

**STATE OF MARYLAND**

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

**Year Ended June 30, 2012**



**SB & COMPANY, LLC**  
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**JUNE 30, 2012**

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## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Peter Franchot  
Comptroller of Maryland

We have audited the 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, 2012, 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 financial statements.

	<b>Percentage of Opinion Unit</b>		
	<b>Total Assets</b>	<b>Total Net Assets</b>	<b>Total Operating Revenues</b>
<b>Business-Type Activities</b>			
Major -			
Certain Economic Development Loan Programs	26.2 %	7.6 %	3.4 %
Maryland State Lottery Agency	2.1	0.2	50.7
Maryland Transportation Authority	48.3	45.6	13.3
Non-Major -			
Economic Development Insurance Programs	0.7	1.3	0.2
Total percentage of business-type activities	77.3 %	54.7 %	67.6 %
<b>Component Units</b>			
Major -			
Certain foundations included in the higher education component units	12.7 %	14.8 %	11.0 %
Non-Major -			
Maryland Food Center Authority	0.3	0.4	0.4
Maryland Technology Development Corporation	0.2	0.1	1.6
Total percentage of component units	13.2 %	15.3 %	13.0 %
<b>Fiduciary Funds</b>			
Investment Trust Fund	4.6 %	5.3 %	64.0 %



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, 2012, 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 12, 2012, 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.

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 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.



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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.

*SB & Company, LLC*

Hunt Valley, Maryland  
December 12, 2012

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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, 2012, and have issued our report thereon dated December 12, 2012. 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.



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## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the State's basic 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*.

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 October 5, 2012.

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  
December 12, 2012

**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 compliance of the State of Maryland (the State) with the types of compliance requirements described in the *U.S. Office of Management and Budget (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, 2012. 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, 2012. 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 2012-1, 2012-2, 2012-3, 2012-4, 2012-5, 2012-6, 2012-7, 2012-8, 2012-9, 2012-10, 2012-11, 2012-12, 2012-13, 2012-14, and 2012-15.

### **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 as a basis for designing our 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 2012-1, 2012-2, 2012-3, 2012-4, 2012-5, 2012-7, 2012-8, 2012-9, 2012-10, 2012-11, 2012-12, 2012-13, and 2012-14. 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.



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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.

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  
February 28, 2013



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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>US DEPARTMENT OF AGRICULTURE (USDA)</b>						
Agricultural Research: Basic and Applied Research	10.001	\$ -	\$ -	\$ 30,358		\$ 30,358
Pass-Through University of California, Davis	10.001	-	-	13,557		13,557
Agricultural Research: Basic and Applied Research	10.001	-	-	1,840,978		1,840,978
Plant and Animal Disease, Pest Control and Animal Care	10.025	-	-	1,388,630		1,388,630
Plant and Animal Disease, Pest Control and Animal Care	10.025	-	-	24,599		24,599
Conservation Reserve Program	10.069	-	-	26,107		26,107
Federal-State Marketing Improvement Program	10.156	-	-	10,946		10,946
Federal-State Marketing Improvement Program	10.156	-	-	22,498		22,498
Shell Egg Surveillance	10.162	-	-	144,501		144,501
Market Protection and Promotion	10.163	-	-	160,052		160,052
Specialty Crop	10.170	-	-	403,083		403,083
Pass-Through Mississippi State University	10.200	-	-	1,000		1,000
Grants for Agricultural Research, Special Research Grants	10.200	-	-	2,634		2,634
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	-	1,255,528		1,255,528
Pass-Through Grants - University of Vermont	10.215	-	-	33,479		33,479
Sustainable Agriculture Research and Education	10.215	-	-	803,710		803,710
Pass-Through Virginia State University	10.216	-	-	3,412		3,412
1890 Institution Capacity Building Grants	10.216	-	-	1,411,251		1,411,251
National Research Initiative Competitive Grants Program	10.216	10,013	-	-		10,013
Pass-Through Pennsylvania State University	10.303	-	-	16,626		16,626
Integrated Programs	10.303	-	-	420,619		420,619
Organic Agriculture Research and Extension Initiative	10.307	-	-	132,705		132,705
Specialty Crop Research Initiative	10.309	-	-	882,000		882,000
Agricultural and Food Research Initiative (AFRI)	10.310	-	-	27,067		27,067
Pass-Through Cornell University	10.310	-	-	48,798		48,798
Pass-Through University of California, Davis	10.324	-	-	37,873		37,873
Outreach and Assistance for Socially Disadvantage Farmers and Ranchers	10.443	-	-	250,680		250,680
Crop Insurance Education in Targeted States	10.458	-	-	491,980		491,980
FD Chemistry & Microbiology Emerg Prepar	10.479	-	-	127,950		127,950
Pass-Through Northeast Sustainable Agriculture Research & Education	10.500	-	-	615		615
Pass-Through University of Vermont	10.500	-	-	2,163		2,163
Pass-Through Auburn University	10.500	-	-	3,369		3,369
Pass-Through Utah State University	10.500	-	-	5,200		5,200
Pass-Through University of Delaware	10.500	-	-	7,786		7,786
Pass-Through Northeast Center for Risk Management Association	10.500	-	-	16,197		16,197
Pass-Through Purdue University	10.500	-	-	56,730		56,730
Pass-Through Kansas State University	10.500	-	-	86,083		86,083
Pass - Through University of Massachusetts- Amherst	10.500	-	-	89,489		89,489
Cooperative Extension Service	10.500	-	-	5,894,846		5,894,846
Dept. Agriculture USDA	10.550	-	-	16,461,000		16,461,000
<b>Supplemental Nutritional Assistance Program Cluster (SNAP)</b>						
Food Stamps	10.551	-	-	1,087,397,555		1,087,397,555
Administrative Funding for Food Stamp Program	10.561	-	-	56,428,957		56,428,957
<b>Total SNAP Cluster</b>					\$ 1,143,826,512	
<b>Child Nutrition Cluster</b>						
School Breakfast Program	10.553	-	-	48,585,282		48,585,282
National School Lunch Program	10.555	-	-	143,797,657		143,797,657
Special Milk Program for Children	10.556	-	-	447,593		447,593
Summer Food Service Program for Children	10.559	-	-	6,304,325		6,304,325
<b>Total Child Nutrition Cluster</b>					199,134,857	
Special Supplemental Nutrition Program - WIC	10.557	-	-	109,148,730		109,148,730
Child and Adult Care Food Program	10.558	-	-	50,484,181		50,484,181
Administrative Expenses for Child Nutrition	10.560	-	-	3,327,610		3,327,610
<b>Emergency Food Assistance Program Cluster (TEFAP)</b>						
Emergency Food Assistance Program (Administrative Costs)	10.568	-	-	809,130		809,130
Emergency Food Assistance Program (Food Commodities)	10.569	-	-	4,172,334		4,172,334
<b>Total TEFAP Cluster</b>					4,981,464	
WIC Farmers' Market Nutrition Program (FMNP)	10.572	-	-	367,136		367,136
Team Nutrition Training	10.574	-	-	391,273		391,273
Farmers Market Nutrition Program (SFMNP)	10.576	-	-	253,422		253,422

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>US DEPARTMENT OF AGRICULTURE (USDA) (continued)</b>						
WIC EBT Planning Grant	10.578	\$ -	\$ -	\$ 175,720		\$ 175,720
Administrative Review And Training	10.579	-	-	150,919		150,919
Fresh Fruit And Vegetable Program	10.582	-	-	3,044,720		3,044,720
Emerging Markets Program	10.608	-	-	20,358		20,358
Agricultural Mediation program	10.645	-	-	131,351		131,351
Cooperative Forestry Assistance	10.664	-	-	1,181,785		1,181,785
Urban and Community Forestry Program	10.675	-	-	33,239		33,239
Forest Legacy Program	10.676	-	-	3,395		3,395
Forest Stewardship Program	10.678	-	-	144,616		144,616
Forest Health Protection	10.680	-	-	46,397		46,397
1890 Land Grant Institution Rural Entrepreneurial Outreach Program	10.856	-	-	75,000		75,000
Soil and Water Conservation	10.902	-	-	352		352
Environmental Quality	10.912	-	-	451,057		451,057
Pass-Through University of Delaware	10.912	-	-	18,583		18,583
Environmental Quality Incentives Program	10.912	-	-	299,538		299,538
Agriculture Statistical Reports	10.950	-	-	10,054		10,054
Technical Agricultural Assistance	10.960	-	-	2,399,543		2,399,543
Scientific Cooperation and Research	10.961	-	-	4,589		4,589
International Training: Foreign Participant	10.962	-	-	107,842		107,842
10.IPA						
Contract / Other Agricultural Research Service - IPA	No. 12040840	-	-	53,767		53,767
Pass-Through Winrock International	10.RD	457	-	-		457
Pass-Through University of Minnesota	10.RD	701	-	-		701
Pass-Through University of Massachusetts Amherst	10.RD	1,733	-	-		1,733
Pass-Through University of California, Riverside	10.RD	3,697	-	-		3,697
Pass-Through Delaware State University	10.RD	4,889	-	-		4,889
Pass-Through Maryland Soybean	10.RD	5,000	-	-		5,000
Pass-Through University of Rhode Island	10.RD	7,204	-	-		7,204
Pass-Through, Rutgers, the State University of New Jersey	10.RD	10,537	-	-		10,537
Pass-Through American Statistical Association	10.RD	10,577	-	-		10,577
Pass-Through University of California, Davis	10.RD	11,197	-	-		11,197
Pass-Through Northeast Sustainable Agriculture Research & Education	10.RD	12,489	-	-		12,489
Pass-Through University of Hawaii	10.RD	12,934	-	-		12,934
Pass-Through Kansas State University	10.RD	15,438	-	-		15,438
Animal and Plant Health Inspection Service	10.RD	617,506	-	-		617,506
Foreign Agricultural Service	10.RD	1,046,891	-	-		1,046,891
Agricultural Research Service	10.RD	2,416,848	-	-		2,416,848
The National Institute of Food and Agriculture (NIFA)	10.RD	7,322,187	-	-		7,322,187
Contract / Other	10.Unknown	19,539	-	-		19,539
<b>Total US Department of Agriculture</b>		<b>13,171,036</b>	<b>-</b>	<b>1,552,904,109</b>		<b>1,566,075,145</b>
<b>DEPARTMENT OF COMMERCE (DOC)</b>						
Contract/ Other	11.YA132307CN0048	-	-	1,912,070		1,912,070
Economic Development: Technical Assistance	11.303	-	-	56,878		56,878
National Technical Assistance	11.303	-	-	20,074		20,074
Economic Adjustment Assistance	11.307 011903134	-	-	638,033		638,033
Economic Adjustment Assistance	11.307 014903271	-	-	1,328,778		1,328,778
Economic Adjustment Assistance	11.307 014903420- 1490342001	-	-	3,705,678		3,705,678
Interjurisdictional Fisheries Act of 1986	11.407	-	-	58,143		58,143
Sea Grant Support	11.417	20,344	-	-		20,344

