #12-08 MCHP Premium Eligibility Processing for Redeterminations.

We contacted each local department cited in August individually to remind them to use the newly issued Information Memorandum and Action Transmittal in conjunction with their reported corrective measures. Additionally, we reviewed these errors again with MCHP eligibility workers in the latest Supervisors' Meeting and Quarterly Meeting. Error issues continue to be reviewed at weekly meetings with DHR Management, bi-monthly meetings with OES Management and quarterly meetings of the Corrective Action Panel.

DHMH has held 11 additional training sessions with eligibility staff since July 2011 that included a discussion of error prone processing areas. Compliance issues will continue to be addressed in our ongoing training sessions. As of August 2011, Audit Findings are now featured and listed as a distinct agenda topic in our training sessions.

An Action Transmittal highlighting the Pre-Review system was issued jointly with DHR on October 4, 2011, as #12-10 Procedures for PIRAMID Pre-Review. For LDSS staff, it replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized. We are currently in the process of "fine-tuning" the system to maximize program benefits. It is expected that identification of error-prone elements prior to finalization will significantly reduce our vulnerability to audit findings.

Auditor's Conclusion:

See current year finding at 2011-1.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 2

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance Deficiency over Allowable Costs – Recoveries, Refunds, Rebates and Third Party Liabilities

Condition:

The State receives drug rebates for drug purchases. Drug manufacturers are required to provide a listing to the Center for Medicaid Services (CMS) of all covered drugs on a quarterly basis. CMS provides this data to the State. No later than 60 days after the end of the quarter, the State must provide to drug manufacturers drug utilization data. During the audit, we noted for the quarter ended September 30, 2009, the data was submitted on December 1 2009, or 62 days after the quarter end. Also for the quarter ended June 30, 2010, the data was submitted on August 31, 2010, or 62 days after the quarter end.

Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found. During our audit, we noted of a sample size of 60, there were 39 selections where the payment date was in excess of 30 days. Of the 39 items noted above, 26 were in excess of 45 days, one was over 300 days and one payment has not been received to date.

During our audit, we noted DHMH contracts with a third party to pursue third party liabilities. We were unable to determine the extent to which reimbursement was sought for the claims with open reimbursement status. We also noted the State does not currently communicate with the service provider regarding the status of open claims and does not monitor the claims collection process. The only information DHMH obtains is the payment data on collections from the third party contractor.

Criteria:

Per 42 CFR sections 433.135 through 433.154:

States must have a system to identify medical services that are the legal obligation of third parties, such as private health or accident insurers. Such third-party resources should be exhausted prior to paying claims with program funds. Where a third-party liability is established after the claim is paid, reimbursement from the third party should be sought.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 2 (continued)

Criteria: (continued)

Per 42 CFR sections 433.300 through 433.320, and 433.40:

The State is required to credit the Medicaid program for (1) State warrants that are canceled and uncashed checks beyond 180 days of issuance (escheated warrants) and (2) overpayments made to providers of medical services within specified time frames. In most cases, the State must refund provider overpayments to the Federal Government within 60 days of identification of the overpayment, regardless of whether the overpayment was collected from the provider.

Section 1927 of the Social Security Act allows States to receive rebates for drug purchases the same as other payers receive. Drug manufacturers are required to provide a listing to CMS of all covered outpatient drugs and, on a quarterly basis, are required to provide their average manufacturer's price and their best prices for each covered outpatient drug. Based on these data, CMS calculates a unit rebate amount for each drug, which it then provides to States. No later than 60 days after the end of the quarter, the State Medicaid agency must provide to manufacturers drug utilization data. Within 30 days of receipt of the utilization data from the State, the manufacturers are required to pay the rebate or provide the State with written notice of disputed items not paid because of discrepancies found.

Cause:

The above is due to timing of DHMH receiving information/data from CMS and due to lack of information obtained from the TPL contractor to evidence proper pursuit and follow up of third party liabilities. DHMH does not have a policy manual that outlines State and third party service provider responsibilities over the management of open TPL claims.

Effect:

DHMH is not in compliance with the allowable costs requirements related to recoveries, refunds and rebates and third party liabilities. There is a risk that reimbursement for claims will not be adequately sought. There is also a risk that TPL related accounts receivable will not be properly recorded and presented in financial reports.

Questioned Costs:

Unknown

Recommendation:

We recommend DHMH obtain a waiver from CMS for delays in receipt of information required for OMB A-133 requirements. We also recommend DHMH obtain evidence to support the pursuit of third party liabilities collections before and after a claim is processed, not only the information on collections obtained.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 2 (continued)

Auditee Response and Corrective Action Plan:

The Department concurs with the recommendation. The Department sent an e-mail to CMS on February 17, 2011 asking for guidance on how to proceed with obtaining a waiver for delays in receipt of information required for OMB A-133 requirements. As of March 7, 2011, CMS has not responded to the e-mail. To ensure the drug utilization data is provided to drug manufacturers no later than 60 days after the end of the quarter, the Department will send a reminder e-mail to its rebates vendor 45 days after the end of the quarter to remind them that utilization data is due to the drug manufacturers no later than 60 days after the end of the quarter.

The Division of Recoveries and Financial Services (DRAFS) met with the Third Party Liability (TPL) contractor on March 7, 2011, to discuss metrics that support the pursuit of third party liabilities collections. Beginning in May 2011, DRAFS will receive and review a monthly report from the contractor that will compare the number of open claims in a re-bill status to the total number of claims for the same time period. This report will identify each collection attempt made by the contractor along with the related results and any funds collected. The report review cycle will consist of a rolling one-year period beginning with July 1, 2009, as a baseline for this metric.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

The Department continues to send a reminder to the rebate vendor 45 days after the end of the quarter to remind them that utilization data is due no later than 60 days after the end of the quarter. The reminder for the second quarter 2011 was sent on August 12, 2011. However, at the end of the second quarter for 2011, the rebate vendor did not provide the Department with the utilization data timely. Accordingly, the Department continues to withhold 33% of the rebate vendor's anticipated payments until such time as the rebate vendor can demonstrate to the Department it will provide the quarterly utilization data timely.

The monthly report is now being received from the contractor. This report enables the Department to compare the number of open claims in a re-bill status to the total number of claims for the same time period. These metrics enable the Program to observe trends in terms of volume and dollars that will indicate the change in efficacy, over time, of contractor post-payment recovery efforts. By periodically examining and comparing the levels of activity (volume) and return (dollars), the Program is able to detect changes and make determinations as to the effectiveness of contractor post-payment recovery efforts. This process will commence once sufficient data for review are received by the Department.

Auditor's Conclusion:

The TPL portion of the finding was resolved during 2011. See current year finding 2011-2 for the late rebate payments.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 3

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.776, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Reporting of Program Income

Condition:

DHMH received \$141,045 in premiums for fiscal year 2010 related to the Medicaid program. The receipt of this program income was not reported in fiscal year 2010 during the cash management process as a reduction in claim expenses requested from the Federal government.

Criteria:

Per 2 CFR section 215.22:

2(g) To the extent available, recipients shall disburse funds available from repayments to and interest earned on a revolving fund, program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

Cause:

DHMH did not consistently follow its procedures to report program income properly during the cash management process.

Effect:

DHMH is not in compliance with reporting of program income received during the year.

Questioned Costs:

\$86,869 which represents the 61.59% match for Federal funds.

Recommendation:

We recommend DHMH consistently follow its process to adhere to the reporting requirements of program income.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 3 (continued)

Auditee Response and Corrective Action Plan:

The Administration agrees with the finding. The actual Federal funds to be returned are \$86,869. This is composed of the regular 50% Federal Medical Assistance Percentages (FMAP) of \$70,522 and the additional 11.59% ARRA funding of \$16,347. These funds will be returned as line 10B (decreasing) prior period adjustments on the upcoming Centers for Medicare and Medicaid Services CMS 64 report for the quarter ending March 31, 2011.

The Administration will process future Employed Individuals With Disabilities (EID) recoveries through Medical Management Information Systems, whereby the Federal share will be automatically included as a reduction to the draw of Federal funds.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

Since April 2011, the Administration has processed EID recoveries through the MMIS financial reports. Processing the recoveries through the financial reports, thus reducing Federally-claimable expenditures, is the mechanism by which the Federal share is returned.

For those periods prior to April 1, 2011, the Administration has returned the Federal share by making Line 10B (decreasing) prior period adjustments on the CMS 64 submitted for the quarter ended June 30, 2011.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 4

Department of Health and Mental Hygiene (DHMH)

**Medical Assistance Program Medicaid Cluster
CFDA No. 93.775, 93.777, 93.778**

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Special Tests – Provider Health and Safety Standards

Condition:

The State performs reviews of Medicaid providers to ensure they meet the health and safety standards. During our testing of 60 nursing homes and hospital providers, there were a total of five files that did not have full documentation of the review. Three cases did not have a physical file. We obtained the signed CMS forms from the computer system indicating the review happened and if any corrective action was required. However, there was no documentation of the records reviewed, such as regulatory correspondence and interviews with provider staff. Five cases did not have signed CMS forms. One case file that indicated a corrective action plan was needed did not have the corrective action plan in the file.