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF COMMERCE (DOC) (continued)</b>						
Coastal Zone Management Administration Awards	11.419	\$ -	\$ -	\$ 2,634,479		\$ 2,634,479
Coastal Zone Management Estuarine Research Reserves	11.420	-	-	631,417		631,417
Financial Assistance for National Centers for Coastal Ocean Science	11.426	-	-	401,790		401,790
Fisheries Development and Utilization Research and Development						
Grants and Cooperative Agreements Program	11.427	-	-	82,398		82,398
Pass-Through Oregon State University	11.431	-	-	5,318		5,318
Marine Mammal Data Program	11.439	-	-	31,420		31,420
Unallied Industry Projects	11.452	-	-	3,016,384		3,016,384
Unallied Management Program	11.454	-	-	26,339		26,339
Cooperative Science & Education Program	11.455	-	-	16,562		16,562
Chesapeake Bay Studies	11.457	-	-	994,808		994,808
Chesapeake Bay Studies	11.457	243,900	-	-		243,900
National Oceanic Atmospheric Administration	11.460	-	-	1,523		1,523
Habitat Conservation	11.463	-	-	750,000		750,000
Tsunami Mitigation 2008	11.467	-	-	166,811		166,811
Unallied Science Program	11.472	-	-	2,154		2,154
Atlantic Coastal Fisheries Cooperative Management Act	11.474	-	-	225,559		225,559
Coastal Ocean Research Program	11.478	-	-	68,163		68,163
Educational Partnership Programs	11.481	-	-	2,444,988		2,444,988
Educational Partnership Program	11.481	-	-	141,050		141,050
Public Safety Interop Comm Grant Pgm - FY 2007	11.555	-	-	8,798,617		8,798,617
One Maryland Broadband Network - ARRA	11.557	-	-	45,855,848		45,855,848
Broadband Technology Opportunities Program	11.557	-	-	476,065		476,065
Pass-Through Maryland Broadband Cooperative, Inc	11.558	-	-	438,576		438,576
Pass-Through Maryland Broadband Cooperative, Inc. - ARRA	11.558	-	-	293,138		293,138
Measurement and Engineering Research & Standards	11.609	-	-	919,436		919,436
Measurement & Engineering Research & Standards	11.609	-	-	5,100		5,100
Measurement & Engineering Research & Standards	11.609	-	-	11,131		11,131
Pass-Through Temple University - ARRA	11.609	206,992	-	-		206,992
Measurement and Engineering Research and Standards - ARRA	11.609	7,127,721	-	-		7,127,721
Manufacturing Extension Partnership	11.611	-	-	451,928		451,928
Construction Grant Program - ARRA	11.618	-	-	4,321,306		4,321,306
Basic Minority Business Development Centers	11.800	-	-	78,606		78,606
Contract / Other	11.IPA	142,481	-	-		142,481
Contract/ Other - Census Bureau	11.IPA					
	No. 6308IPA01	-	-	38,238		38,238
Contract/Other - NIST	11.IPA No. IP0915	-	-	39,512		39,512
Contract/Other - NIST	11.IPA No. IP1206	-	-	7,909		7,909
Pass-Through University of South Carolina	11.RD	460	-	-		460
Pass-Through University of Massachusetts	11.RD	778	-	-		778
Pass-Through McCormick Taylor, Inc.	11.RD	969	-	-		969
Pass-Through HydroQual, Inc	11.RD	1,158	-	-		1,158
Pass-Through University of New Hampshire	11.RD	4,312	-	-		4,312
Pass-Through University Corporation for Atmospheric Research	11.RD	4,590	-	-		4,590
Pass-Through City University of New York	11.RD	5,904	-	-		5,904
Pass-Through Metropolitan Washington Council of Governments	11.RD	8,081	-	-		8,081
Pass-Through Utah State University	11.RD	15,433	-	-		15,433
Pass-Through Chesapeake Research Consortium	11.RD	17,907	-	-		17,907
Pass-Through Howard University	11.RD	20,452	-	-		20,452
Pass-Through North Pacific Research Board	11.RD	25,656	-	-		25,656
US Census Bureau	11.RD	34,948	-	-		34,948
Pass-Through Stratus Consulting	11.RD	52,401	-	-		52,401
Pass-Through IDOX Solutions, Inc.	11.RD	54,410	-	-		54,410
Economic Development Administration	11.RD	55,450	-	-		55,450
Pass-Through Partnership for Mid-Atlantic Fisheries Science, Inc	11.RD	63,557	-	-		63,557
Pass-Through University of Michigan	11.RD	69,994	-	-		69,994
Pass-Through Virginia Marine Resources Commission	11.RD	71,986	-	-		71,986
Pass-Through Research Foundation of The City University of New York	11.RD	76,137	-	-		76,137
Pass-Through Rutgers, The State University of New Jersey	11.RD	81,375	-	-		81,375
Pass-Through University of Texas- Austin	11.RD	88,410	-	-		88,410
Pass-Through Virginia Institution of Marine Science	11.RD	90,996	-	-		90,996
Pass-Through Virginia Polytechnic and State University	11.RD	95,644	-	-		95,644
Pass-Through Prometheus Computing	11.RD	108,395	-	-		108,395
Pass-Through Oyster Recovery Partnership	11.RD	112,123	-	-		112,123
Pass-Through Florida Fish & Wildlife Conservation Commission	11.RD	134,828	-	-		134,828
National Institute for Standards and Technology	11.RD	19,149,325	-	-		19,149,325
National Oceanic and Atmospheric Administration	11.RD	22,089,644	-	-		22,089,644
<b>Total Department of Commerce</b>		<b>50,276,761</b>	<b>-</b>	<b>81,096,227</b>		<b>131,372,988</b>

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF DEFENSE (DOD)</b>						
Contract Other	12.unknown	\$ -	\$ -	\$ 52,751		\$ 52,751
Contract/Other - United States Navy IPA	12.09092132	-	-	192,442		192,442
Contract/Other - United States Army IPA						
Pass-Through Neocera, Inc	12.100614	237,924	-	-		237,924
Pass-Through Charles River Analytics	12.1007202	285,421	-	-		285,421
Pass-Through Battelle Memorial Institute	12.10194	6,874	-	-		6,874
Pass-Through Syntonics, Inc.	12.102679	117,228	-	-		117,228
Planning Assistance to States	12.110	-	-	13,947		13,947
Pass-Through Scola, Inc.	12.11071649	-	-	26,689		26,689
State Memo of Agreement Prog for Reimb of Tech Service	12.113	-	-	707,093		707,093
Collaborative Research and Development	12.114	-	-	7,974		7,974
Pass-Through University Research Foundation	12.11539	9,000	-	-		9,000
Pass-Through Lynntech	12.200	-	-	-		-
	9NAV4670001	6,818	-	-		6,818
Federal Voting Assistance Program	12.217	-	-	301,197		301,197
Pass-Through SRI International	12.27001376	260,714	-	-		260,714
Basic and Applied Scientific Research	12.300	-	-	29,488		29,488
Basic and Applied Scientific Research	12.300	978,472	-	-		978,472
Large-Number and Individual Atom Microchip Traps for Sensor						
Applications and Fundamental Studies	12.300	-	-	26,996		26,996
High Atom Number in Microsized Atom Traps	12.300	-	-	18,043		18,043
High Atom Number in Microsized Atom Traps	12.300	-	-	40,198		40,198
Pass-Through BAE Systems Advance Information Technologies	12.316079	918,286	-	-		918,286
National Guard Military Operations & Maint	12.401	-	-	17,247,624		17,247,624
National Guard Civilian Youth Opportunities	12.404	-	-	1,978,594		1,978,594
Military Medical Research and Development	12.420	-	-	33,810		33,810
Basic Scientific Research	12.431	-	-	248,537		248,537
Basic Scientific Research	12.431	43,286	-	-		43,286
Pass-Through Institute of International Education	12.551	-	-	252,524		252,524
Pass-Through Exponent, Inc.	12.600	-	-	74,157		74,157
Community econ. adjustment planning asst.	12.607	-	-	531,606		531,606
Pass-Through Michigan State University	12.613551A	36,482	-	-		36,482
Pass-through Academy of Applied Science	12.630	-	-	7,946		7,946
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	-	805,780		805,780
Basic, Applied, Advanced Research in Science & Engineering	12.630	353,884	-	-		353,884
Motor Week Energy	12.678	-	-	519,787		519,787
Pass-Through BAE Systems Advance Information Technologies	12.684228	279,440	-	-		279,440
Pass-Through BAE Systems Advance Information Technologies	12.739622	84,309	-	-		84,309
Air Force Defense Research Sciences	12.800	-	-	25,524		25,524
Language Grant Program	12.900	-	-	69,000		69,000
Mathematical Sciences Grant Program	12.901	-	-	1,459,972		1,459,972
Mathematical Sciences Grants Program	12.901	174,328	-	-		174,328
Information Security Grant Program	12.902	-	-	90,902		90,902
Research and Technology Development	12.910	-	-	50,851		50,851
Pass-Through BBNT Solutions LLC	12.9500009235	329,189	-	-		329,189
Pass-Through Raytheon Corporation	12.9500010745	422,563	-	-		422,563
Pass-Through Johns Hopkins University Applied Physics						
Laboratory	12.951807	7,921	-	-		7,921
Pass-Through Argonne National Laboratory	12.9F31741	1,433	-	-		1,433
Pass-Through Aurora Flight Sciences Corporation	12.AFS100888	318,463	-	-		318,463
Contract/Other - United States Air Force IPA	12.FIAT	-	-	-		-
	A08182PD01	-	-	137,346		137,346
Contract / Other - National Security Agency	12.H98230-					
	09-C-0895	-	-	218,954		218,954
Pass-Through Johns Hopkins University Applied Physics Lab	12.H98230-					
	09-D-0040	82,630	-	-		82,630
Contract / Other	12.H98230-					
	11-C-0300	397,891	-	-		397,891
Contract / Other	12.H98230-					
	12-P-0646	-	-	10,045		10,045
Contract / Other Defense Information Systems Agency	12.HC1047-					
	05-D-4015	-	-	692,590		692,590
Contract / Other - Defense Threat Reduction Agency	12.HDTRA1-					
	10-C-0067	199,135	-	-		199,135
Contract/Other Department of the Army	12.IPA	-	-	57,008		57,008
Contract / Other - National Security Agency	12.IPA	-	-	66,050		66,050

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF DEFENSE (DOD) (continued)</b>						
Contract/Other DARPA - IPA	12.IPA No. 10092424	\$ -	\$ -	\$ 244,156		\$ 244,156
Contract/Other IPA Contract	12.IPA No. 10123197	-	-	103,587		103,587
Contract/Other DARPA - IPA	12.IPA No. 11112791	-	-	241,584		241,584
Contract/Other -Office of Naval Research IPA	12.IPA No. N6659 612IPA0004	-	-	7,171		7,171
Pass-Through Kitware, Inc.	12.K000135S11	386,521	-	-		386,521
Contract/Other - Naval Research Lab Contract	12.N0017312P	16,277	-	-		16,277
Contract / Other National Naval Medical Center	12.N10AC18077	1,001	-	-		1,001
Pass-Through Maxion Technologies, Inc.	12.N68335- 11-C-0430	36,154	-	-		36,154
Pass-Through Smart Information Flow Technologies	12.OBTWUMDO1	156,251	-	-		156,251
Pass-Through Science Applications International Corporation (SAIC)	12.P010068745	232,498	-	-		232,498
Pass-Through Stevens Institute of Technology	12.P136567	-	-	39,730		39,730
Pass-Through Wyle Laboratories	12.RC00035524009	79,043	-	-		79,043
Pass-Through Intelligent Fusion Tech	12.RD	8,403	-	-		8,403
Pass-Through Physical Sciences, Inc.	12.RD	11,756	-	-		11,756
Pass-Through Advanced Thermal and Environmental Concepts	12.RD	19,629	-	-		19,629
Pass-Through Johns Hopkins University	12.RD	19,732	-	-		19,732
Pass-Through Virginia Polytechnic Institute and State University	12.RD	20,110	-	-		20,110
Pass-Through Antenna Research Associates	12.RD	33,299	-	-		33,299
Pass-Through University of Michigan	12.RD	33,916	-	-		33,916
Pass-Through CACI Enterprise Solutions	12.RD	33,973	-	-		33,973
Pass-Through Catholic University of America	12.RD	36,093	-	-		36,093
Pass-Through Samueli Institute	12.RD	36,131	-	-		36,131
Pass-Through University of California, Irvine	12.RD	46,733	-	-		46,733
Pass-Through EA Engineering, Science and Technology, Inc.	12.RD	48,022	-	-		48,022
National Geospatial Intelligence Agency	12.RD	49,305	-	-		49,305
Pass-Through University of Michigan	12.RD	50,855	-	-		50,855
Pass-Through Michigan State University	12.RD	55,508	-	-		55,508
Pass-Through Virginia Polytechnic Institute and State University	12.RD	60,212	-	-		60,212
Pass-Through Kitware, Inc.	12.RD	62,490	-	-		62,490
Pass-Through University of California, Irvine	12.RD	65,686	-	-		65,686
Pass-Through George Washington University	12.RD	69,588	-	-		69,588
Pass-Through Johns Hopkins University Applied Physics Lab	12.RD	72,417	-	-		72,417
Pass-Through Hi-Z Technology, Inc.	12.RD	78,784	-	-		78,784
Pass-Through Science Applications International Corporation (SAIC)	12.RD	79,654	-	-		79,654
Pass-Through Hampton University	12.RD	82,138	-	-		82,138
Pass-Through Arete Associates	12.RD	94,747	-	-		94,747
Pass-Through Massachusetts Institute of Technology (MIT)	12.RD	105,000	-	-		105,000
Pass-Through University of Arizona	12.RD	106,059	-	-		106,059
Pass-Through Pennsylvania State University	12.RD	110,182	-	-		110,182
Department of the Army, Office of the Chief of Engineers	12.RD	116,755	-	-		116,755
Pass-Through Pennsylvania State University	12.RD	119,817	-	-		119,817
Pass-Through Rensseler Polytechnic Institute	12.RD	135,050	-	-		135,050
Pass-Through Georgetown University	12.RD	142,606	-	-		142,606
Pass-Through International Business Machines	12.RD	143,822	-	-		143,822
Pass-Through Maryland Proof of Concept Alliance	12.RD	147,359	-	-		147,359
Pass-Through Rice University	12.RD	149,123	-	-		149,123
Pass-Through Brown University	12.RD	157,408	-	-		157,408
Pass-Through Exponent, Inc	12.RD	169,701	-	-		169,701
Pass-Through University of Washington	12.RD	170,432	-	-		170,432
Pass-Through California Institute of Technology	12.RD	170,933	-	-		170,933
Pass-Through Duke University	12.RD	200,881	-	-		200,881
Pass-Through Harvard University	12.RD	219,318	-	-		219,318
Pass-Through Rice University	12.RD	235,368	-	-		235,368
Pass-Through Ohio State University	12.RD	268,137	-	-		268,137
Pass-Through International Business Machines	12.RD	272,667	-	-		272,667
Pass-Through Energetics Technology Center	12.RD	301,099	-	-		301,099
Pass-Through Georgia Institute of Technology	12.RD	308,426	-	-		308,426
Department of the Navy, Other	12.RD	316,723	-	-		316,723
Pass-Through Columbia University	12.RD	330,800	-	-		330,800
Pass-Through Carnegie Mellon	12.RD	343,324	-	-		343,324
Pass-Through Carnegie Mellon University	12.RD	371,579	-	-		371,579
Pass-Through Rensselaer Polytechnic Institute	12.RD	535,468	-	-		535,468
Pass-Through Vertical Lift Consortium, Inc.	12.RD	679,866	-	-		679,866
Pass-Through Duke University	12.RD	707,086	-	-		707,086
Pass-Through Institute of International Education	12.RD	1,358,159	-	-		1,358,159

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**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF DEFENSE (DOD) (continued)</b>						
Advanced Research Projects Agency:	12.RD	\$ 3,042,931	\$ -	\$ -		\$ 3,042,931
Office of the Secretary of Defense	12.RD	3,823,594	-	-		3,823,594
U.S. Army, Medical Command	12.RD	5,517,871	-	-		5,517,871
Department of the Air Force, Material Command	12.RD	9,679,288	-	-		9,679,288
U.S. Army, Material Command	12.RD	13,844,517	-	-		13,844,517
Department of the Navy, Office of Chief of Naval Research	12.RD	20,046,479	-	-		20,046,479
National Security Agency	12.RD	40,311,345	-	-		40,311,345
Pass-Through Exponent Environment Group, Inc	12.S751182	2,968	-	-		2,968
Pass-Through Johns Hopkins University	12.W81XWH- 10-1-0603	20,928	-	-		20,928
Contract/Other Department of the Army	12.W81XWH- 11-1-0811	42,614	-	-		42,614
Contract/Other Department of the Army	12.W911NF- 10-2-0042	83,000	-	-		83,000
Contract/Other Department of the Army	12.W911NF- 11-2-0057	23,073	-	-		23,073
Contract/Other Department of the Army	12.W911NF- 11-2-0074	96,164	-	-		96,164
Contract/Other Department of the Army	12.W912HQ- 12-C-0006	26,421	-	-		26,421
Contract/Other Department of the Army	12.W91ZLK- 08-P-1269	44	-	-		44
<b>Total Department of Defense</b>		<b>112,583,002</b>	<b>-</b>	<b>26,631,653</b>		<b>139,214,655</b>
<b>CENTRAL INTELLIGENCE AGENCY (CIA)</b>						
Research and Development	13.RD	62,327	-	-		62,327
<b>Total Central Intelligence Agency</b>		<b>62,327</b>	<b>-</b>	<b>-</b>		<b>62,327</b>
<b>DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT (HUD)</b>						
Supportive Housing for Persons with Disabilities	14.181	-	-	303,597		303,597
<b>Section 8 Project-Based Cluster</b>						
Section 8 Housing Assistance Payments Program	14.195	-	-	186,633,750		186,633,750
Moderate Rehab	14.856	-	-	388,853		388,853
<b>Total Section 8 Project-Based Cluster</b>					\$ 187,022,603	
Community Development	14.218	-	-	75,000		75,000
Community Development Block Grants/Entitlement Grants	14.218	-	-	36,456		36,456
Community Development Block Grant/State's Program	14.228	-	-	11,301,000		11,301,000
CDBG - ARRA	14.228	-	-	128,168		128,168
Housing Assistance	14.231	-	-	464,000		464,000
HPRP-ARRA	14.231	-	-	1,245,361		1,245,361
Supportive Housing Program	14.235	-	-	734,275		734,275
Shelter Plus Care	14.238	-	-	3,733,284		3,733,284
HOME Investment Partnership Program	14.239	-	-	10,446,275		10,446,275
Housing Opportunities for Persons with AIDS	14.241	-	-	1,225,328		1,225,328
Pass-Through City of Wilmington, Delaware	14.246	-	-	21,268		21,268
Fair Housing Assistance Program: State and Local	14.401	-	-	286,556		286,556
Doctoral Dissertation Research Grants	14.516	-	-	1,288		1,288
Historically Black Colleges and Universities Programs	14.520	-	-	65,925		65,925
Pass-Through University of Louisville	14.705	-	-	3,160		3,160
Section 8 Housing Choice Vouchers	14.871	-	-	18,278,381		18,278,381
Healthy Homes and Lead Hazard Control Programs	14.901	-	-	611		611
Office of Public and Indian Housing	14.RD	13,433	-	-		13,433
Department of Housing and Urban Development	14.Unknown	-	-	34,453,770		34,453,770
TCAP - ARRA	14.Unknown	-	-	1,942,828		1,942,828
<b>Total Department of Housing &amp; Urban Development</b>		<b>13,433</b>	<b>-</b>	<b>271,769,134</b>		<b>271,782,567</b>
<b>DEPARTMENT OF THE INTERIOR (DOI)</b>						
FOCUS on Student Achievement Project	15.149	-	-	25,766		25,766
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	-	-	644,221		644,221
Abandoned Mine Land Reclamation (AMLR) Program	15.252	-	-	4,004,258		4,004,258
DOI Fy2011 Underground Mine Map Co-op Agreement	15.255	-	-	15,921		15,921
<b>Fish and Wildlife Cluster</b>						
Sport Fish Restoration	15.605	-	-	4,166,417		4,166,417
Wildlife Restoration	15.611	-	-	3,091,763		3,091,763
<b>Total Fish and Wildlife Cluster</b>					7,258,180	
Fish and Wildlife Management Assistance	15.608	-	-	104,276		104,276
Coastal Wetlands Planning, Protection and Restoration Act	15.614	-	-	985,163		985,163
Cooperative Endangered Species Conservation Fund	15.615	-	-	47,360		47,360
Clean Vessel Act	15.616	-	-	359,043		359,043

The accompanying notes are an integral part of this schedule.



**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF THE INTERIOR (DOI) (continued)</b>						
Sportfishing and Boating Safety Act	15.622	\$ -	\$ -	\$ 16,714		\$ 16,714
Coastal Program	15.630	-	-	1,080		1,080
Landowner Incentive	15.633	-	-	154,080		154,080
State Wildlife Grants	15.634	-	-	801,007		801,007
Pass-Through North Dakota Game and Fish Department	15.634	-	-	68,599		68,599
Service, Training and Technical Assistance (Generic Training)	15.649	-	-	62		62
Assistance to State Water Resources Research Institutes	15.805	-	-	3,459		3,459
U.S. Geological Survey: Research and Data Acquisition	15.808	-	-	41,127		41,127
National Cooperative Geologic Mapping Program	15.810	-	-	11,570		11,570
National Geological and Geophysical Data Preservation Program	15.814	-	-	21,351		21,351
National Geospatial Program	15.817	-	-	300,000		300,000
Historic Preservation Fund Grants-In-Aid	15.904	-	-	857,289		857,289
Outdoor Recreation - Acquisition, Development and Planning.	15.916	-	-	787,000		787,000
NPS American Battlefield Protection	15.926	-	-	14,721		14,721
Save America's Treasures	15.929	-	-	46,555		46,555
Chesapeake Bay Gate Grants	15.930	-	-	134,041		134,041
Chesapeake Bay Gateways Network	15.930	-	-	65,338		65,338
Natural Resource Stewardship	15.944	-	-	7,000		7,000
Pass-Through University of Texas at Austin	15.RD	4,962	-	-		4,962
Pass-Through Caroline Soil Conservation District	15.RD	12,355	-	-		12,355
Pass-Through Cooperative Ecosystem Studies Units	15.RD	14,854	-	-		14,854
Pass-Through America View, Inc	15.RD	29,178	-	-		29,178
U.S. Fish and Wildlife Service	15.RD	38,207	-	-		38,207
Other Department of Interior - Research and Development	15.RD	115,014	-	-		115,014
U.S. Geological Survey	15.RD	592,028	-	-		592,028
National Park Service	15.RD	1,056,828	-	-		1,056,828
<b>Total Department of the Interior (DOI)</b>		<b>1,863,426</b>	<b>-</b>	<b>16,775,181</b>		<b>18,638,607</b>
<b>DEPARTMENT OF JUSTICE (DOJ)</b>						
Marijuana Eradication	16.004	-	-	90,162		90,162
Judicial Education Project(G21F5)	16.013	-	-	24,268		24,268
Sexual Assault Services Formula	16.017	-	-	281,052		281,052
Offender Reentry Program	16.202	-	-	338,059		338,059
Juvenile Accountability Incentive Block Grants	16.523	-	-	982,939		982,939
Reduce Violent Crimes Against Women on Campus	16.525	-	-	199,157		199,157
Safe Havens for Children	16.527	-	-	58,421		58,421
Juvenile Justice and Delinquency Prevention: Allocation to States	16.540	-	-	962,074		962,074
Juvenile Justice and Delinquency Prevention	16.541	-	-	261,752		261,752
Missing Children's assistance	16.543	-	-	320,333		320,333
Title V: Delinquency Prevention Program	16.548	-	-	31,784		31,784
MD Justice Statistics Program - SACS	16.550	-	-	133,561		133,561
National Criminal History Improvement Program (NCHIP)	16.554	-	-	442,428		442,428
National Institute of Justice Research, Evaluation, and Development						
Project Grants	16.560	-	-	8,545		8,545
Crime Victim Assistance	16.575	-	-	7,943,394		7,943,394
Crime Victim Compensation	16.576	-	-	1,991,201		1,991,201
Byrne Formula Grant Program	16.579	-	-	95		95
Byrne Memorial State and Local Law Enforcement Assistance						
Discretionary Grant Program	16.580	-	-	2,276,073		2,276,073
Edward Byrne Memorial State and Local Law Enforcement Assistance						
Discretionary Grants Program	16.580	-	-	8,677		8,677
Drug Court Discretionary Grant Program	16.585	-	-	12,034		12,034
Violence Against Women Formula Grants	16.588	-	-	2,785,560		2,785,560
Residential Substance Abuse Treatment for State Prisoners	16.593	-	-	77,749		77,749
State Criminal Alien Assistance Program	16.606	-	-	1,700,000		1,700,000
Bulletproof Vest Partnership Program	16.607	-	-	121,045		121,045
Gun Violence Prosecution Program	16.609	-	-	202,493		202,493
Public Safety Partnership and Community Policing	16.710	-	-	306,313		306,313
Public Safety Partnership and Community Policing Grants - ARRA	16.710	-	-	32,058		32,058
Juvenile Drug Court Mentoring	16.726	-	-	106,111		106,111
Enforcing Underage Drinking Laws Program	16.727	-	-	375,130		375,130
Pass-Through Wicomico City Health Department: Underage						
Drinking	16.737	-	-	1,495		1,495
Edward Byrne Memorial Justice Assistance Grant Program	16.738	-	-	7,205,155		7,205,155
S/W Auto Victim Info Notification	16.740	-	-	36,667		36,667