Criteria:

Per OMB Circular A-133, payments are to be made only to institutions that meet prescribed health and safety standards. The State should ensure that hospitals, nursing facilities and ICF/MR that serve Medicaid patients meet the prescribed health and safety standards.

Cause:

There was no adequate review of the case files to ensure they were complete.

Effect:

DHMH has inadequate internal controls over the completeness of the case files.

Questioned Costs:

None

Recommendation:

We recommend DHMH implement an improved system of internal controls to ensure case files reviewed for provider health and safety standards are complete and are adequate to ensure the providers meet the required standards.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 4 (continued)

Auditee Response and Corrective Action Plan:

The Department of Health and Mental Hygiene (DHMH) has reviewed the five cases cited by the auditors and concurs with the five exceptions noted.

The program manager has developed a survey packet checklist for the survey coordinators' use to ensure that all survey documentation is present, complete and in a consistent order prior to being filed. This list will be submitted with the survey packet kit to either the program manager or the deputy director for review and for the second signature on the CMS 1539. The program manager or deputy director will not sign the CMS 1539 unless all survey documentation is present, complete and in the prescribed order. Kits identified as incomplete or not in prescribed order will be returned to the survey coordinator for correction. The packet will be corrected and re-submitted to the program manager or deputy director for their approval/signature on the CMS 1539. Another checklist has been developed by the program manager for complaint and incident review surveys. These packets will be verified as complete and in a consistent order by signatures of the surveyor and the surveyor's supervisor.

The checklists will be filed with the survey packets.

Use of the checklists has been initiated for all surveys completed since March 1, 2011.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

No change from our previous response.

DHMH has implemented an improved system of internal controls to ensure case files reviewed for provider health and safety standards are complete and adequate to ensure the providers meet the required standards.

Checklists continue to be utilized to ensure all documents are present in survey packets.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 5

Department of Health and Mental Hygiene

**Block Grants for Prevention and Treatment of Substance Abuse
CFDA No. 93.959**

U.S. Department of Health and Human Services

Compliance Deficiency over Level of Effort

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). ADAA is required to submit to the Substance Abuse and Mental Health Services Administration (SAMHSA), an operating division of the Department of Health and Human Services, its calculation of level of effort relative to the State's expenditures for Substance Abuse (SSA MOE Table I). During the audit, we reviewed the calculation and noted that the expenditures for fiscal year 2010, were less than the average of the prior two year expenditures for the substance abuse program.

Criteria:

Per OMB Circular A-133:

Block Grants for Prevention and Treatment of Substance Abuse, Part II, Subpart G.2.1.a, states that "the State shall for each fiscal year maintain aggregate State expenditures for authorized activities by the principal agency at a level that is not less than the average level of such expenditures maintained by the State for the two State fiscal years preceding the fiscal year for which the State is applying for the grant."

Cause:

DHMH failed to expend in fiscal year 2010 more than the average of the prior two years for substance abuse as required by OMB Circular A-133. The decrease in maintenance of effort is due to budget cuts experienced by the State.

Effect:

DHMH is not in compliance with the Level of Effort requirement for the substance abuse program.

Questioned Costs:

None

Recommendation:

We recommend that DHMH contact SAMHSA to obtain a waiver of this Federal requirement if the substance abuse program is unable to maintain its level of effort.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 5 (continued)

Auditee Response and Corrective Action Plan:

The ADAA concurs with the recommendation. The ADAA has been in contact with the Substance Abuse and Mental Health Services Administration, Center for Substance Abuse Treatment, about the Level of Effort requirement. The ADAA is awaiting direction from SAMHSA as to next steps.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

The ADAA concurs with the recommendations. SAMSHA is aware of ADAA's Level of Effort and is not requiring any action be taken.

Auditor's Conclusion:

Based on testing performed during the 2011 audit, this is a repeat finding.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 6

Department of Health and Mental Hygiene

**Block Grants For Prevention and Treatment of Substance Abuse
CFDA No. 93.959**

U.S. Department of Health and Human Services

Compliance Deficiency over Subrecipient Monitoring

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). ADAA is required to monitor the services of the providers that administer direct services to those participating in the Substance Abuse Prevention and Treatment programs.

During our audit, we noted ADAA failed to monitor three of its subrecipients during the year. Additionally, three subrecipients did not submit the required reports; therefore the required monitoring could not be performed. Two of the subrecipients did not issue corrective action plans as requested to ADAA and two subrecipients did not have the corrective action plans approved within 10 days of receipt of the plan.

Criteria:

Per OMB Circular A-133 and 31 USC 7502(f)(2)(B):

A pass-through entity is responsible for:

Award Identification – At the time of the award, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.

During-the-Award Monitoring – Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, 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.

Subrecipient Audits – (1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year for fiscal years ending after December 31, 2003, as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 6 (continued)

Effect:

DHMH is not in compliance with the subrecipient monitoring requirements of OMB Circular A-133.

Questioned Costs:

Unknown

Recommendation:

We recommend that ADAA set up more stringent procedures that ensure that all programs are monitored each year and that the established monitoring and follow up procedures are performed by each reviewer.

Auditee Response and Corrective Action Plan:

The ADAA concurs with the recommendation.

Effective February 11, 2011, the ADAA has strengthened its procedures to ensure sub-recipients are adequately monitored and appropriate corrective action is taken on identified deficiencies in a timely manner by:

- a) implementing graduated sanctions,
- b) creating an electronic database to track monitoring compliance daily by Quality Assurance staff,
- c) assigning two additional staff to perform the required program audit and monitoring functions.

For the sub-recipients noted above that did not submit required quarterly reports, the ADAA now requires the jurisdiction to perform the monitoring function of those providers with whom they contract. This requirement is now in the FY 2010 Condition of Grant Awards signed by the jurisdiction. Thereafter, the ADAA sent letters to the jurisdictions instructing them to perform and submit their required quarterly reports within five business days after the end of each quarter.

As of March 2011, the new policy requires jurisdictions to submit a plan of correction as to why the sub-recipient monitoring was not done and what the jurisdiction will do in the future to ensure that the monitoring is done. If there are consecutive quarters where sub-recipient monitoring was not performed in the matter in which it was instructed, the Single State Authority Director shall contact the County Coordinator and take appropriate administrative action, if necessary.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 6 (continued)

Auditee Response and Corrective Action Plan: (continued)

In January 2010, the ADAA implemented an electronic database to track the monitoring requirements of jurisdictions and programs. Furthermore, ADAA has now assigned two additional staff to perform the required program audit and monitoring functions.

Auditee Updated Response and Corrective Action Plan:

(October 2011 Update)

ADAA has strengthened its procedures to ensure sub-recipients are adequately monitored and appropriate corrective action is taken on identified deficiencies in a timely manner.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 7

Department of Human Resources (DHR)

**Foster Care – Title IV-E
CFDA No. 93.658**

**Adoption Assistance – Title IV-E
CFDA No. 93.659**

U.S. Department of Health and Human Services

Internal Control Deficiency over Cash Management

Condition:

During our testing of the foster care program, we noted five transactions out of a sample size of 24; and for the adoption program, we noted five transactions out of a sample size of 11, without proper signature approval from management.

Criteria:

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements.

Cause:

DHR did not follow its established procedures of review and sign off to ensure that amounts drawn down were reviewed for accuracy prior to draw.

Effect:

No evidence of approval of the draw request evidencing proper review and approval of draw down prior to the draw down request.

Questioned Costs:

None

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 7 (continued)

Recommendation:

We suggest that DHR follow its existing policy of review and sign off on cash draws prior to the draw taking place to prevent Federal draw downs that are not supported by accounting records or not in accordance with the State Treasurer's agreement.

Auditee Response and Corrective Action Plan:

We concur with the finding and the Department will begin immediately to document all cash draw reviews. To date, all cash draws are reviewed, and reviews have been documented on a test basis. A Single Audit finding in 2003 prompted the Department to implement the practice of documenting the reviews on a test basis. The 2003 corrective action described in that year's Single Audit Report was not commented on by the U.S. Department of Health and Human Services, and documenting reviews on a test basis has been our procedure since that time. In addition to initial draw reviews, management reviews funds drawn compared to actual expenditures quarterly, as that is when actual expenditure information is available and reports are due to the federal government for claiming and cash management purposes.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

The above corrective action plan, document all cash draw reviews, is in force. No changes to report.

Auditor's Conclusion:

Based on the 2011 audit, we note the corrective action plan was put in place starting in March 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 8

Department of Human Resources (DHR)

Foster Care – Title IV - E CFDA No. 93.658

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Eligibility

Condition:

We selected a sample size of 60 transactions at several locations. During our testing of eligibility at the Baltimore City site, we noted three exceptions out of a sample size of 40. We noted one case where we were unable to determine if reasonable efforts were made to finalize a permanency plan and two cases where the child did not meet the eligibility requirements.

Criteria:

Per OMB Circular A-133, June 2010

Foster Care maintenance payments are allowable only if the foster child was removed from the home of a relative specified in section 406(a) of the Social Security Act, as in effect on July 16, 1996, and placed in foster care by means of a judicial determination, as defined in 42 USC 672(a)(2), or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f), (42 USC 672(a)(1) and (2) and 45 CFR section 1356.21).

45 CFR section 1356.21(b)(2):

(c) *Reasonable efforts to finalize a permanency plan* – A judicial determination regarding reasonable efforts to finalize the permanency plan must be made within 12 months of the date on which the child is considered to have entered foster care and at least once every 12 months thereafter while the child is in foster care. The judicial determination must be explicitly documented and made on a case by case basis. If a judicial determination regarding reasonable efforts to finalize a permanency plan is not made within this timeframe, the child is ineligible at the end of the 12th month from the date the child was considered to have entered foster care or at the end of the month in which the subsequent judicial determination of reasonable efforts was due, and the child remains ineligible until such a judicial determination is made.

45 USC 672(a):

A child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program.

Cause:

DHR did not obtain or maintain the necessary documentation to support the eligibility determinations.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 8 (continued)

Effect:

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

Questioned Costs:

None

Recommendation:

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

Auditee Response and Corrective Action Plan:

Upon receipt of these findings, DHR consulted the Auditor to confirm the four names and client identification numbers for the placements in question (Cases J, K, D and B). The responses below are on a case by case basis.

Case J

We disagree with the audit finding that the child did not meet the former AFDC requirements. It is correct that the income information clearances were not completed at the time the initial determination was made. However, the appropriate income information clearances were completed within the allowable 2-year window. This makes the child Title IV-E eligible and therefore the case is correctly determined and documented eligible for IV-E.

Case K

We concur with the audit finding that the income calculation was done incorrectly at the initial determination. We also agree that there was not a timely Permanency Review to obtain judicial determination of reasonable efforts to achieve permanency.

Case D

We concur with the audit finding that the child did not meet the former AFDC requirements for IV-E eligibility. This was a complex case because it was part of a sibling group of four and the worker did not consider the Social Security survivor benefits received by the sibling in determining the initial eligibility. The case was corrected.

Case B

We disagree with the audit finding that there was no legal custody. Legal custody for this case is not required as constructive removal applies since the child lived with the father within six months of entering care. The IV-E decision in MD CHESSIE was therefore correct.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 8 (continued)

Auditee Response and Corrective Action Plan: (continued)

Starting in May 2011, the Department will implement refresher training to focus eligibility workers and supervisors on the basic steps involved in documenting information that correctly supports Title IV-E decisions. The refresher training will also focus on the appropriate methods to track and document judicial findings of reasonable efforts to achieve permanency. Another component of the training will focus on the appropriate method in completing the income calculation worksheet. The refresher training will be repeated every six months.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

Central IV-E staff conducted training with Eligibility workers and Supervisors from the Local Departments of Social Services in February 2011. Another IV-E all-staff training will take place in November 2011.

Auditor's Conclusion:

See current year finding of 2011-3.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 9

Department of Human Resources (DHR)

**Temporary Assistance for Needy Families (TANF)
CFDA No. 93.558, 93.714**

U.S. Department of Health and Human Services

Compliance Deficiency over Activities Allowed and Allowable Costs

Condition:

During our audit, we reviewed the TANF grant award and the TANF plan. We noted there was no evidence that the amended State Plan for TANF, revised September 30, 2009, was approved and incorporated into the “completed” TANF plan by the U.S. Department of Health and Human Services. Included in the amended TANF plan from DHR was activity for a scholarship program through the Maryland Higher Education Commission (MHEC). Included in the activity under the amended State Plan is the following for MHEC. “Maryland Higher Education Commission scholarship programs are eligible for TANF funding because post-secondary educational attainment by State residents decreases the incidence of out-of-wedlock births by raising the “opportunity cost” of having children outside of marriage. Studies also show that professional careers (often the product of higher education) delay fertility. These programs provide non-assistance.”

Expenditures for the scholarship program for fiscal year 2010, amounted to \$43.7 million. The expenditures for the scholarship program could not be verified as allowable under the TANF program, per OMB Circular A-133 as of June 30, 2010.

Criteria:

Per TANF-ACF-PI-97-12:

Once the Administration for Children and Families (ACF) review of the amendment is completed and there are no issues requiring further clarification, the ACF Regional Administrator will send the State agency a letter indicating that the amendment has been received, reviewed, and incorporated into the State’s “complete” TANF plan.

Cause:

DHR has not obtained formal approval from the Federal government authorizing the use of TANF funds on the MHEC scholarship program.

Effect:

TANF funds used for activities and costs under the MHEC scholarship program may not be approved by the Federal government.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 9 (continued)

Questioned Costs:

Unknown

Recommendation:

We recommend DHR obtain formal approval from the Federal government of the amended State Plan dated September 30, 2009, to support the allowability of the use of TANF funds on the MHEC scholarship program.

Auditee Response and Corrective Action Plan:

On March 10, 2011, the Department sent in its response to Federal questions regarding the State Plan amendment on the use of TANF funds on the MHEC scholarship program. The Department received a reply that the plan amendment has been accepted and incorporated into Maryland's completed TANF plan.

Auditor's Conclusion:

Based on our review of the reply letter referred to above, finding remains as stated as DHR still must justify how the MHEC scholarship expenditures meet TANF purposes.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 10

Department of Human Resources (DHR)

**Emergency Food Assistance Program Cluster
CFDA No. 10.568, 10.569**

U.S. Department of Agriculture

Compliance and Significant Deficiency over Accountability for Commodities

Condition:

During our audit, we noted that DHR does not have a consistent system of taking periodic inventory counts. We were unable to test the accountability of commodities due to the required physical inventory records were not maintained by DHR.

Criteria:

Per 7 CFR sections 250.16(a)(6) and 250.15(c):

Accurate and complete records shall be maintained with respect to the receipt, distribution/use, and inventory of donated foods, including end products processed from donated foods. Failure to maintain records required by 7 CFR section 250.16 shall be considered prima facie evidence of improper distribution or loss of donated foods, and the agency, processor, or entity is liable for the value of the food or replacement of the food in kind.

Per 7 CFR section 250.14(e):

Distributing and recipient agencies shall take a physical inventory of all storage facilities. Such inventory shall be reconciled annually with the storage facility's inventory records and maintained on file by the agency which contracted with or maintained the storage facility. Corrective action shall be taken immediately on all deficiencies and inventory discrepancies and the results of the corrective action forwarded to the distributing agency.

Cause:

DHR did not have needed staff to perform functions related to the accountability of commodities.

Effect:

The lack of tracking and maintaining records of the physical inventory allows the potential for abuse, including fraud and other defalcation, to exist and not be detected.

Questioned Costs:

Unknown

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 10 (continued)

Recommendation:

We recommend that physical counts of inventory should be performed at least annually. The results should be reviewed and reconciled to the accounting system. The perpetual inventory listing should be reconciled to the general ledger, with any large discrepancies investigated and explained. Any adjustments, along with the cost of goods sold entries, should be made and a procedure should be implemented to allow for these adjustments to occur on an annual basis.

Auditee Response and Corrective Action Plan:

DHR concurs with the recommendation. The Office of Grants Management (OGM) is developing an automated and improved inventory system to replace the current outdated Excel spreadsheets. This system will reconcile the inventory to the general ledger. Reports will be reviewed monthly and any large discrepancies investigated and explained. Adjustments, along with the cost of goods, will be made and procedures implemented to allow for these adjustments to occur on an annual basis.

The Office of Grants Management will conduct physical inventories to correspond with both the State and the federal fiscal year. The inventories will occur on August 15th for the prior State fiscal year and November 15th for the prior federal fiscal year. Inventories will be conducted at all warehouses that contained Emergency Food Assistance Program (TEFAP) food at the end of the appropriate fiscal year.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

OGM's Excel spreadsheets capture the receipt, distribution, use and inventory of all USDA donated food. OGM, nor any of our warehouses, has the capability to process any end products from the USDA donated food.

DHR is in compliance with 7 CFR section 250.16 in that records are maintained through Excel spreadsheets to document distribution or loss of donated food. The spreadsheet includes the agency and the entity code that is liable for the value or replacement of the food in-kind. These spreadsheets are used to compare and reconcile the inventories at the warehouses.

For this single audit report performed for the period of 2010/2009, OGM had recommended a new automated inventory system to help in assisting staff to better obtain the goals of the criteria. However, through application, OGM found the Excel Workbook to be more than adequate for capturing this data and complying with all audit requirements. As financial constraints are lessened, OGM will explore the creation of a new automated database.

DHR performed corrective measures for the criteria in 7 CFR section 250.14.

OGM added language to the current Warehouse Monitoring Form requesting physical inventory counts; monitoring reviews are conducted yearly.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 10 (continued)

Auditee Updated Response and Corrective Action Plan: (continued)

As of September 30, 2011, OGM has conducted site visits to all contracted warehouses. During these monitoring visits each vendor produced a hard copy of the warehouse final inventory report so that it could be compared against the physical inventory on hand. The results are then compared to the TEFAP Administrator's perpetual inventory for the purpose of reconciliation. Thus, DHR is compliant with Federal regulations requiring yearly site visits to all TEFAP warehouses and the reconciliation of said inventory.