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF JUSTICE (DOJ) (continued)</b>						
DNA Capacity Enhancement FY 06(46195)	16.741	\$ -	\$ -	\$ 798,062		\$ 798,062
Paul Coverdell Nat Forensic-lab	16.742	-	-	576,917		576,917
WCHD Reentry and recovery project	16.745	-	-	80,686		80,686
Support for Adam Walsh Act Implementation Grant Program	16.750	-	-	22,313		22,313
SMART - 2008	16.751	-	-	327,616		327,616
Gang Elimination Task Force (46345)	16.753	-	-	395,961		395,961
Prescription Drug Monitoring	16.754	-	-	41,551		41,551
Violence Against Women Formula Grant(VARA)	16.800	-	-	181,130		181,130
Byrne Justice Recovery Act - ARRA	16.803	-	-	4,232,789		4,232,789
Second Chance Act	16.812	-	-	74,122		74,122
Equitable Sharing Program	16.922	-	-	1,720,036		1,720,036
Pass-Through University of Central Florida	16.RD	12,224	-	-		12,224
Pass-Through District of Columbia Criminal Justice Coordinating Council	16.RD	44,971	-	-		44,971
Bureau of Justice Assistance	16.RD	156,120	-	-		156,120
Office of Juvenile Justice and Delinquency Prevention	16.RD	480,370	-	-		480,370
National Institute of Justice	16.RD	537,074	-	-		537,074
Contract / Other	16.Unknown	-	-	2,137,686		2,137,686
<b>Total Department of Justice</b>		<b>1,230,759</b>	<b>-</b>	<b>39,904,654</b>		<b>41,135,413</b>
<b>DEPARTMENT OF LABOR (DOL)</b>						
Labor Force Statistics	17.002	-	-	1,500,250		1,500,250
Compensation and Working Conditions	17.005	-	-	210,903		210,903
<b>Employment Service Cluster</b>					\$ 1,711,153	
Employment Service	17.207	-	-	12,678,080		12,678,080
Employment Services - ARRA	17.207	-	-	1,035,343		1,035,343
Disabled Veterans' Outreach Program (DVOP)	17.801	-	-	1,291,064		1,291,064
Local Veterans' Employment Representative Program	17.804	-	-	1,263,608		1,263,608
<b>Total Employment Service Cluster</b>					16,268,095	
Unemployment Insurance	17.225	-	-	1,675,264,022		1,675,264,022
Unemployment Insurance - ARRA	17.225	-	-	6,450,544		6,450,544
Senior Community Service Employment Program	17.235	-	-	1,314,029		1,314,029
Trade Adjustment Assistance : Workers	17.245	-	-	3,961,793		3,961,793
<b>Workforce Investment Act Cluster (WIA)</b>						
Workforce Investment Act: Adult Program	17.258	-	-	9,887,802		9,887,802
Workforce Investment Act: Adult Program - ARRA	17.258	-	-	187,550		187,550
Workforce Investment Act: Youth Activities	17.259	-	-	8,123,484		8,123,484
Workforce Investment Act: Youth Activities -ARRA	17.259	-	-	975,620		975,620
Workforce Investment Act: Dislocated Workers	17.260	-	-	1,064,345		1,064,345
Dislocated Workers Grant - ARRA	17.260	-	-	5,156,550		5,156,550
WIA Dislocat Statewide Contract	17.278	-	-	12,584,222		12,584,222
<b>Total WIA Cluster</b>					37,979,573	
CORPS	17.261	-	-	2,581,547		2,581,547
WIA Pilots, Demonstrations, and Research Projects	17.261	-	-	260,037		260,037
Work Incentives Grant	17.266	-	-	76,734		76,734
Pass-Through Community College of Baltimore County	17.268	-	-	39,892		39,892
Work Opportunity Tax Credit Program	17.271	-	-	396,126		396,126
Labor Certification for Alien Workers	17.273	-	-	124,946		124,946
State Energy Sector Partnership - ARRA	17.275	-	-	2,139,596		2,139,596
Pass-Through Baltimore County Office of Workforce Development	17.275	-	-	6,903		6,903
Hctc Gap Filler III - ARRA	17.276	-	-	523,022		523,022
Marc-BRAC	17.277	-	-	1,237,716		1,237,716
Occupational Safety & Health	17.503	-	-	4,128,196		4,128,196
Consultation Agreements	17.504	-	-	1,136,548		1,136,548
Occupational Illness & Injury Prevention	17.600	-	-	57,832		57,832
Employment Training Administration	17.RD	493,538	-	-		493,538
<b>Total Department of Labor</b>		<b>493,538</b>	<b>-</b>	<b>1,755,658,304</b>		<b>1,756,151,842</b>
<b>US DEPARTMENT OF STATE (DOS)</b>						
Department of State						
Pass-Through Institute of International Education	19.010	-	-	204,700		204,700
Thomas R. Pickering Foreign Affairs Fellowship Program	19.013	-	-	25,000		25,000
Pass-Through Institute of International Education	19.401	-	-	8,061		8,061
Academic Exchange Programs - Teachers	19.408	-	-	1,004		1,004
Pass-Through Academy for Educational Development	19.408	-	-	353,408		353,408
Academic Exchange Programs - English Language Programs	19.421	-	-	1,094,515		1,094,515
General Department of State Assistance	19.700	-	-	57,678		57,678
Pass-Through National Council for Eurasian and East European Research	19.RD	3,869	-	-		3,869
Pass-Through U.S.Civilian Research and Development Foundation	19.RD	13,366	-	-		13,366

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>US DEPARTMENT OF STATE (DOS) (continued)</b>						
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-002	\$ 6,132	\$ -	\$ -		\$ 6,132
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-003	3,480	-	-		3,480
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-004	73,723	-	-		73,723
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-005	80,873	-	-		80,873
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-006	79,304	-	-		79,304
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-007	78,661	-	-		78,661
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-008	85,344	-	-		85,344
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-009	199,178	-	-		199,178
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-010	87,177	-	-		87,177
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-011	51,013	-	-		51,013
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-012	5,077	-	-		5,077
Office of Antiterrorism Assistance	19.S-DSASD- 11-CA-013	1,118	-	-		1,118
<b>Total US Department of State</b>		<b>768,315</b>	<b>-</b>	<b>1,744,366</b>		<b>2,512,681</b>
<b>DEPARTMENT OF TRANSPORTATION (DOT)</b>						
Airport Improvement Program	20.106	-	-	208,881		208,881
Highway Research and Development Program	20.200	-	-	8,310		8,310
<b>Highway Planning &amp; Construction Cluster</b>						
Highway Planning and Construction	20.205	-	-	572,830,647		572,830,647
Highway Planning and Construction - ARRA	20.205	-	-	60,382,306		60,382,306
Appalachian Development Highway System	23.003	-	-	341,254		341,254
<b>Total Highway Planning &amp; Construction Cluster</b>					\$ 633,554,207	
Highway Training and Education	20.215	-	-	28,900		28,900
Highway Training and Education	20.215	67,859	-	-		67,859
National Motor Carrier Safety	20.218	-	-	2,184,460		2,184,460
Pass-Through University of North Carolina, Chapel Hill	20.218	-	-	35,409		35,409
Commercial Driver Lic Grant Agreement	20.232	-	-	97,518		97,518
Automated Crash Reporting System	20.234	-	-	34,476		34,476
FMCSA - CVISN Grants	20.237	-	-	394,730		394,730
Arra - Federal Stimulus	20.319	-	-	4,020,423		4,020,423
<b>Federal Transit Cluster</b>						
Federal Transit: Capital Investment Grants	20.500	-	-	78,760,632		78,760,632
Federal Transit: Capital Investment Grants - ARRA	20.500	-	-	1,427,068		1,427,068
Federal Transit: Formula Grants	20.507	-	-	108,866,726		108,866,726
Federal Transit: Formula Grants - ARRA	20.507	-	-	38,658,644		38,658,644
<b>Total Federal Transit Cluster</b>					227,713,070	
Federal Transit: Metropolitan Planning Grants	20.505	-	-	8,495,690		8,495,690
Formula Grants for Other Than Urbanized Areas	20.509	-	-	5,696,732		5,696,732
Formula Grants for Other Than Urbanized Areas - ARRA	20.509	-	-	1,467,969		1,467,969
<b>Transit Services Programs Cluster</b>						
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	-	-	1,532,620		1,532,620
Job Access: Reverse Commute	20.516	-	-	3,929,063		3,929,063
New Freedom Initiative	20.521	-	-	2,690,447		2,690,447
<b>Total Transit Services Programs Cluster</b>					8,152,130	
Public Transportation Research	20.514	-	-	19,162		19,162
Clean Fuels	20.519	-	-	1,552,748		1,552,748
Alternative Analysis	20.522	-	-	122,346		122,346
State and Community Highway Safety	20.600	-	-	5,891,006		5,891,006
Pipeline Safety	20.700	-	-	384,328		384,328
Pass-Through Pennsylvania State University	20.701	-	-	8,000		8,000
University Transportation Centers Program	20.701	1,038,116	-	-		1,038,116
Research and Innovative Technology Administration University						
Transportation Center(subaward through Morgan State University)	20.701	-	-	425		425
Interagency Hazardous Materials Public Sector Training and Planning	20.703	-	-	238,180		238,180

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF TRANSPORTATION (DOT) (continued)</b>						
Development and Promotion of Ports and Intermodal Transportation	20.801	\$ -	\$ -	\$ 1,843,342		\$ 1,843,342
Development and Promotion of Ports and Intermodal Transportation - ARRA	20.801	-	-	692,805		692,805
Pass-Through Westat Corporation	20.RD	32,182	-	-		32,182
Pass-Through The National Academies- Transportation Research Board	20.RD	39,903	-	-		39,903
Pass-Through University of North Carolina Chapel Hill	20.RD	50,228	-	-		50,228
Pass-Through Cornell University	20.RD	75,603	-	-		75,603
Pass-Through Mactec, Inc.	20.RD	78,958	-	-		78,958
Pass-Through Metropolitan Washington Council of Government	20.RD	81,156	-	-		81,156
Pass-Through Battelle Memorial Institute	20.RD	110,955	-	-		110,955
Federal Motor Carrier Safety Administration	20.RD	117,968	-	-		117,968
Pass-Through Pennsylvania State University	20.RD	289,180	-	-		289,180
Federal Highway Administration	20.RD	575,603	-	-		575,603
National Highway Traffic Safety Administration	20.RD	727,145	-	-		727,145
Research and Innovative Technology Administration	20.RD	1,296,982	-	-		1,296,982
Other Research & Development	20.RD	1,661,246	-	-		1,661,246
Federal Aviation Administration	20.RD	2,931,669	-	-		2,931,669
Contract/Other	20.Unknown	-	-	3,186,710		3,186,710
Federal Highway Administration St. Mary's College - Safety Improvements and Traffic Calming Measures along MD 5	20.Unknown	-	-	222,954		222,954
<b>Total Department of Transportation</b>		<b>9,174,753</b>	<b>-</b>	<b>906,254,911</b>		<b>915,429,664</b>
<b>DEPARTMENT OF THE TREASURY (DOTR)</b>						
Contract / Other Office of Economic Policy IPA Program	21. IPA No. 10123328	-	-	2,251		2,251
Low Income Taxpayer Clinics	21.008	-	-	56,851		56,851
Contract / Other	21.Unknown	-	-	1,738,090		1,738,090
<b>Total Department of the Treasury</b>		<b>-</b>	<b>-</b>	<b>1,797,192</b>		<b>1,797,192</b>
<b>APPALACHIAN REGIONAL COMMISSION (ARC)</b>						
Appalachian Local Access Roads	23.008	-	-	213,288		213,288
Appalachian State Research, Technical Assistance	23.011	-	-	51,500		51,500
Pass-Through East Tennessee State University	23.011	-	-	2,190		2,190
Appalachian State Research, Technical Assistance and Demonstration Projects	23.011	-	-	66,318		66,318
Appalachian Regional Commission	23.RD	25,926	-	-		25,926
<b>Total Appalachian Regional Commission</b>		<b>25,926</b>	<b>-</b>	<b>333,296</b>		<b>359,222</b>
<b>EQUAL EMPLOYMENT OPPORTUNITY COMMITTEE - (EEOC)</b>						
Employment Discrimination: State and Local Fair Employment Practices Agency Contracts	30.002	-	-	330,891		330,891
<b>Total Equal Employment Opportunity Committee</b>		<b>-</b>	<b>-</b>	<b>330,891</b>		<b>330,891</b>
<b>GENERAL SERVICES ADMINISTRATION - (GSA)</b>						
Donation of Federal Surplus Property Program	39.003	-	-	78,253		78,253
<b>Total General Services Administration (GSA)</b>		<b>-</b>	<b>-</b>	<b>78,253</b>		<b>78,253</b>
<b>GOVERNMENT PRINTING OFFICE</b>						
Section 1602 (Monetization) - ARRA	40.Unknown	-	-	8,121,565		8,121,565
<b>Total Government Printing Office</b>		<b>-</b>	<b>-</b>	<b>8,121,565</b>		<b>8,121,565</b>
<b>LIBRARY OF CONGRESS</b>						
Library of Congress	42.RD	197,648	-	-		197,648
<b>Total Library of Congress</b>		<b>197,648</b>	<b>-</b>	<b>-</b>		<b>197,648</b>
<b>NATIONAL AERONAUTICS &amp; SPACE ADMINISTRATION (NASA)</b>						
Contract / Other IPA Agreement	43. IPA No. NNH09IA03P	-	-	78,271		78,271
Pass-Through University of Utah	43.001	-	-	22,094		22,094
Pass-Through Space Telescope Science Institute	43.001	-	-	99,511		99,511
Pass-Through Anne Arundel County Public Schools	43.001	-	-	249,167		249,167
Aerospace Education Services Program	43.001	-	-	1,126,638		1,126,638
Aerospace Education Services Program	43.001	4,102,652	-	-		4,102,652
GESTAR	43.002	5,766,286	-	-		5,766,286
Pass-Through California State University - Monterey Bay -ARRA	43.006	68	-	-		68
NASA Education	43.008	-	-	4,488		4,488
Cross Agency Support	43.009	-	-	200,773		200,773