Additionally, OGM has now requested, and are receiving monthly inventory reports from vendors housing TEFAP commodities. These reports are reconciled against the TEFAP Administrator's perpetual report to ensure accuracy. Unannounced site visits can be performed in order to test the accountability of said commodities.

DHR has remedied this condition. Since this audit, OGM has a full time staff person in place to perform all TEFAP duties. There is a trained and knowledgeable TEFAP backup staff person.

Auditor's Conclusion:

See current year finding of 2011-8.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 11

Maryland Department of Transportation (MDOT)

**Passenger Facility Charges
CFDA No. Unknown**

Federal Aviation Administration

Compliance Deficiency over Reporting

Condition:

During our testing, we noted as of June 30, 2010, \$2.3 million of construction management and inspection services (CMI) expenditures were mistakenly coded to the PFC 05-11 Design project, when they should have been coded to the PFC 05-14 Construction project. As a result, the expenditures reported by Maryland Aviation Administration (MAA) on the June 30, 2010, quarterly report for applications 06-05-C-02 and 07-06-U-00 were inaccurate. Expenditures for application 06-05-C-02 were overstated by \$2.3 million and the expenditures for application 07-06-U-00 were understated by the same amount.

Criteria:

Per 14 CFR Section 158.63(a):

The public agency shall provide quarterly reports to carriers collecting Passenger Facility Charge (PFC) revenues for the public agency, with a copy to the appropriate Federal Aviation Administration (FAA) Airports office. The PFC quarterly report must include PFC revenue received from collecting carriers, interest earned, and expenditures for the quarter; cumulative PFC revenue received, interest earned, expenditures, and the amount committed for use on currently approved projects, including the quarter; the PFC level for each project; and the current project schedule.

Per Section 158.63(b):

The report shall be provided on or before the last day of the calendar month following the calendar quarter or other period agreed by the public agency and collecting carrier.

Cause:

The error in coding of expenditures to the general ledger resulted in inaccurate information being reported in the quarterly report.

Effect:

MDOT is not in compliance with reporting in accordance with the Passenger Facility Charges reporting requirements.

Questioned Costs:

None

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 11 (continued)

Recommendation:

We recommend MAA review controls over expenditure coding to ensure the proper coding of project expenditures and perform adequate review of reports to identify any discrepancies. It is important that accurate reports be produced to ensure that the goals and purposes of the grant have been achieved and accounted for properly.

Auditee Response and Corrective Action Plan:

MAA acknowledges that the expenditure data was reported to the wrong project. This error has been subsequently corrected by MAA. MAA has instituted proper quality control measures to ensure accounts are coded properly.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

MAA corrected the error of coding the expenditure to the wrong project in January 2011. MAA has also instituted proper quality control measures to ensure that accounts are coded properly. This issue has been resolved by MAA and should be closed.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 – 12

Morgan State University

**Student Financial Aid Cluster
CFDA No. 84.063, 84.033, 84.268,
84.038, 84.007, 84.375, 84.376, 84.379**

U.S. Department of Education

Compliance and Internal Control Deficiency over Special Reporting

Condition:

The University was unable to provide support from the general ledger to match the Federal funds available and spent for college work study on the submitted FISAP.

Criteria:

All recipients of student financial aid funds are required to submit ED Form 646-1, *Fiscal Operations Report and Application to Participate (FISAP)*. The University uses the *Fiscal Operations Report* to report its expenditures in the previous award year and the *Application to Participate* to apply to participate in the succeeding year. The Department of Education requires recipients to retain accurate and verifiable records for program review and audit purposes.

Cause:

The University did not have adequate controls in place to update information within a timely manner.

Effect:

The University may not receive all the funds to which they are entitled, or they may be required to return funds they were not entitled to receive.

Questioned Costs:

Unknown

Recommendation:

We recommend that the University review the FISAP prior to submission, retain supporting records, and attach general ledger support to the submitted FISAP.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 – 12 (continued)

Auditee Response and Corrective Action Plan:

The University agrees. After discussion with the auditors, the University has identified the issues to be corrected and an amended FISAP will be filed by March 15, 2011. In the future, the Assistant Vice President for Finance and Management (AVPFM) will review the FISAP prior to forwarding to the U.S Department of Education. Additionally, the financial aid and human resources departments under the supervision of the AVPFM will strengthen the record keeping of payroll, thus reducing the likelihood of this situation recurring. This will be completed by April 30, 2011.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

This issue is not fully resolved; however, the University is very close to resolution. As indicated in last year's report, the University strengthened the record keeping function of the Financial Aid and Human Resources departments to reduce the likelihood of this situation recurring. As of now, a small difference (\$8,609) exists between the general ledger and the work study record due to student classification and this variance will be resolved prior to finalizing the FISAP report.

Auditor's Conclusion:

Based on the 2011 testing, the finding is a repeat finding.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 13

Morgan State University

**Student Financial Aid Cluster
CFDA No. 84.063, 84.033, 84.268, 84.038,
84.007, 84.375, 84.376, 84.379**

U.S. Department of Education

Compliance and Internal Control Deficiency on Return of Title IV Funds

Condition:

During our testing of Return of Title IV funds, we reviewed the refund calculations for 14 students. For two of the students selected, the calculation of the unearned amount of Title IV assistance was not in accordance with Federal regulations. In one instance, \$6,828 of Federal funds should have been refunded to the Department of Education. In the second instance, \$3,841 of Pell and Unsubsidized Stafford loan amounts should have been refunded to the Department of Education. The University returned the incorrect amount for the Pell grant and did not return any of the unsubsidized loan funds, which was not in accordance with the Federal regulations on the order of return of title IV funds.

Criteria:

Per 34 CFR Section 668.22:

In part, that an institution is required to have a fair and equitable refund policy. 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 grant or loan assistance that the student earned as of the student's withdrawal date or the date the school discovers that the student has unofficially withdrawn. The unearned portion of Title IV funds must be returned to the Department of Education within 30 calendar days of the date the student officially withdraws. Any unearned funds must be returned to the Title IV program and no additional disbursements may be made to the student for the payment period. If the student ceases attendance without providing official notification to the institution of his or her withdrawal in accordance with paragraph (c) (1) (i) or (c) (1) (ii) of this section, the mid-point of the payment period (or period of enrollment), is applicable.

Cause:

The University did not calculate the return of funds in accordance with the Federal guidelines and inadequate review of the refund calculation was performed.

Effect:

This resulted in the incorrect amount being returned to the Department of Education.

Questioned Costs:

\$10,669

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 13 (continued)

Recommendation:

We recommend that the University strengthen its internal controls over the calculation of Title IV funds. These controls should consist of proper documentation, supervision, and calculation of the returns within the required time frames. The review should also ensure the refunds are made in the proper order of return of Title IV funds.

Auditee Response and Corrective Action Plan:

The University agrees. The University has identified the issues that caused the delay and calculation of returned funds. Effective immediately, the financial Aid department will collaborate with the University's Information Technology, Registrar and Bursar departments to develop an automated monthly report that will promptly identify the students for which a return of Title IV assistance is required as well as calculate the correct unearned amount of Title IV assistance to be returned. This report will also provide the required information to ensure that funds are returned timely. This will be completed by April 30, 2011.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

This issue has been fully resolved. The financial aid department and the registrar's office have implemented the required communication to ensure that any changes to the student status is recognized and acknowledged by all interested parties and offices for appropriate processing.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 – 14

Morgan State University

**Student Financial Aid Cluster
CFDA No. 84.063, 84.033, 84.268, 84.038,
84.007, 84.375, 84.376, 84.379**

U.S. Department of Education

Compliance and Internal Control Deficiency over Student Status Changes

Condition:

During our testing, we noted six of thirty-four students selected were incorrectly classified and reported in the NSLDS database. Each of the six students graduated from the University, but three were incorrectly reported as attending full time and three were incorrectly reported as withdrawn.

Criteria:

Per OMB Circular A-133:

Schools must complete and return the Student Status Confirmation Report (SSCR) at least twice a year. The school must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method to the National Student Loan Data System (NSLDS) web site.

Cause:

The University did not have proper controls in place to review and update enrollment status changes for students receiving student financial aid.

Effect:

The Department of Education could continue to process information for student's no longer in attendance.

Questioned Costs:

None

Recommendation:

We recommend that the University establish procedures to ensure that enrollment status changes are updated and reviewed in a timely manner prior to submission in the NSLDS database.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 – 14 (continued)

Auditee Response and Corrective Action Plan:

The University agrees. The University determined that the best way to address this problem is to utilize the National Student Clearinghouse, which it began to do during fiscal year 2011. The University is confident that this system will mitigate the risk of such errors recurring in the future. Moreover, the University is double checking the parameters for the required data to ensure that data extracted from our student information system and transmitted is consistent with the needs of the Clearinghouse.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

This issue has been resolved. In 2011, the University implemented and began utilization of the National Student Clearinghouse service to address this issue. As a result, this condition no longer exists and students are being properly classified on the NSLDS.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 15

University System of Maryland – University of Maryland Eastern Shore

Student Financial Aid Cluster

CFDA No. 84.063, 84.033, 84.268, 84.038, 84.007,
84.375, 84.376, 84.032, 84.379, 93.342, 93.364

U.S. Department of Education

Compliance and Internal Control Deficiency on Return of Title IV Funds

Condition:

During our testing of Return of Title IV funds, we reviewed the refund calculations for 40 students. For two of the students selected, the calculation of the unearned amount of Title IV assistance was not in accordance with Federal regulations.

Criteria:

Per 34 CFR Section 668.22 states, in part, that an institution is required to have a fair and equitable refund policy. 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 grant or loan assistance that the student earned as of the student's withdrawal date or the date the school discovers that the student has unofficially withdrawn. The unearned portion of Title IV funds must be returned to the Department of Education within 30 calendar days of the date the student officially withdraws. Any unearned funds must be returned to the Title IV program and no additional disbursements may be made to the student for the payment period.

Cause:

University of Maryland Eastern Shore erroneously transposed the semester dates used to calculate the unearned amount of Title IV funds and that error was not detected due to inadequate review.

Effect:

This error resulted in the incorrect amount being returned to the Department of Education.

Questioned Costs:

Questioned costs are undeterminable.

Recommendation:

We recommend that the University strengthen its internal controls over the calculation of Title IV funds. These controls should consist of proper documentation, supervision, and calculation of the returns within the required time frames.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 15 (continued)

Auditee Response and Corrective Action Plan:

We agree with this finding. The discrepancy in the date was a typographical error in the transposition of the numbers (i.e. – 5/12/10 vs. 5/21/10). UMES recalculated the return of title IV funds using the correct date which resulted in an additional return of \$7 in Federal PELL grant for one student and \$41 in unsubsidized federal direct loan for the other. All funds have been returned to the U.S. Department of Education.

***Auditee Updated Response and Corrective Action Plan:
(October 2011 Update)***

The Director of Financial Aid has verified the start and end dates with the Registrar. Upon entering the information on the U.S. Department of Education's Return of Title IV funds website, a financial aid counselor verified the dates were correct. Imaged copies of withdrawal forms are routed to the Director of Financial Aid to perform the R2T4 calculations.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 16

University System of Maryland – University of Maryland Eastern Shore

**Student Financial Aid Cluster
CFDA No. 84.063, 84.033, 84.268, 84.038,
84.007, 84.375, 84.376, 84.032, 84.379,
93.342, 93.364**

U.S. Department of Education

Compliance and Internal Control Deficiency over Verification

Condition:

During our testing of Verification, we reviewed third party documentation obtained by the University to collaborate information submitted to the Department of Education (DE). For one out of fifteen of the students selected for verification, the supporting documentation did not collaborate information that was submitted to the DE to calculate the student's expected family contribution (EFC). Amount awarded to this student was \$3,400 for the term in question.

Criteria:

Per 34 CFR section 668.55 states, in part, that the institution shall require applicants to verify any information used to calculate an applicant's EFC that the institution has reason to believe is inaccurate. Generally, the information that must be updated is the number of family members, number of family members attending postsecondary educational institutions, and the applicant's dependency status.

Cause:

University of Maryland Eastern Shore did not perform a review sufficient to identify discrepancies between the third party support and information submitted to DE.

Effect:

This error resulted in a student receiving inaccurate amount of aid.

Questioned Costs:

Questions costs are undeterminable.

Recommendation:

We recommend that the University strengthen its internal controls over the verification process. These controls should consist of proper documentation, supervision, and review of third party support.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 16 (continued)

Auditee Response and Corrective Action Plan:

We agree with this finding. The file in question was not properly verified by the financial aid counselor. Upon identification by the auditor, the Director of Financial Aid processed the appropriate verification and reversed ineligible funds.

Corrective Action - Supervisory personnel independent of financial aid will make the random selections from a list of financial aid recipients provided by Administrative Computing. Office of Student Financial Aid (OSFA) personnel without award update capability will conduct the audit of the awards, and the audit will be verified by the Vice President for Administrative Affairs and/or designee. These procedures will be effective for the mid-term audit to be conducted Fall 2011.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

The University has developed an updated award audit form to be used for independent verification. Selection queries are being developed by Administrative Computing and the list will be provided to the Vice President of Administrative Affairs who will make the random selection(s). Financial Aid personnel without award update capability will perform the independent verification. Discrepancies will be resolved by the Vice President in cooperation with the Office of Student Financial Aid. Documentation will be retained in the Vice President's Office as well as the Office of Student Financial Aid.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 17

University System of Maryland – University of Maryland Eastern Shore

Student Financial Aid Cluster
CFDA No. 84.063, 84.033, 84.268, 84.038,
84.007, 84.375, 84.376, 84.032, 84.379,
93.342, 93.364

U.S. Department of Education

Compliance Deficiency over Student Status Changes

Condition:

During our testing of student status changes, we reviewed the data that was submitted to the National Student Loan Data System (NSLDS) for student status changes. For two students who had changes after the initial roster submission, status information was manually updated in error by the National Student Clearinghouse (NSC), a third party servicer. We also noted students whose status per the NSLDS database was not supported by the records of the institution.

Criteria:

Per 34 CFR Section 682.610 for FFEL and 34 CFR Section 685.309 for Direct Loans, the Student Status Confirmation Report (SSCR) should be transmitted electronically to NSLDS. Under the FFEL and Direct Loan programs, schools must complete and return within 30 days of receipt, the SSCR sent by Department of Education (DE) or a guaranty agency. The institution determines how often it receives the SSCR, but the minimum is twice a year. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS web site. Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. Unless the school expects to complete its next SSCR within 60 days, the school must notify the lender or the guaranty agency within 30 days, if it discovers that a student who received a loan either did not enroll or ceased to be enrolled on at least a half-time basis.

Cause:

Manual adjustments to the SCCR were not processed in a timely manner. Information submitted by the institution to NSC was not properly submitted to the NSLDS.

Effect:

This error resulted in student's status being inaccurately reported to the NSLDS.

Questioned Costs:

Questions costs are undeterminable.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 17 (continued)

Recommendation:

We recommend the University to review the process and controls surrounding the reporting of student status changes to the NSLDS.

Auditee Response and Corrective Action Plan:

We agree with this finding. Students whose degree records were updated manually to the National Student Clearinghouse (NSC), a third-party servicer, did not have their enrollment history updated which affected inaccurate reporting to NSLDS. The enrollment history for these students was not updated in a timely manner because the University of Maryland Eastern Shore (UMES) was unaware that NSC had changed their procedure for handling manual updates. Since then, the NSC's process for manual updates prompts the user immediately after a student's degree record is entered manually to update the student's enrollment history. UMES has corrected the records of the students tested that were not updated and is working with the National Clearinghouse to ensure the enrollment history is accurate for all students who were manually updated during this period.

Since being made aware of the new process required for manual degree updates via NSC, UMES has been updating the enrollment history of graduated students immediately after manually updating degree information. In addition, a printout of the degree information submitted for each student is printed after entering, as is the enrollment history update. After a minimum of 48 hours, UMES will review NCS data for the accuracy of each manual degree update.

Auditee Updated Response and Corrective Action Plan: **(March 2012 Update)**

UMES has corrected the issues raised in the prior audit report and developed procedures to ensure this type of error does not occur again. Since the audit, NSC sends an email to the updater confirming the enrollment update has been made. The email usually comes within minutes of the update or within the next business day. The email also includes a link that will allow us to check the student's record for the update.

During this year's testing, the auditors noted that the status of students who had 'withdrawn' from the University was not changed on the Clearing House Reports, although the status was correct per internal records. Upon further review, it was determined that once a student has withdrawn from the University, their records need to be 'closed' within the PeopleSoft System in order to update the Clearing House records correctly. We have updated our procedures and are in the process of training staff to ensure status changes are updated timely and correctly.

Auditor's Conclusion:

Based on the 2011 testing, the finding is a repeat finding.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2010 - 18

University System of Maryland – University of Maryland Eastern Shore

**Student Financial Aid Cluster
CFDA No. 84.063, 84.033, 84.268, 84.038, 84.007,
84.375, 84.376, 84.032, 84.379, 93.342, 93.364**

U.S. Department of Education

Compliance and Internal Control Deficiency over Student Loan Repayment

Condition:

During our testing of student loan repayment, we reviewed whether the institution performed an exit interview with borrowers before the individual leaves the institution. There was one instance out of three where there was no evidence that the exit interview was conducted.

Criteria:

Per 34 CFR Section 674.42, institutions must exercise due care and diligence in the collection of loans. The institution must disclose information related to the debtor, balances owed and interest rate in a written statement provided to the borrower either shortly before the borrower ceases at least half-time study at the institution or during the exit interview.

Cause:

The University did not retain sufficient records supporting the occurrence of the exit interview.

Effect:

Students may leave the University without knowledge related to the repayment terms of their applicable debt and loan repayments may not be timely as the repayment plan was not established before the borrower leaves the institution.

Questioned Costs:

Questioned costs are undeterminable.