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**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b><u>NATIONAL AERONAUTICS &amp; SPACE</u></b>						
<b><u>ADMINISTRATION (NASA) (continued)</u></b>						
NASA	43.RD	\$ 54,029,093	\$ -	\$ -		\$ 54,029,093
Pass-Through Science Systems & Application, Inc	43.RD	121	-	-		121
Pass-Through University of Hawaii	43.RD	2,336	-	-		2,336
Pass-Through University of California at Berkley	43.RD	4,923	-	-		4,923
Pass-Through Institute of Global Environmental and Society	43.RD	6,502	-	-		6,502
Pass-Through North Carolina State University	43.RD	6,912	-	-		6,912
Pass-Through University of Michigan	43.RD	7,566	-	-		7,566
Pass-Through University of Central Florida	43.RD	9,165	-	-		9,165
Pass-Through University of Houston	43.RD	14,025	-	-		14,025
Pass-Through Resources for the Future	43.RD	14,445	-	-		14,445
Pass-Through Von Braun Center for Science and Innovation	43.RD	14,491	-	-		14,491
Pass-Through Planetary Science Institute	43.RD	18,607	-	-		18,607
Pass-Through University of Tennessee	43.RD	19,243	-	-		19,243
Pass-Through Space Science Institute	43.RD	20,714	-	-		20,714
Pass-Through Colorado State University	43.RD	24,850	-	-		24,850
Pass-Through Los Gatos Research	43.RD	25,000	-	-		25,000
Pass-Through George Mason University	43.RD	27,120	-	-		27,120
Pass-Through Massachusetts Institution of Technology	43.RD	27,954	-	-		27,954
Pass-Through Southwest Research Institute	43.RD	28,832	-	-		28,832
Pass-Through Drexel University	43.RD	30,900	-	-		30,900
Pass-Through University of North Texas	43.RD	31,273	-	-		31,273
Pass-Through Georgia State University	43.RD	34,175	-	-		34,175
Pass-Through National Space Grant Foundation	43.RD	35,185	-	-		35,185
Pass-Through Axis Engineering Technologies	43.RD	37,540	-	-		37,540
Pass-Through University of Virginia	43.RD	38,690	-	-		38,690
Pass-Through Fibertek, Inc.	43.RD	40,000	-	-		40,000
Pass-Through SETI Institute	43.RD	41,304	-	-		41,304
Pass-Through Pennsylvania State University	43.RD	43,896	-	-		43,896
Pass-Through Woods Hole Oceanographic Institute	43.RD	45,158	-	-		45,158
Pass-Through Oregon State University	43.RD	47,698	-	-		47,698
Pass-Through Carnegie Institute of Washington	43.RD	49,708	-	-		49,708
Pass-Through CoolCAD Electronics	43.RD	61,826	-	-		61,826
Pass-Through University of Florida	43.RD	74,304	-	-		74,304
Pass-Through California Institute of Technology and the Jet Propulsion Laboratory	43.RD	88,752	-	-		88,752
Pass-Through Maxion Technologies	43.RD	91,633	-	-		91,633
Pass-Through University of Wisconsin	43.RD	93,122	-	-		93,122
Pass-Through University of Washington	43.RD	111,621	-	-		111,621
Pass-Through Michigan Technological University	43.RD	117,974	-	-		117,974
Pass-Through Universities Space Research Association	43.RD	132,857	-	-		132,857
Pass-Through Johns Hopkins University/Applied Physics Lab	43.RD	141,365	-	-		141,365
Pass-Through Cornell University	43.RD	148,101	-	-		148,101
Pass-Through Smithsonian Astrophysical Observatory	43.RD	149,684	-	-		149,684
Pass-Through University of Colorado	43.RD	156,988	-	-		156,988
Pass-Through Clark University	43.RD	165,164	-	-		165,164
Pass-Through Vertical Lift Consortium	43.RD	166,259	-	-		166,259
Pass-Through Boston University	43.RD	171,399	-	-		171,399
Pass-Through Princeton University	43.RD	189,394	-	-		189,394
Pass-Through Space Telescope Science Institute	43.RD	193,767	-	-		193,767
Pass-Through South Dakota State University	43.RD	266,815	-	-		266,815
Pass-Through National Institute of Aerospace	43.RD	323,177	-	-		323,177
Pass-Through California Institute of Technology Jet Propulsion Laboratory	43.RD	363,850	-	-		363,850
<b>Total National Aeronautics &amp; Space Administration</b>		<b>67,854,484</b>	<b>-</b>	<b>1,780,942</b>		<b>69,635,426</b>
<b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH)</u></b>						
Promotion of the Arts: Grants to Organizations and Individuals	45.024	-	-	34,000		34,000
Promotion of the Arts: Grants to Organizations and Individuals	45.024	-	-	97,101		97,101
Interpreting America's Historic Places	45.024	-	-	2,979		2,979
Promotion of the Arts: Partnership Agreements	45.025	-	-	917,822		917,822
Pass-Through Mid-Atlantic Arts Foundation	45.025	-	-	27,628		27,628
Promotion of the Humanities : Research	45.161	-	-	20,351		20,351
Promotion of the Humanities: Seminars and Institutes	45.163	-	-	556		556
NEH Enduring Questions Course on Materialism in Human Life	45.163	-	-	266		266
Promotion of the Humanities: Public Programs	45.164	-	-	119,352		119,352
Promotion of the Humanities-Digital Humanities Initiative	45.169	-	-	11,053		11,053
Conservation Project Support	45.303	-	-	67,356		67,356
Museum Grants for African American History and Culture	45.309	-	-	81,526		81,526
IMLS	45.309	-	-	50,406		50,406
State Library Program	45.310	-	-	3,048,292		3,048,292

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**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b><u>NATIONAL ENDOWMENT FOR THE HUMANITIES (NEH) (continued)</u></b>						
Laura Bush 21 Century Librarian Program	45.313	\$ -	\$ -	\$ 739,486		\$ 739,486
Pass-Through New York Public Library	45.RD	8,911	-	-		8,911
National Endowment for the Arts	45.RD	9,392	-	-		9,392
Pass-Through American Library Association	45.RD	51,400	-	-		51,400
Pass-Through University of Illinois at Urbana - Champaign	45.RD	68,651	-	-		68,651
National Endowment for the Humanities	45.RD	103,370	-	-		103,370
Institute of Museum and Library Services	45.RD	390,508	-	-		390,508
<b>Total National Endowment for the Humanities</b>		<b>632,232</b>	<b>-</b>	<b>5,218,174</b>		<b>5,850,406</b>
<b><u>NATIONAL SCIENCE FOUNDATION (NSF)</u></b>						
Contract / Other IPA Agreement	47. IPA No. CMMI1059137	-	-	303,884		303,884
Contract / Other IPA Agreement	47. IPA No. CNS1007091	-	-	92,079		92,079
Contract / Other IPA Agreement	47. IPA No. DEB1062346	-	-	34,559		34,559
Contract / Other IPA Agreement	47. IPA No. DMS0963731	-	-	39,797		39,797
Contract / Other IPA Agreement	47. IPA No. DMS1057962	-	-	285,493		285,493
Contract / Other IPA Agreement	47. IPA No. PHY1060895	-	-	208,876		208,876
Contract / Other IPA Agreement	47. IPA. No. IOS1125824	-	-	47,405		47,405
Engineering Grants	47.041	-	-	740,838		740,838
Engineering Grants	47.041	33,090	-	-		33,090
Engineering Grants	47.041	-	-	28,862		28,862
Mathematical and Physical Sciences	47.049	-	-	347,336		347,336
Emerging Scholars Research Experience for Undergraduates	47.049	-	-	67,839		67,839
Mathematical and Physical Sciences -ARRA	47.049	67,438	-	-		67,438
2010 Meteorological/Light and Color in the Open Air Conference	47.050	-	-	1,471		1,471
Geosciences	47.050	-	-	30,933		30,933
Hyperspec Remote Sensing	47.050	80,114	-	-		80,114
Pass-Through Computing Research Association	47.070	-	-	122,405		122,405
Computer and Information Science and Engineering	47.070	-	-	458,922		458,922
Collaborative Research BPC-ARTSI	47.070	18,780	-	-		18,780
Biological Sciences	47.074	-	-	183,712		183,712
Social, Behavioral, and Economic Sciences	47.075	-	-	134,641		134,641
Education and Human Resources	47.076	-	-	630,298		630,298
Pass-Through Mathematical Association of America	47.076	-	-	1,230		1,230
Pass-Through Colorado State University	47.076	-	-	178,134		178,134
Education and Human Resources	47.076	-	-	10,165,507		10,165,507
Education and Human Resources	47.076	434,860	-	-		434,860
Education and Human Resources	47.076	-	-	167,069		167,069
International Science & Engineering (OISE)	47.079	-	-	29,084		29,084
International Science an Engineering (OISE)	47.079	63,101	-	-		63,101
Trans-NSF Recovery Act Research Support	47.082	-	-	228,599		228,599
Trans-NSF Recovery Act	47.082	1,817	-	-		1,817
Pass-Through Stanford University -ARRA	47.082	8,543	-	-		8,543
Pass-Through Sienna College -ARRA	47.082	12,336	-	-		12,336
Pass-Through State University of New York at Stony Brook - ARRA	47.082	46,125	-	-		46,125
Pass-Through Southwest Research Institute - ARRA	47.082	53,761	-	-		53,761
Pass-Through Georgetown University - ARRA	47.082	58,023	-	-		58,023
Trans-NSF Recovery Act Research Support -ARRA	47.082	6,922,396	-	-		6,922,396
Trans-NSF Recovery Act Research Support -ARRA	47.082	-	-	2,460,511		2,460,511
Contract / Other	47.10010092	-	-	1,096		1,096
Contract / Other	47.HDR-0853418	-	-	111,263		111,263
Contract / Other IPA Agreement	47. IPA	-	-	158,370		158,370
National Science Foundation (NSF)	47.RD	57,825,970	-	-		57,825,970
Pass-Through Colorado State University	47.RD	169	-	-		169
Pass-Through Indiana University	47.RD	185	-	-		185
Pass-Through Association for Institutional Research	47.RD	523	-	-		523
Pass-Through University of California, Davis	47.RD	1,908	-	-		1,908
Pass-Through Purdue University	47.RD	2,614	-	-		2,614
Pass-Through Black Hills State University	47.RD	3,357	-	-		3,357
Pass-Through Drexel University	47.RD	4,969	-	-		4,969
Pass-Through Stevens Institute of Technology	47.RD	5,499	-	-		5,499
Pass-Through University of Baltimore Foundation	47.RD	7,201	-	-		7,201

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b><u>NATIONAL SCIENCE FOUNDATION (NSF) (continued)</u></b>						
Pass-Through Sarissa Inc(Sarissa Technologies)	47.RD	\$ 9,070	\$ -	\$ -		\$ 9,070
Pass-Through Asia-Pacific Network for Global Change Research	47.RD	11,336	-	-		11,336
Pass-Through University of California, San Diego	47.RD	12,502	-	-		12,502
Pass-Through Woods Hole Oceanographic	47.RD	12,955	-	-		12,955
Pass-Through Consortium of Universities for the Advancement of Hydrologic Science Inc.	47.RD	13,066	-	-		13,066
Pass-Through University of Mississippi	47.RD	13,570	-	-		13,570
Pass-Through University of California, Los Angeles	47.RD	17,673	-	-		17,673
Pass-Through SRI International	47.RD	20,427	-	-		20,427
Pass-Through American University College of Law	47.RD	20,904	-	-		20,904
Pass-Through Center for Research on Changing Earth	47.RD	20,946	-	-		20,946
Pass-Through Johns Hopkins University / Applied Physics Lab	47.RD	22,429	-	-		22,429
Pass-Through North Carolina State University	47.RD	24,406	-	-		24,406
Pass-Through Howard University	47.RD	24,524	-	-		24,524
Pass-Through Ohio State University	47.RD	27,669	-	-		27,669
Pass-Through American Educational Research Association	47.RD	27,883	-	-		27,883
Pass-Through Loyola University	47.RD	28,476	-	-		28,476
Pass-Through Carnegie Institute for Science	47.RD	29,277	-	-		29,277
Pass-Through University of North Carolina	47.RD	30,638	-	-		30,638
Pass-Through National Geographic Society	47.RD	34,555	-	-		34,555
Pass-Through Wright State University	47.RD	42,961	-	-		42,961
Pass-Through University of Delaware	47.RD	47,207	-	-		47,207
Pass-Through California Institute of Technology	47.RD	49,341	-	-		49,341
Pass-Through Pacific Ecoinformatics and Computational Ecology Lab, Inc.	47.RD	56,793	-	-		56,793
Pass-Through Case Western University	47.RD	60,228	-	-		60,228
Pass-Through Boston University	47.RD	63,163	-	-		63,163
Pass-Through Lenterra Inc	47.RD	64,194	-	-		64,194
Pass-Through Education Development Center	47.RD	67,251	-	-		67,251
Pass-Through BBNT Solutions, LLC	47.RD	67,939	-	-		67,939
Pass-Through University of Arizona	47.RD	68,283	-	-		68,283
Pass-Through Virginia Commonwealth University	47.RD	71,187	-	-		71,187
Pass-Through Oregon Health & Science University	47.RD	77,283	-	-		77,283
Pass-Through University of Utah	47.RD	93,642	-	-		93,642
Pass-Through University of Illinois	47.RD	101,980	-	-		101,980
Pass-Through University of Washington	47.RD	103,658	-	-		103,658
Pass-Through University of Southern California	47.RD	103,739	-	-		103,739
Pass-Through Columbia University	47.RD	109,631	-	-		109,631
Pass-Through Virginia Polytechnic Institute and State University	47.RD	118,062	-	-		118,062
Pass-Through University of Illinois at Urbana-Champaign	47.RD	129,725	-	-		129,725
Pass-Through University of Michigan	47.RD	161,845	-	-		161,845
Pass-Through Cary Institute of Ecosystem Studies	47.RD	168,963	-	-		168,963
Pass-Through Yale University	47.RD	178,195	-	-		178,195
Pass-Through Johns Hopkins University	47.RD	179,499	-	-		179,499
Pass-Through Vanderbilt University	47.RD	212,497	-	-		212,497
Pass-Through Computing Research Association	47.RD	275,579	-	-		275,579
Pass-Through University of Wisconsin	47.RD	1,352,797	-	-		1,352,797
<b>Total National Science Foundation</b>		<b>70,080,727</b>	<b>-</b>	<b>17,260,213</b>		<b>87,340,940</b>
<b><u>SMALL BUSINESS ADMINISTRATION</u></b>						
Small Business Development Center	59.037	-	-	2,684,527		2,684,527
Program for Investment in Microentrepreneurs Act	59.050	-	-	30,073		30,073
Small Business Jobs Act of 2010	59.061	-	-	268,481		268,481
<b>Total Small Business Administration</b>		<b>-</b>	<b>-</b>	<b>2,983,081</b>		<b>2,983,081</b>
<b><u>DEPARTMENT OF VETERAN AFFAIRS (VA)</u></b>						
Veterans State Domiciliary Care	64.014	-	-	2,378,599		2,378,599
Veterans State Nursing Home Care	64.015	-	-	7,733,755		7,733,755
Burial Expenses Allowance	64.101	-	-	1,295,316		1,295,316
Vocational and Educational Counseling for Service Members and Veterans	64.125	-	-	258,463		258,463
Contract/Other IPA Agreement	64.IPA	111,713	-	-		111,713
Contract/Other IPA Agreement	64.IPA	-	-	-		-
Veterans Benefits Administration – Research and Development	No. 09051171	-	-	17,843		17,843
Pass-Through PARRA Consulting Group, Inc	64.RD	150	-	-		150
Veterans Benefits Administration – Research and Development	64.RD	798	-	-		798
Veterans Health Administration – Research and Development	64.RD	5,712,903	-	-		5,712,903
<b>Total Department of Veteran Affairs</b>		<b>5,825,564</b>	<b>-</b>	<b>11,683,976</b>		<b>17,509,540</b>

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>ENVIRONMENTAL PROTECTION AGENCY (EPA)</b>						
Contract / Other	66.03-0086-11-11N	\$ -	\$ -	\$ 9,615		\$ 9,615
Spec. Purpose Activities	66.034	-	-	393,717		393,717
Air Toxics Monitoring	66.034	-	-	151,713		151,713
Environmental Protection Agency	66.039	-	-	2,274,911		2,274,911
Pass-Through Mid-Atlantic Regional Air Management Association	66.039	-	-	100,983		100,983
Maryland Clean Diesel	66.040	-	-	347,060		347,060
MD State Clean Diesel Grant Program -ARRA	66.040	-	-	302,815		302,815
Pass-Through Battelle Memorial Institute - Contract	66.173	-	-	27,349		27,349
Congressionally Mandated Projects	66.202	-	-	142,920		142,920
Environmental Finance Center Grants	66.203	-	-	86,435		86,435
Water Quality Management Planning	66.454	-	-	541,003		541,003
Nonpoint Source Implementation Grants	66.460	-	-	2,069,872		2,069,872
Nonpoint Source Implementation Grants	66.460	-	-	34,775		34,775
Chesapeake Bay Program	66.466	-	-	4,474,996		4,474,996
Pass-Through Virginia Polytechnic Institute and State University	66.466	-	-	399		399
Pass-Through National Fish & Wildlife Foundation	66.466	-	-	86,672		86,672
Chesapeake Bay Program	66.466	-	-	134,258		134,258
Capitalization Grants for Drinking Water State Revolving Fund-ARRA	66.468	-	-	383,438		383,438
Operator Certification Expense Reimbursement	66.471	-	-	434,432		434,432
Beach Monitoring and Notification Program Implementation Grants	66.472	-	-	320,540		320,540
Water Protection Grants to the States	66.474	-	-	25,509		25,509
Performance Partnership Grants (PPGs)	66.605	-	-	11,485,224		11,485,224
Environmental Information Exchange Network Grant Program	66.608	-	-	205,842		205,842
Pollution Prevention Grants Program	66.708	-	-	87,651		87,651
FY10 Technology in RCRA compliance Monitoring	66.709	-	-	36,700		36,700
Bite Bed Bugs Back! B4 Initiative	66.714	-	-	50,765		50,765
Bed Bug Action Newtwork	66.716	-	-	39,445		39,445
Superfund State Site: Specific Cooperative Agreements	66.802	-	-	594,329		594,329
State and Tribal Underground Storage Tanks Program	66.804	-	-	395,187		395,187
Leaking Underground Storage Tank Program	66.805	-	-	1,143,261		1,143,261
Leaking Underground Storage Tank Program - ARRA	66.805	-	-	1,399,597		1,399,597
Solid Waste Management Assistance	66.808	-	-	3,280		3,280
Superfund State and Indian Tribe Core Program: Cooperative Agreements	66.809	-	-	351,898		351,898
State and Tribal Response Program Grants	66.817	-	-	225,574		225,574
Contract / Other	66.G11C00073	-	-	229,382		229,382
Office of Research and Development						
Pass-Through Skidaway Institute of Oceanography	66.RD	4,271	-	-		4,271
Pass Through University of Illinois at Urbana-Champaign	66.RD	61,324	-	-		61,324
Office of Solid Waste and Emergency Response	66.RD	22,808	-	-		22,808
Enviromental Protection Agency						
Pass-Through Los Gatos Research, Inc.	66.RD	25,000	-	-		25,000
Pass-Through Pennsylvania State University	66.RD	59,772	-	-		59,772
Pass-Through Maryland Industrial Partnerships	66.RD	79,098	-	-		79,098
Pass-Through National Fish & Wildlife Foundation	66.RD	28,818	-	-		28,818
Office of Water	66.RD	26,334	-	-		26,334
Pass-Through National Fish & Wildlife Foundation	66.RD	49,277	-	-		49,277
Pass-Through Maryland Coastal Bays Project	66.RD	74,857	-	-		74,857
Office of Research and Development	66.RD	1,109,906	-	-		1,109,906
Poultry Litter Project	66.Unknown	-	-	328,628		328,628
<b>Total Environmental Protection Agency</b>		<b>1,541,465</b>	<b>-</b>	<b>28,920,175</b>		<b>30,461,640</b>
<b>NUCLEAR REGULATORY COMMISSION (NRC)</b>						
US Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	-	-	43,511		43,511
US Nuclear Regulatory Commission Scholarship and Fellowship Program	77.008	-	-	106,289		106,289
Contract/Other IPA	77.IPA No. NRCDR4211002	-	-	44,056		44,056
Other National Regulatory Commission – Research and Development						
Pass-Through Sandia National Laboratories	77.RD	24,911	-	-		24,911
Other National Regulatory Commission – Research and Development	77.RD	342,706	-	-		342,706
<b>Total Nuclear Regulatory Commission</b>		<b>367,617</b>	<b>-</b>	<b>193,856</b>		<b>561,473</b>
<b>DEPARTMENT OF ENERGY (DOE)</b>						
Contract / Other	81.00125174	20,170	-	-		20,170
State Energy Program	81.041	-	-	824,702		824,702
St. Energy Conservation Prg	81.041	-	-	22,189,795		22,189,795
Weatherization Assistance for Low-Income Persons	81.042	-	-	492,305		492,305
Weatherization Assistance for Low-Income Persons - ARRA	81.042	-	-	25,928,002		25,928,002
Office of Science Financial Assistance Program - ARRA	81.049	415,468	-	-		415,468
University Coal Research	81.057	67,027	-	-		67,027
Conservation Research & Development	81.086	-	-	1,765,138		1,765,138
Conservation Research and Development	81.086	629,894	-	-		629,894
Renewable Energy Research and Development	81.087	-	-	25,286		25,286
Renewable Energy Research and Development	81.087	-	-	406,986		406,986

The accompanying notes are an integral part of this schedule.



**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF ENERGY (DOE) (continued)</b>						
State Heating Oil and Propane Programs	81.090	\$ -	\$ -	\$ 9,011		\$ 9,011
Pass-Through Battelle Corporation - ARRA	81.114407	28	-	-		28
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117	-	-	116,934		116,934
State Energy Program Special Projects	81.119	-	-	2,600		2,600
Electricity Delivery&Energy Reliability - ARRA	81.122	-	-	400,755		400,755
Energy Efficiency & Conservation Block Grant Program	81.128	-	-	1,428,603		1,428,603
Pass-Through Teledyne Scientific -ARRA	81.135	91,611	-	-		91,611
Advanced Research and Projects Agency - Energy Financial Assistance Program -ARRA	81.135	254,178	-	-		254,178
Pass-Through Princeton University	81.DE-AC02- 09CHI1466	7,975	-	-		7,975
Pass-Through Battelle Memorial Institute	81.DE-AC05- 76RL01830	71,427	-	-		71,427
Contract / Other IPA Agreement	81.IPA No. 09092163	-	-	174,200		174,200
Advanced Research and Projects Agency Office of Fossil Energy	81.RD	112,222	-	-		112,222
Pass-Through Yale University	81.RD	69,199	-	-		69,199
Office of Science	81.RD	11,840,285	-	-		11,840,285
Office of Science						
Pass-Through General Atomics	81.RD	23,406	-	-		23,406
Pass-Through HyperV Technologies, Inc	81.RD	7,028	-	-		7,028
Pass-Through Stanford University	81.RD	29,148	-	-		29,148
Pass-Through University of Wisconsin	81.RD	31,429	-	-		31,429
Pass-Through Tulane University	81.RD	39,995	-	-		39,995
Pass-Through University of Michigan	81.RD	107,719	-	-		107,719
Pass-Through University of Virginia	81.RD	135,619	-	-		135,619
Other Department of Energy – Research and Development	81.RD	253,209	-	-		253,209
Other Department of Energy – Research and Development						
Pass-Through Ames Laboratory	81.RD	387,342	-	-		387,342
Pass-Through Battelle Corporation	81.RD	724,395	-	-		724,395
Pass-Through Battelle Energy Alliance	81.RD	56,822	-	-		56,822
Pass-Through Brookhaven National Laboratory	81.RD	1,205	-	-		1,205
Pass-Through Oak Ridge National Laboratory	81.RD	12,470	-	-		12,470
Pass-Through University of Texas - Austin	81.RD	12,856	-	-		12,856
Pass-Through Idaho State University	81.RD	41,569	-	-		41,569
Pass-Through Savannah River Nuclear Solutions	81.RD	44,892	-	-		44,892
Pass-Through University of Delaware	81.RD	55,000	-	-		55,000
Pass-Through Sandia National Laboratories	81.RD	275,925	-	-		275,925
Pass-Through URS Corporation	81.RD	136,878	-	-		136,878
Pass-Through Lawrence Livermore National Laboratory	81.RD	204,252	-	-		204,252
Pass-Through UT Battelle LLC	81.RD	350,802	-	-		350,802
Office of Science, Office of Biological & Environmental Research	81.RD	161,601	-	-		161,601
Office of Science Financial Assistance Program	81.RD	514,547	-	-		514,547
<b>Total Department of Energy</b>		<b>17,187,593</b>	<b>-</b>	<b>53,764,317</b>		<b>70,951,910</b>
<b>DEPARTMENT OF EDUCATION (ED)</b>						
College Access Challenge Grant Program	84.378	-	-	1,482,094		1,482,094
Teacher Education Assistance for College and Higher Education	84.379	-	-	12,000		12,000
Adult Education: State Grant Program	84.002	-	-	8,237,578		8,237,578
Adult Education - State Grant Program	84.002	-	-	620,211		620,211
Federal Supplemental Educational Opportunity Grants	84.007	-	3,742,143	-		3,742,143
Federal Supplemental Educational Opportunity Grants	84.007	-	845,337	-		845,337
Federal Supplemental Educational Opportunity Grant	84.007	-	955,333	-		955,333
Federal Supplemental Education Opportunity Grant	84.007	-	29,507	-		29,507
<b>Title 1, Part A Cluster</b>						
Title I Grants to Local Educational Agencies	84.010	-	-	173,936,809		173,936,809
Stimulus-Title 1-Part A-Grants To LEAS	84.389	-	-	14,527,523		14,527,523
<b>Total Title 1, Part A Cluster</b>					\$ 188,464,332	
Migrant Education: State Grant Program	84.011	-	-	514,694		514,694
Migrant Education_State Grant Program	84.011	-	-	623,914		623,914
Title I Program for Neglected and Delinquent Children	84.013	-	-	1,346,863		1,346,863
Undergraduate International Studies and Foreign Language Programs	84.016	-	-	68,565		68,565
International Research & Studies	84.017	-	-	76,593		76,593
International: Overseas: Group Projects Abroad	84.021	-	-	1,185		1,185
Peru in the 21st Century Research	84.021	80,679	-	-		80,679