Recommendation:

We recommend that the University strengthen its internal control procedures over the exit interview process. These controls should consist of proper documentation and supervision within the required time frames.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2010 - 18 (continued)

Auditee Response and Corrective Action Plan:

We agree with this finding. The Perkins loan exit counseling log indicates that the student attended an exit counseling session and completed an exit package, but the paperwork was missing from the file. The Financial Aid Accounting staff was unable to locate the paperwork after conducting an intensive search. In response to this finding, additional steps will be implemented to avoid this situation from happening again. A copy of the exit counseling package will be made and filed in the borrower's file prior to the exit counseling session being held. The exit counseling package will be included on the individual student folder checklist, and it will be reviewed and signed off by the Financial Aid Accountant. Once the exit counseling session/exit package is completed by the borrower, it will be filed immediately and the Financial Aid Accountant will review the file for completion.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

Additional steps have been implemented to avoid this situation from happening again. A copy of the exit counseling package is made and filed in the borrower's file prior to the exit counseling session being held. The student folder checklist has been updated to include the exit counseling package and it is reviewed and signed off by the Financial Aid Accountant. Once the exit counseling session/exit package is completed by the borrower, it is filed immediately and the Financial Aid accountant reviews the file for completion.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-2

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program Medicaid Cluster CFDA No. 93.775, 93.776, 93.777, 93.778

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over the Eligibility Determination Process

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.

We selected a total of 65 Medical Assistance claim files to review for eligibility determination. These 65 files were comprised of 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Caroline County, Queen Anne's County, Montgomery County, and Frederick 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, 2009. We noted the following exceptions:

Baltimore City

For Baltimore City we found eight non compliance issues, they are as follows:

There are two files that were not recovered for review and testing (1 newly/1 existing). We noted for three files, a review of the Agency's decision was not made in the allotted 45 days (2 newly/1 existing). One newly eligible file did not have a signed application nor did it have citizenship status documented. Two of the newly eligible files did not have a noted decision made in file. We also noted one of the newly eligible files had no narration of the case during the time of the period of coverage.

Frederick County

Internal control deficiency in that one of the eight newly eligible files could not be located.

Caroline County

For one of the files a review of the Agency's decision was not made in the allotted 45 days and there was no notice of approval for spend-down category.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-2 (continued)

Condition: (continued)

Queen Anne's County

For one of the files a review of the Agency's decision was not made in the allotted 45 days.

Montgomery County

For one of the files a review of the Agency's decision was not made in the allotted 45 days.

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, among other things:

- (1) State wage information maintained by the State Wage Information Collection Agency (SWICA) during the application period and at least on a quarterly basis.
- (2) 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. Aid to Families with Dependent Children (AFDC);
 - ii. Medicaid;
 - iii. State-administered supplementary payment programs under Section 1616(a) of the Act;

Recommendation:

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

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-2 (continued)

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that Local Health Departments (LHD) and Local Departments of Social Services (LDSS) comply with requirements of federal law relating to determinations of eligibility, including obtaining required documentation and performing verifications to support eligibility decisions.

DHMH will work with DHR on issues with maintaining documentation and transferring case records between local departments, including follow-up with each cited local department, sending out system broadcast messages and an information memorandum highlighting the issues to all eligibility workers, and adding appropriate items to the agenda for regularly scheduled Regional Training sessions.

Auditee's Updated Response: (October 2010 Update)

DHMH followed up with each cited local department about their respective findings in November 2009. We have also worked with the Maryland Department of Human Resources (DHR) and the local departments to ensure that managers and supervisors of Case Managers have access to DataWatch. In November 2009 and March 2010, we held regional "refresher" training sessions highlighting the documentation, verification and other requirements that appeared in Findings 2009-2 and 2009-3. In September 2010, DHMH and DHR jointly issued to all eligibility workers an information memorandum (IM11-05) which provided "tips" on avoiding errors from prior audit findings (and similar/related errors). We have continued to highlight the avoidance of the errors in this finding in regional refresher training, including sessions in September and October, 2010.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

An Information Memorandum highlighting the types of errors reported in 2009-2 was issued jointly with DHR on August 30, 2011, as #12-05 Compliance Issues from Medicaid Audit Findings. Additionally, an Action Transmittal specifically highlighting MCHP Premium Redetermination Processing was issued jointly with DHR on August 15, 2011 as #12-08 MCHP Premium Eligibility Processing for Redeterminations.

At quarterly meetings of the Corrective Action Panel, we continue to monitor Statewide compliance rates from DataWatch for LDSS performance in determining eligibility timely.

DHMH has held 11 additional training sessions with eligibility staff since July 2011 that included a discussion of error prone processing areas. Compliance issues will continue to be addressed in our ongoing training sessions. As of August 2011, Audit Findings are now featured and listed as a distinct agenda topic in our training sessions. Effective October 2011, a specialized two day Spend-down training is now offered as one of our regular ongoing training sessions.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2009-2 (continued)

Auditee Updated Response and Corrective Action Plan: (continued)
(October 2011 Update)

An Action Transmittal highlighting the Pre-Review system was issued jointly with DHR on October 4, 2011, as #12-10 Procedures for PIRAMID Pre-Review. For LDSS staff, it replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized. We are currently in the process of “fine-tuning” the system to maximize program benefits. It is expected that identification of error-prone elements prior to finalization will significantly reduce our vulnerability to audit findings.

Auditor’s Conclusion:

See current year finding 2011-1

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-3

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

Compliance Deficiency over the Eligibility Determination Process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children's Health Insurance Program (SCHIP) on a uniform basis throughout the State for persons who apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Caroline County, Queen Anne's County and Montgomery County. The test was composed of eight newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2009. We noted the following exceptions:

Baltimore City

There were two files that were not available for review (newly and existing). They did not comply with the requirement to verify and maintain proof of citizenship and social security number in one of the eight new files tested. There was no redetermination letter sent out for one of the existing files and proof of citizenship was not acquired.

Caroline County

There was no redetermination letter sent out for one of the existing files tested.

Queen Anne's County

There was no redetermination letter sent out for one of the new files tested.

Montgomery County

They did not comply with the requirement to verify and maintain proof of citizenship and social security number in one of the eight new files tested. There was no redetermination letter sent out for one of the existing files tested.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-3 (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 U.S. 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.

Auditee Response and Corrective Action Plan:

DHMH agrees with the recommendation that Local Health Departments (LHD) comply with requirements of federal and state law for determining eligibility, including obtaining and maintaining required documents and performing verifications to support eligibility decisions.

DHMH will follow up with each cited LHD, address the issues at quarterly meetings with MCHP Supervisors from LHDs, transmit system broadcast messages to all eligibility workers, and add appropriate items to the agendas for regular Regional Training and onsite training targeted to LHDs.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-3 (continued)

Auditee's Updated Response: (October 2010 Update)

DHMH followed up with each cited LHD in November 2009. We addressed the errors cited at DHMH's Maryland Children's Health Program (MCHP) Quarterly meetings, attended by supervisors of the eligibility staff. We added the errors to our agendas for Regional Training (targeted to all eligibility workers, Local Department of Social Services and LHD) in November 2009 and March 2010. We also performed onsite training sessions to work more closely with LHD Case Managers. Additionally, we have improved and formalized our process for following up on troubling compliance reports, including requesting LHD supervisors to submit corrective action plans, and monitoring the effects of these corrective actions. In September 2010, the LHD workers received an information memorandum highlighting the types of errors reported, issued jointly with Maryland Department of Human Resources as IM 11-05. We have continued emphasizing these issues in Regional Training in September and October 2010.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

An Information Memorandum highlighting the types of errors reported in 2009-3 was issued jointly with DHR on August 30, 2011, as #12-05 Compliance Issues from Medicaid Audit Findings. Additionally, an Action Transmittal specifically highlighting missing Social Security numbers was issued jointly with DHR on July 21, 2011, as #12-01 Missing or Invalid Social Security Number.

We continue to address and review the errors cited with MCHP eligibility workers in the Supervisors' Meeting and Quarterly Meeting. Additionally, we have improved and formalized our process for following up on troubling compliance reports, including requesting LHD supervisors to submit corrective action plans, and monitoring the effects of these corrective actions. Through our internal monitoring efforts, we have not had to request a corrective action plan from a LHD since March 2011.

DHMH has held 11 additional training sessions with eligibility staff since July 2011 that included a discussion of error prone processing areas. Compliance issues will continue to be addressed in our ongoing training sessions. As of August 2011, audit findings are now featured and listed as a distinct agenda topic in our training sessions.

Auditor's Conclusion: See current year finding 2011-1.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-4

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program (Medicaid Cluster) CFDA No. 93.775, 93.776, 93.777, 93.778

U.S. Department of Health and Human Services

Internal Control deficiency over Surveillance and Utilization Review Subsystems (SURS)

Condition:

According to the SURS Case Completion Guidelines, cases should be reviewed, resolved, and closed within a 90-day time period. There are only three circumstances that would allow for an exception. And these circumstances must be documented on the SURS case log. They are:

1. Awaiting documentation
2. Records sent to another Agency for review
3. Awaiting full recoveries of monies

Also, the case files should be updated to reflect the current status of the case. Upon completion of the case review, the SURS case log should be signed by the Program Director and the SURS Manager. The SURS unit failed to update 15 out of 25 case records if cases were not closed within the 90-day time frame allowed and 17 out of 25 were not signed by the Program Manager and/or SURS Manager.

Criteria:

OMB Circular A-133, Part 4- Department of Health and Human Services-Compliance Supplement, Section N. (1) indicates, "The State plan must provide methods and procedures to safeguard against unnecessary utilization of care and services, including long term care institutions. According to 42 CFR parts 455, 456, 1002, "The state must have (1) methods or criteria for identifying suspected fraud cases; (2) methods for investigating these cases; and (3) procedures developed in cooperation with legal authorities, for referring suspected fraud cases to law enforcement officials.

In order to evaluate the appropriateness and quality of Medicaid services, the agency must:

- Establish and use written criteria for evaluating the appropriateness and quality of Medicaid services
- Have procedures for the ongoing post-payment review, on a sample basis, of the need for and the quality and timeliness of Medicaid Services

As an internal control process implemented in the SURS unit, a supervisor reviews all of the above as prepared by the case worker. The review is signed off by the supervisors.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009- 4 (continued)

Cause:

The SURS Unit could not show evidence of case updates, reviews, or supervisory signatures within the 90-day timeframe. This time frame was established in the guidelines developed by the SURS unit per the state plan requirements.

Effect:

DHMH cannot provide the Center for Medicare & Medicaid Services (CMS) assurance that the SURS program is effective in reducing erroneous expenditures.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH follow the criteria outlined in 42 CFR parts 455, 456, and 1002 by updating the selected active case files with proper comments and providing the supervisory review to make sure the determinations were appropriate.

Auditee Response and Corrective Action Plan:

The Department concurs that there were cases out of compliance according to the Guidelines for SURS Case Completion. However, the Guidelines for SURS Case Completion Procedures have been in place since the inception of SURS and are currently under revision by the Office of Inspector General (OIG). The guidelines are not currently being used because they were established under the Health Care Financing Administration's (HCFA) System Performance Review (SPR). SPR required the unit open and resolve large numbers of cases on a quarterly basis. Therefore, the original case guidelines were developed with that goal in mind. Congress repealed the SPR requirements in 1997 with Section 4753 of the Balanced Budget Act (BBA) of 1997. This was done to allow States greater flexibility to concentrate on developing and working more substantive cases.

Upon its relocation to the OIG, the Program Integrity Unit (PIU) began drafting a comprehensive policy and procedure manual. The procedure manual has not yet been formally approved. The staff person tasked with completing the manual left the Department and was not replaced. More importantly, with the passage of the Deficit Reduction Act of 2005 and the creation of the Medicaid Integrity Group at the federal level, program integrity has been fluid and dynamic. Certain program integrity concepts were developing and changing at the federal level as the OIG's manual was being drafted. The OIG is currently awaiting the results of a review conducted by CMS' Medicaid Integrity Group of our PIU. Pending those results, OIG management will take corrective action to ensure that the manual is completed and approved by the close of the fiscal year. And that particular cases cited are brought into compliance with the revised SURS case guidelines.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009- 4 (continued)

Auditee's Updated Response: (October 2011 Update)

A large component of the OIG procedures manual has been completed and is now operational. Staff have developed a Pharmacy Protocol Manual to direct efforts in the investigation and identification of fraud, waste and abuse with the pharmaceutical claims paid by Maryland Medicaid. These guidelines will now be used as a model for all other fraud detection procedures as the OIG continues to update and complete the entire program's procedures. Staff changes at the Assistant Inspector's General position have created some unforeseen delays in the production of the final version of this manual, but that position is now filled and concerted efforts to complete this project are now reinstated. It is anticipated that the manual will be completed by the end of January 2012.

The algorithm tracking database is now operational. The Data Unit Database (DUD) was designed to provide an automated tracking mechanism for staff within the Fraud Detection and Determination (FDD) Unit of the OIG to manage SURS data runs and algorithms. In November 2010, the DUD was implemented after a brief pilot session. The DUD has the ability for FDD Unit staff to record all tasks related to fraud detection efforts. For example, SURS programming staff can now track all the algorithms periodically run to ensure timeliness and a define schedule of future run dates.

New guidelines for the management of SURS cases originating from the Maryland Medicaid programs have begun. A more automated method for case tracking has been initiated to coincide with the implementation of the DUD. The DUD has been specially modified to track those requests from the Medicaid Program for data runs of their own fraud, waste and abuse identification. The 90-day rule for sign-off has been incorporated into this new portion of the DUD to allow for more ease of data entry and timely report production to identify those cases which are not completed by that 90-day deadline. The Data Analysis Unit Manager (formerly known as the SURS Unit Manager) has begun the design of a system with the Medicaid program staff to eliminate the old method of individual record creation. This newly devised method will allow the SURS staff to create one spreadsheet for all providers within one data run request, and therefore permit the SURS staff to produce reports in a more automated manner of those cases that need attention or are otherwise beyond the 90-day time frame.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2009-5

Department of Health and Mental Hygiene (DHMH)

Substance Abuse Prevention and Treatment Block Grant CFDA No. 93.959

U.S. Department of Health and Human Services

Compliance and Internal Control Deficiency over Subrecipient Monitoring

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). The division director for ADAA indicated that compliance reviews of the sub-recipients are conducted bi-annually. Upon completion of these reviews, if necessary, a corrective action plan must be sent from the Local Health department (LHD) or private vendor ("sub-recipient"). The corrective action plan should be approved or disapproved by ADAA and sent back to them. We reviewed twenty-five (25) files that contain documents related to the award of Federal funds to sub-recipients to obtain reasonable assurance that site visits to evaluate the program were conducted in accordance with the General Requirements of OMB A-133 and the conditions of the grant award imposed by ADAA. We noted that of the twenty-five files reviewed there were two (2) files that required corrective action plans but ADAA failed to obtain a corrective action plan from any of the sub-recipients. Although there were no corrective action plans, we did note that there were follow-ups identified.

Criteria:

OMB Circular A-133, General Requirements, Part 3, subpart M, states in pertinent part that during the award a pass-through entity is responsible for "monitoring the sub-recipient's use of Federal awards through...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 contracts or grant agreements and that performance goals are achieved." In addition, when there are findings as a result of the compliance review, ADAA's letter requires the sub-recipient to "make the necessary corrections in your program's procedures and submit a copy of your plan of correction...within thirty (30) days of the date of this letter."

Cause:

DHMH failed to perform site visits in accordance with OMB A-133 and the internal control procedures in place, and failed to document other means of evaluating the program services performed by sub-recipients.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2009- 5 (continued)

Effect:

Awards were made to sub-recipients without proper follow-up through site visits to ensure that the sub-recipients were complying with applicable laws, regulations and grant requirements.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH adhere to the provisions of OMB Circular A-133, with site visits and follow-up on its findings as called for in OMB Circular A-133 and in its agreement with LHD and private vendors.

Auditee Response and Corrective Action Plan:

With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditee's Updated Response:

(October 2010 Update)

The Department's previous response and corrective action plan remains unchanged. With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditee Updated Response and Corrective Action Plan:

(October 2011 Update)

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

With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditor's Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2008-1

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 (HHS)

Compliance deficiency over the eligibility determination process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children's Health Insurance Program on a uniform basis throughout the State for persons who are apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Howard County, Kent County and Alleghany County. The test was composed of 8 newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2008. We noted the following exceptions:

Baltimore City

Did not comply with the requirement to verify and maintain proof of citizenship in one of the eight new files tested.

Frederick County

Existing participant was denied medical assistance due to over scale income and was sent a letter regarding the premium program in 2002. Since that time, the participant has been using the premium program without any redeterminations of the eligibility status by neither the premium department, DHR or DHMH. There was no file available for review and within the CARES system, there had only been information through January 16, 2002.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2008-1 (continued)

Auditee Response and Corrective Action Plan:

DHMH agrees with the finding and recommendation for Baltimore City and has once again reinforced the citizenship and identity requirements to the Baltimore City Health Department (Baltimore Health Care Access). Baltimore Health Care Access senior management staff has assured us that they retrained staff regarding these requirements and are conducting internal audits as a follow-up measure.

The Department concurs with the finding for the Frederick County case as referenced above. Upon research, it was discovered the case was not sent on the daily auxiliary file from CARES as eligible for redetermination of current eligibility status. However, as of December 17, 2008, the client was denied medical assistance due to over scale income and was referred to the MCHP Premium Program. To date, the client has been deemed eligible for MCHP Premium. Additional analysis is being completed to determine the cause for the transmission error with the auxiliary file. In addition, MCHP Premium staff is reviewing the redetermination process for overall efficiency and process improvement. In the interim, reports are being generated and worked monthly by the MCHP Premium Unit to ensure timely results of application processing and redetermination status.

Auditee's Updated Response and Corrective Action Plan: (October 2011 Update)

Each of the cases cited by the auditors has been researched and it appears that only one case may result in the recipient's ineligibility. We are further reviewing this case and in the process of determining the amount of "Questioned Costs" related to this case.

An Information Memorandum highlighting the types of errors reported in 2010-1 was issued jointly with DHR on August 30, 2011, as #12-05 Compliance Issues from Medicaid Audit Findings. Additionally, an Action Transmittal specifically highlighting MCHP Premium Redetermination Processing was issued jointly with DHR on August 15, 2011 as #12-08 CHIP Premium Eligibility Processing for Redeterminations.