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF EDUCATION (ED) (continued)</b>						
<b>Special Education Cluster (IDEA)</b>						
Special Education: Grants to States	84.027	\$ -	\$ -	\$ 180,913,251		\$ 180,913,251
D.O.R.S.Transition Grant - ARRA	84.027	-	-	24,593		24,593
Pass-Through Government of the District of Columbia	84.027	-	-	210,000		210,000
Special Education: Preschool Grants	84.173	-	-	6,156,665		6,156,665
Special Education Grants to State - ARRA	84.391	-	-	34,567,274		34,567,274
Stimulus-IDEA-Part B-Preschool Grants	84.392	-	-	2,189,585		2,189,585
<b>Total IDEA Part B Cluster</b>					\$ 224,061,368	
Higher Education: Institutional Aid	84.031	-	-	26,050,664		26,050,664
Federal Family Educational Loan	84.032	-	11,460,495	-		11,460,495
Federal Work-Study Program	84.033	-	6,710,617	-		6,710,617
Federal Perkins Loan Cancellations	84.037	-	643,981	-		643,981
Federal Perkins Loan Program: Federal Capital Contributions	84.038	-	71,478,498	-		71,478,498
Federal Pell Grant Program	84.063	-	167,675,560	-		167,675,560
Federal Direct Student Loans	84.268	-	954,874,607	-		954,874,607
<b>TRIO Cluster</b>						
TRIO: Student Support Services	84.042	-	-	1,565,532		1,565,532
TRIO - Student Support Services	84.042	-	-	342,555		342,555
TRIO: Talent Search	84.044	-	-	134,810		134,810
Talent Search	84.044	-	-	208,098		208,098
TRIO - Talent Search	84.044	-	-	253,664		253,664
TRIO: Upward Bound	84.047	-	-	3,662,375		3,662,375
TRIO Upward Bound	84.047	-	-	338,133		338,133
TRIO - Upward Bound	84.047	-	-	367,544		367,544
TRIO: Educational Opportunity Centers	84.066	-	-	259,906		259,906
TRIO: McNair Post – Baccalaureate Achievement	84.217	-	-	889,058		889,058
<b>Total TRIO Cluster</b>					8,021,675	
Vocational Education: Basic Grants to States	84.048	-	-	14,671,309		14,671,309
Vocational, Education - Basic Grants to the State	84.048	-	-	312,160		312,160
Automotive Technology Program	84.051	-	-	43,045		43,045
Fund for the Improvement of Postsecondary Education	84.116	-	-	591,660		591,660
Video Cases for Novice College Mathematics Instructors						
Pass -Through University of Northern Colorado)	84.116B	-	-	7,640		7,640
Upgrades and Expansion of Science Laboratory and Information						
Technology Equipment	84.116Z	-	-	118,808		118,808
Minority Science and Engineering Improvement	84.120	-	-	233,366		233,366
<b>Vocational Rehabilitation Cluster</b>						
Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126	-	-	44,625,717		44,625,717
Vocational Rehabilitation Grants - ARRA	84.390	-	-	252,559		252,559
<b>Total Vocational Rehabilitation Cluster</b>					44,878,276	
Rehabilitation Long-Term Training	84.129	-	-	733,154		733,154
National Institute on Disability and Rehabilitation Research	84.133	-	-	125,882		125,882
Migrant Education_Coordination Program	84.144	-	-	144,763		144,763
Business and International Education Projects	84.153	-	-	59,374		59,374
Rehabilitation Services: Client Assistance Program	84.161	-	-	213,889		213,889
Independent Living: State Grants	84.169	-	-	287,908		287,908
<b>Independent Living Services for Older Individuals Who are Blind Cluster</b>						
Rehabilitation Service: Independent Living Services for Older Blind						
Individuals	84.177	-	-	668,237		668,237
Indep. Living Services for Older Ind. Who are Blind-ARRA	84.399	-	-	85		85
<b>Total Independent Living Services for Older Individuals Who are Blind Cluster</b>					668,322	
<b>Early Intervention Services Cluster (IDEA)</b>						
Special Education: Grants for Infants and Families with Disabilities	84.181	-	-	6,977,226		6,977,226
Stimulus-IDEA Part C-Infants & Families	84.393	-	-	8,402,590		8,402,590
<b>Total IDEA Part C Cluster</b>					15,379,816	

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF EDUCATION (ED) (continued)</b>						
Safe and Drug-Free Schools and Communities_National Programs	84.184	\$ -	\$ -	\$ 1,965,409		\$ 1,965,409
Robert C. Byrd Honors Scholarships	84.185	-	-	423,524		423,524
Safe and Drug-Free Schools and Communities: State Grants	84.186	-	-	308,299		308,299
Supported Employment Services for Individuals with Severe Handicaps	84.187	-	-	673,003		673,003
Bilingual Education: Professional Development	84.195	-	-	504,188		504,188
<b>Education of Homeless Children and Youth Cluster</b>						
Education of Homeless Children and Youth	84.196	-	-	904,912		904,912
Stimulus-homeless Youth And Children	84.387	-	-	154,775		154,775
<b>Total Education of Homeless Children and Youth Cluster</b>						
Graduate Assistance in Areas of National Need	84.200	-	-	1,073,663	\$ 1,059,687	1,073,663
Even Start: State Educational Agencies	84.213	-	-	572,753		572,753
Fund for the Improvement of Education	84.215	-	-	123,852		123,852
Pass-Through Anne Arundel County Public Schools	84.215	-	-	92,809		92,809
Pass-Through Howard Co Public Schools	84.215	-	-	94,929		94,929
Pass-Through Baltimore County Public Schools	84.215	-	-	89,965		89,965
Centers for International Business Education	84.220	-	-	53,852		53,852
Assistive Technology	84.224	-	-	505,185		505,185
Rehabilitation Services Demonstration and Training	84.235	-	-	585,600		585,600
Tech--Prep Education	84.243	-	-	450,956		450,956
Rehabilitation Training: State Vocational Rehabilitation Unit						
In-Service Training	84.265	-	-	134,721		134,721
The Charter School Program	84.282	-	-	6,091,070		6,091,070
Twenty-First Century Community Learning Centers	84.287	-	-	14,797,020		14,797,020
Pass-Through University of Illinois	84.305	-	-	101,075		101,075
<b>Education Technology States Cluster</b>						
Technology Literacy Challenge Fund Grants	84.318	-	-	1,581,612		1,581,612
Stimulus - Education Technology	84.386	-	-	4,456,029		4,456,029
<b>Total Education Technology States Cluster</b>						
Special Education: State Program Improvement Grants for Children with Disabilities	84.323	-	-	1,360,084		1,360,084
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	-	-	1,571,325		1,571,325
Special Education: Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	-	-	285,658		285,658
Advanced Placement Incentive Program	84.330	-	-	1,312,199		1,312,199
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	-	-	239,340		239,340
Underground Railroad Educational and Cultural Program	84.345	-	-	228,205		228,205
Transition to Teaching	84.350	-	-	405,997		405,997
English Language Acquisition Grants	84.365	-	-	9,228,672		9,228,672
Mathematics and Science Partnerships	84.366	-	-	1,413,325		1,413,325
Pass-Through School District of Pittsburgh	84.366	-	-	24,983		24,983
Improving Teacher Quality State Grants	84.367	-	-	34,151,125		34,151,125
Improving Teacher Quality State Grants	84.367	-	-	64,696		64,696
Grants for State Assessments and Related Activities	84.369	-	-	7,427,560		7,427,560
Statewide Longitudinal Data System	84.372	-	-	1,533,188		1,533,188
Academic Competitiveness Grants	84.375	-	14,193	-		14,193
National Science and Mathematics Access to Retain Talent (Smart) Grants	84.376	-	201,862	-		201,862
<b>School Improvement Grants Cluster</b>						
School Improvement Grants	84.377	-	-	6,439,354		6,439,354
Stimulus-School Improvement Grants	84.388	-	-	9,857,827		9,857,827
<b>Total School Improvement Grants Cluster</b>						
Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	84.379	-	378,000	-		378,000
Strengthening Minority-Servicing Institutions	84.382	-	-	99,177		99,177
<b>State Fiscal Stabilization Fund Cluster (SFSF)</b>						
Stimulus-Stabilization Fund	84.394	-	-	36,356,439		36,356,439
<b>Total SFSF Cluster</b>						
SFSF-Race To The Top Incentive - ARRA	84.395	-	-	48,256,026	36,356,439	48,256,026
Pass-Through Baltimore City Public Schools	84.395	-	-	329,901		329,901
Stimulus-Independent Living	84.398	-	-	78,319		78,319
Stimulus-Education Jobs Fund	84.410	-	-	61,624,922		61,624,922
RTTT-ELC Maryland Excels	84.412	-	-	6,371		6,371
Pass-Through National Writing Project Corporation, University of California, Berkley	84.928	-	-	24,533		24,533
Pass-Through University of California, Berkley	84.928	-	-	83,665		83,665

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF EDUCATION (ED) (continued)</b>						
Contract/Other	84.IPA No. EDIES11N0068	\$ -	\$ -	\$ 158,412		\$ 158,412
Office of Assistant Secretary for Innovation						
Pass-Through Anne Arundel County Public Schools	84.RD	18,785	-	-		18,785
Pass-Through Baltimore County Public Schools	84.RD	51,022	-	-		51,022
Institute of Education Sciences	84.RD	1,247,384	-	-		1,247,384
Institute of Education Sciences						
Pass-Through Carnegie-Mellon University	84.RD	9,577	-	-		9,577
Pass-Through University of Kansas	84.RD	165,297	-	-		165,297
Postsecondary Education	84.RD	1,053,977	-	-		1,053,977
Postsecondary Education						
Pass-Through Duke University	84.RD	15,396	-	-		15,396
Special Education and Rehabilitative Services	84.RD	265,482	-	-		265,482
Pass-Through Boston University	84.RD	3,170	-	-		3,170
Pass-Through National Public Radio	84.RD	30,135	-	-		30,135
Pass-Through Syracuse University	84.RD	56,068	-	-		56,068
Pass-Through TransCen, Inc.	84.RD	88,360	-	-		88,360
Office of Vocational and Adult Education						
Pass-Through Office of State Superintendent of Education (Washington, DC)	84.RD	25,948	-	-		25,948
<b>Total Department of Education</b>		<b>3,111,280</b>	<b>1,219,010,133</b>	<b>796,351,612</b>		<b>2,018,473,025</b>
<b>SMITHSONIAN INSTITUTION</b>						
Contract/Other	85. 11PO 33200002384	-	-	14,601		14,601
Contract/Other	85. 12PO 33700002497	-	-	10,260		10,260
Contract/Other	85. 12PO 33700002550	-	-	1,000		1,000
Contract/Other	85. 12PO 33800002429	-	-	11,360		11,360
Contract/Other	85. 12SUBC 440000024	28,755	-	-		28,755
Contract/Other	85. 12SUBC 440000025	12,738	-	-		12,738
Contract/Other	85. 510157	-	-	10,923		10,923
Smithsonian Institution Fellowship Program	85.601	-	-	261,051		261,051
Smithsonian Institution	85.RD	91,438	-	-		91,438
<b>Total Smithsonian Institution</b>		<b>132,931</b>	<b>-</b>	<b>309,195</b>		<b>442,126</b>
<b>NATIONAL ARCHIVES &amp; RECORDS ADMINISTRATION</b>						
National Historical Publications & Records Grants	89.003	-	-	55,213		55,213
National Archives and Records Administration – Research and Development	89.RD	142,483	-	-		142,483
<b>Total National Archives &amp; Records Administration</b>		<b>142,483</b>	<b>-</b>	<b>55,213</b>		<b>197,696</b>
<b>US ELECTION ASSISTANCE COMMISSION (EAC)</b>						
Help America Vote Act	90.401	-	-	2,613,225		2,613,225
Election Assistance Commission - Research & Development	90.RD	10,889	-	-		10,889
<b>Total US Election Assistance Commission</b>		<b>10,889</b>	<b>-</b>	<b>2,613,225</b>		<b>2,624,114</b>
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</b>						
Contract / Other National Institute of Health	93. 263MF2072503 93.HHSF22320111060	-	-	15,000		15,000
Contract / Other Food and Drug Administration	0P	-	-	26,635		26,635
Contract / Other Food and Drug Administration	93. Z21535	-	-	24,000		24,000
Pass-Through National Association of Counties and Cities	93.008	-	-	3,508		3,508
Programs for Prevention of Elder Abuse	93.041	-	-	155,883		155,883
Long term care ombudsman services for older individuals	93.042	-	-	530,234		530,234
Special Programs for the Aging: Title III, Part F: Disease Prevention and Health Promotion Services	93.043	-	-	467,880		467,880
<b>Aging Cluster</b>						
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and senior Centers	93.044	-	-	9,445,572		9,445,572
Special Programs for the Aging: Title III, Part C: Nutrition Services	93.045	-	-	3,931,183		3,931,183
Nutrition Services Incentive Program	93.053	-	-	2,713,545		2,713,545
<b>Total Aging Cluster</b>		<b>-</b>	<b>-</b>	<b>-</b>	\$ 16,090,300	<b>-</b>
Special Programs for the Aging: Title IV: Training, Research and Discretionary Projects & Programs	93.048	-	-	261,005		261,005
National Family Caregiver Support Program	93.052	-	-	3,313,473		3,313,473
Mental and Behavioral Public Health	93.061	6,798	-	-		6,798
Pass-Through National Association of Public Health Laboratories	93.065	-	-	67,004		67,004
Public Health Emergency Preparedness	93.069	-	-	11,766,846		11,766,846
Asthma- From A Public Health Perspective	93.070	-	-	770,705		770,705
Personal Responsibility Education	93.092	-	-	887,174		887,174