We contacted each local department cited in August individually to remind them to use the newly issued Information Memorandum and Action Transmittal in conjunction with their reported corrective measures. Additionally, we reviewed these errors again with MCHP eligibility workers in the latest Supervisors' Meeting and Quarterly Meeting. Error issues continue to be reviewed at weekly meetings with DHR Management, bi-monthly meetings with OES Management and quarterly meetings of the Corrective Action Panel.

DHMH has held 11 additional training sessions with eligibility staff since July 2011 that included a discussion of error prone processing areas. Compliance issues will continue to be addressed in our ongoing training sessions. As of August 2011, audit findings are now featured and listed as a distinct agenda topic in our training sessions.

STATE OF MARYLAND

**Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2011**

Finding 2008-1 (continued)

Auditee's Updated Response and Corrective Action Plan: (continued)
(October 2011 Update)

An Action Transmittal highlighting the Pre-Review system was issued jointly with DHR on October 4, 2011, as #12-10 Procedures for PIRAMID Pre-Review. For LDSS staff, it replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized. We are currently in the process of “fine-tuning” the system to maximize program benefits. It is expected that identification of error-prone elements prior to finalization will significantly reduce our vulnerability to audit findings.

Auditor's Conclusion:
See current year finding 2011-1.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2008-3

Department of Health and Mental Hygiene (DHMH)

Substance Abuse Treatment and Prevention Block Grant CFDA No. 93.959

U.S. Department of Health and Human Services (HHS)

Compliance and Internal Control Weakness over Subrecipient Monitoring

Condition:

The Substance Abuse Prevention and Treatment Block Grant program is administered by the Alcohol and Drug Abuse Administration (ADAA), which is a division of the Department of Health and Mental Hygiene (DHMH). The division director for ADAA indicated that compliance reviews of the sub-recipients are conducted bi-annually. We reviewed twenty-five (25) files that contain documents related to the award of Federal funds to local health departments (LHDs) and private vendors (“sub recipients”) to obtain reasonable assurance that site visits to evaluate the program were conducted in accordance with the General Requirements of OMB Circular A-133 and the conditions of grant award imposed by ADAA. We noted that of the twenty five files reviewed there were three (3) sites that were not visited within the last two years; one (1) site that was not visited; and there were three (3) files that could not be found. In addition, there were compliance findings noted in five (5) of the files that require corrective actions but ADAA failed to obtain a corrective action plan from any of the recipients.

Auditee Response and Corrective Action Plan:

The ADAA concurs with the findings and recommendation. ADAA acknowledges that one of the twenty-five site visits (.04%) was not reviewed and one file did not include a corrective action plan to ensure 100% compliance with the federal requirements. However, we do not concur with the *Cause and Effect* comments as noted above. In the future, ADAA will ensure that 100% of the required site visits are performed. Furthermore, ADAA will obtain corrective action plans, when appropriate, based on the seriousness of the compliance review infraction.

Auditee Updated Response:

(October 2010 Update)

With the two sub-recipient site visits in question, the ADAA conducted its site visits as scheduled and noted that corrections by the sub-recipients were necessary. However, neither of the deficiencies by the sub-recipients rose to the level of requiring a corrective action plan. When deficiencies are noted but a corrective action plan is not required, the ADAA reviews the deficiency at the next site visit for correction. Neither a corrective action plan nor any other written response by the sub-recipient was requested by the ADAA because the level of non-compliance was low, it had not been noted as a past deficiency, and posed no threat to health or safety.

Auditee Updated Response and Corrective Action Plan:

(October 2011 Update)

ADAA has strengthened its procedures to ensure sub-recipients are adequately monitored and appropriate corrective action is taken on identified deficiencies in a timely manner.

Auditor’s Conclusion:

There was no repeat finding in fiscal year 2011.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2007-2

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 Deficiency over the Eligibility Determination Process

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. In addition, DHMH's Local Health Departments are responsible for determining eligibility for the Maryland Children's Health Insurance Program (MCHIP) covered under Title XIV of the Social Security Act.

We selected a total of 65 Medical Assistance claim files to review for eligibility determination. These 65 files were comprised of 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Charles County, Howard County, Cecil County, and Frederick 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, 2008. We noted the following exceptions:

Baltimore City

DHR's Department of Social Services failed to maintain the original signed application. We noted the application date was changed from 10/27/07 to 10/27/06 for one of the eight newly eligible files. The change on the application appeared to have been made in order to support the initial eligibility decision date of 11/09/06. However, the information contained in the application was inconsistent with the date of 10/27/06.

Howard County

Internal control deficiency in that one of the eight newly eligible files was not located.

Frederick County

Internal control deficiency in that one of the five existing eligible files could not be located.

Cecil County

No signed application, in that the signature page of the application for one of the eight newly eligible files was missing.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2007-2 (continued)

Condition: (continued)

This is, in part, a repeat finding from Fiscal Years Ended June 30, 2004, 2005, and 2006 Single Audit Report finding number 2004-24, 2005-5, and 2006-14, respectively.

Auditee Updated Response and Corrective Action Plan: (October 2011 Update)

Each of the cases cited by the auditors has been researched and it appears that only one case may result in the recipient's ineligibility. We are further reviewing this case and in the process of determining the amount of "Questioned Costs" related to this case.

An Information Memorandum highlighting the types of errors reported in 2010-1 was issued jointly with DHR on August 30, 2011, as #12-05 Compliance Issues from Medicaid Audit Findings. Additionally, an Action Transmittal specifically highlighting MCHP Premium Redetermination Processing was issued jointly with DHR on August 15, 2011 as #12-08 CHIP Premium Eligibility Processing for Redeterminations.

We contacted each local department cited in August individually to remind them to use the newly issued Information Memorandum and Action Transmittal in conjunction with their reported corrective measures. Additionally, we reviewed these errors again with MCHP eligibility workers in the latest Supervisors' Meeting and Quarterly Meeting. Error issues continue to be reviewed at weekly meetings with DHR Management, bi-monthly meetings with OES Management and quarterly meetings of the Corrective Action Panel.

DHMH has held 11 additional training sessions with eligibility staff since July 2011 that included a discussion of error prone processing areas. Compliance issues will continue to be addressed in our ongoing training sessions. As of August 2011, audit findings are now featured and listed as a distinct agenda topic in our training sessions.

An Action Transmittal highlighting the Pre-Review system was issued jointly with DHR on October 4, 2011, as #12-10 Procedures for PIRAMID Pre-Review. For LDSS staff, it replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized. We are currently in the process of "fine-tuning" the system to maximize program benefits. It is expected that identification of error-prone elements prior to finalization will significantly reduce our vulnerability to audit findings.

Auditors' Conclusion:

See current year finding 2011-1.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2007-3

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

Compliance and Internal Control Deficiency over the Eligibility Determination Process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children's Health Insurance Program on a uniform basis throughout the State for persons who are apply for the expanded State Children's Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Howard County, Cecil County and Charles County. The test was composed of 8 newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2007. We noted the following exceptions:

Baltimore City

Did not comply with the requirement to verify and maintain proof of citizenship in one of the five existing files tested.

Frederick County

Internal control deficiency in that one of the five existing files could not be located.

Howard County

Internal control deficiency in that two of the eight newly eligible files could not be located.

This is, in part, a repeat finding from fiscal year 2006, Finding 2006-18.

STATE OF MARYLAND

Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2011

Finding 2007-3 (continued)

Auditee Updated Response and Corrective Action Plan: (October, 2011 Update)

Each of the cases cited by the auditors has been researched and it appears that only one case may result in the recipient's ineligibility. We are further reviewing this case and in the process of determining the amount of "Questioned Costs" related to this case.

An Information Memorandum highlighting the types of errors reported in 2010-1 was issued jointly with DHR on August 30, 2011, as #12-05 Compliance Issues from Medicaid Audit Findings. Additionally, an Action Transmittal specifically highlighting MCHP Premium Redetermination Processing was issued jointly with DHR on August 15, 2011, as #12-08 CHIP Premium Eligibility Processing for Redeterminations.

We contacted each local department cited in August individually to remind them to use the newly issued Information Memorandum and Action Transmittal in conjunction with their reported corrective measures. Additionally, we reviewed these errors again with MCHP eligibility workers in the latest Supervisors' Meeting and Quarterly Meeting. Error issues continue to be reviewed at weekly meetings with DHR Management, bi-monthly meetings with OES Management and quarterly meetings of the Corrective Action Panel.

DHMH has held 11 additional training sessions with eligibility staff since July 2011 that included a discussion of error prone processing areas. Compliance issues will continue to be addressed in our ongoing training sessions. As of August 2011, audit findings are now featured and listed as a distinct agenda topic in our training sessions.

An Action Transmittal highlighting the Pre-Review system was issued jointly with DHR on October 4, 2011, as #12-10 Procedures for PIRAMID Pre-Review. For LDSS staff, it replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized. We are currently in the process of "fine-tuning" the system to maximize program benefits. It is expected that identification of error-prone elements prior to finalization will significantly reduce our vulnerability to audit findings.

Auditors' Conclusion:

See current year finding 2011-1.

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