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>(HHS) (continued)</b>						
Food and Drug Administration: Research	93.103	\$ -	\$ -	\$ 201,029		\$ 201,029
Food and Drug Administration Research	93.103	-	-	745		745
Pass-Through Oak Ridge Institute for Science & Education	93.103	-	-	21,805		21,805
Comprehensive Community Mental Health Services for SED	93.104	-	-	1,974,195		1,974,195
Contract / Other Food and Drug Administration	93.1086332	-	-	40,917		40,917
Contract / Other Food and Drug Administration	93.1095549	-	-	22,024		22,024
Maternal and Child Health Federal Consolidated Programs	93.110	-	-	191,573		191,573
Biological Response to Environmental Health Hazards	93.113	-	-	56,231		56,231
Engaging and Empower Students	93.113	3,200	-	-		3,200
Project Grants and Cooperative agreements for Tuberculosis						
Control Programs	93.116	-	-	1,465,553		1,465,553
Emergency Medical Services for Children	93.127	-	-	183,660		183,660
Primary Care Services: Resource Coordination and Development:						
Primary Care Offices	93.130	-	-	269,232		269,232
Injury Prevention and Control Research and State and Community						
Based Programs	93.136	-	-	1,127,565		1,127,565
Sexual Assault Prevention	93.136	3,638	-	-		3,638
Project for assistance in Transition from Homelessness (PATH)	93.150	-	-	1,247,263		1,247,263
Coordinated HIV Services and Access to Research for Children,						
Youth, Women and Families	93.153	-	-	1,436,064		1,436,064
Grants for State Loan Repayments	93.165	-	-	250,000		250,000
Human Genome Research -ARRA	93.172	67,315	-	-		67,315
Research related to Deafness and Communication Disorders	93.173	-	-	314,920		314,920
Nursing Workforce Diversity	93.178	-	-	351,068		351,068
Childhood Lead Poisoning Prevention and Surveillance of blood						
Lead Levels in Children	93.197	-	-	182,785		182,785
Family Planning: Services	93.217	-	-	4,406,318		4,406,318
Research on Healthcare Costs, Quality and Outcomes	93.226	-	-	46,277		46,277
Consolidated Knowledge Development and Application (KD&A)						
Program	93.230	-	-	82,992		82,992
Abstinence Education	93.235	-	-	501,849		501,849
Mental Health Research Grants	93.242	-	-	23,423		23,423
Mental Health Research Grants - ARRA	93.242	112,535	-	-		112,535
Substance Abuse and Mental Health Services	93.243	-	-	3,925,050		3,925,050
Substance Abuse and Mental Health Services	93.243	9,951	-	-		9,951
Advance Nursing Education Grant Program	93.247	-	-	142,691		142,691
Pass-Through Johns Hopkins University	93.249	-	-	17,633		17,633
Universal Newborn Hearing Screening	93.251	-	-	148,653		148,653
Pass-Through Morehouse University	93.260	-	-	113,481		113,481
Maryland Occupational Hlth Surveillance	93.262	-	-	109,824		109,824
Nurse Faculty Loan Program (NFLP)	93.264	-	110,214	-		110,214
Nurse Faculty Loan Program (NFLP) -ARRA	93.264	-	5,774	-		5,774
<b>Immunization Grants Cluster</b>						
Immunization Grants	93.268	-	-	4,636,247		4,636,247
Emerging Infections Sect 317 Immun - ARRA	93.712	-	-	633,915		633,915
<b>Total Immunization Grants Cluster</b>					\$ 5,270,162	
Adult Viral Hepatitis Provention Coord	93.270	-	-	86,181		86,181
Pass-Through Pacific Institute for Research Programs	93.273	-	-	31,461		31,461
Maryland Access Recovery	93.275	-	-	2,992,441		2,992,441
Drug Free Communities Support Program	93.276	-	-	418,693		418,693
Career Development Awards	93.277	-	-	166,156		166,156
Drug Abuse National Research Service Awards for Research Training	93.278	-	-	61,459		61,459
Drug Abuse Research Programs: Pass-Through Louisiana State						
Pass-Through Louisiana State Univeristy	93.279	-	-	32,492		32,492
Drug Abuse Research Programs -ARRA	93.279	-	-	5,548		5,548
Mental Health National Research Service Awards for Research Training	93.282	-	-	106,036		106,036
Center for Disease Control and Prevention: Investigations and Technical						
Assistance	93.283	-	-	12,895,798		12,895,798
Pass-Through National Public Health Informatics Institute	93.283	-	-	96,589		96,589
Centers For Disease Control & Prevention, Investigation & Tech						
Assistance	93.283	69,478	-	-		69,478
Technological Innovations to Improve Human Health	93.286	170,149	-	-		170,149
Discovery and Applied Research - ARRA	93.286	11,910	-	-		11,910
Minority Hlth State Partnership Grant	93.296	-	-	120,682		120,682
Laboratory Animal Sciences & Primate Research - ARRA	93.306	4,630	-	-		4,630
Minority Health and Health Disparities Research	93.307	-	-	5,559		5,559
Pass-Through Shaw University	93.307	-	-	15,501		15,501
Pass-Through Henry Jackson Foundation	93.307	-	-	42,140		42,140
Minority Health and Health Disparities Research	93.307	556,329	-	-		556,329

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>(HHS) (continued)</b>						
Health Professions Student Loans, Including Primary Care Loans/ Loans for Disadvantaged Students	93.342	\$ -	\$ 11,394,500	\$ -		\$ 11,394,500
Advanced Education Nursing Traineeships	93.358	-	-	36,702		36,702
Nurse Education Practice and Retention Grants	93.359	-	-	22,038		22,038
Nursing Student Loans	93.364	-	1,822,247	-		1,822,247
Minority Research Training	93.375	1,130	-	-		1,130
Cancer Cause & Prevention Research - ARRA	93.393	61,805	-	-		61,805
Cancer Treatment Research -ARRA	93.395	60,719	-	-		60,719
Cancer Centers Support Grants -ARRA	93.397	85,970	-	-		85,970
Cancer Research Manpower -ARRA	93.398	94,772	-	-		94,772
Cancer Control - ARRA	93.399	115,161	-	-		115,161
State Loan Repayment Program - ARRA	93.402	-	-	100,000		100,000
Equipment to Enhance Training for Health Professionals - ARRA	93.411	65,703	-	-		65,703
State Primary Care Offices - ARRA	93.414	-	-	47,777		47,777
Food Safety and Security Monitoring Project	93.448	-	-	263,162		263,162
School- Based Health Centers Capital Program	93.501	-	-	21,649		21,649
Maternal Infant & Early Childhd Home Visiting Program	93.505	-	-	815,249		815,249
Strengthening Public Health Infrastructure Improved Health Outcomes	93.507	-	-	316,717		316,717
State Health Care Workforce Grants	93.509	-	-	115,522		115,522
Affordable Care Act	93.511	-	-	271,658		271,658
Dept. of HHS -ADRC-Options Counseling	93.517	-	-	739		739
Affordable Health Care	93.519	-	-	227,053		227,053
CDC-ACE-Tobacco-Commun Put Prevent Work	93.520	-	-	180,573		180,573
Affordable Care Act Bld Epidemiolog Lab	93.521	-	-	863,934		863,934
Enhanced Comprehensive Hiv Prevention	93.523	-	-	700,609		700,609
Oral Helalt - Apha The Power Of Policy	93.524	-	-	6,683		6,683
Early Innovator Grant	93.525	-	-	13,470,736		13,470,736
Healthiest MD Bldg Support Comm Change	93.531	-	-	616,736		616,736
Environmental Public Health Tracking	93.538	-	-	766,101		766,101
Immunization Grant Prevent & Pub Hlth	93.539	-	-	345,000		345,000
Coordinated Chronic Disease Prevention	93.544	-	-	204,499		204,499
Promoting Safe and Stable Families	93.556	-	-	4,229,343		4,229,343
<b>Temporary Assistance for Needy Families Cluster (TANF)</b>						
Temporary Assistance for Needy Families (TANF)	93.558	-	-	221,607,727		221,607,727
<b>Total TANF Cluster</b>					\$ 221,607,727	
Child Support Enforcement (CSE)	93.563	-	-	83,975,764		83,975,764
Child Support Enforcement (CSE) - ARRA	93.563	-	-	2,165,481		2,165,481
Child Support Enforcement Research	93.564	-	-	109,875		109,875
Refugee and Entrant Assistance: State Administered Programs	93.566	-	-	11,342,105		11,342,105
Refugee and Entrant Assistance_Voluntary Agency Programs	93.567	-	-	308,913		308,913
Low-Income Home Energy Assistance (LIHEAP)	93.568	-	-	67,850,988		67,850,988
Community Services Block Grant (CSBG)	93.569	-	-	9,309,781		9,309,781
<b>Child Care and Development Fund Cluster (CCDF)</b>						
Child Care and Development Block Grant	93.575	-	-	25,401,251		25,401,251
Pass-through Maryland Family Network	93.575	-	-	125,118		125,118
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	-	-	50,516,648		50,516,648
<b>Total CCDF Cluster</b>					76,043,017	
Refugee and Entrant Assistance: Discretionary Grants	93.576	-	-	300,861		300,861
Refugee and Entrant Assistance: Targeted Assistance	93.584	-	-	1,003,460		1,003,460
State Court Improvement Program	93.586	-	-	305,760		305,760
Grants to States for Access and Visitation Programs	93.597	-	-	120,722		120,722
Education and Training Vouchers	93.599	-	-	618,535		618,535
<b>Head Start Cluster</b>						
Head Start Program	93.600	-	-	568,716		568,716
Head Start Pass-Through Higher Education Commission	93.600	-	-	1,632,854		1,632,854
Head Start - ARRA	93.708	-	-	297,372		297,372
<b>Total Head Start Cluster</b>					2,498,942	
Family Kinship Connection	93.605	-	-	636,374		636,374
Voting access for Individual with Disabilities	93.617	-	-	284,468		284,468
Basic Center Grant for Runaway and Homeless Youth	93.623	-	-	180,630		180,630
Development Disabilities Basic Support and Advocacy Grants	93.630	-	-	974,926		974,926
Children's Justice Grants to States	93.643	-	-	720,958		720,958
Child Welfare Services: State Grants	93.645	-	-	4,012,624		4,012,624
Social Services Research and Demonstration	93.647	-	-	78,812		78,812
Child Welfare Research	93.648	10,000	-	-		10,000
Foster Care: Title IV-E	93.658	-	-	44,849,982		44,849,982
Foster Care: Title IV-E - ARRA	93.658	-	-	483,991		483,991
Adoption Assistance	93.659	-	-	26,608,129		26,608,129
Adoption Assistance - ARRA	93.659	-	-	336,588		336,588

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>(HHS) (continued)</b>						
Social Services Block Grant (SSBG)	93.667	\$ -	\$ -	\$ 54,522,247		\$ 54,522,247
Child Abuse and Neglect State Grants	93.669	-	-	914,554		914,554
Family Violence Prevention and Services/Grants for Battered Women's Shelters: States & Indian Tribes	93.671	-	-	1,391,721		1,391,721
Chafee Foster Care Independent Living	93.674	-	-	1,180,009		1,180,009
Animal Model of Dual Diagnosis(subaward through University of Maryland, Baltimore)	93.701	-	-	23,021		23,021
Pass-Through Case Western Reserve University - ARRA	93.701	4,370	-	-		4,370
Pass-Through University of Michigan - ARRA	93.701	7,605	-	-		7,605
Pass-Through The Research Institute at Nationwide Children's Hospital - ARRA	93.701	13,197	-	-		13,197
Pass-Through Johns Hopkins University - ARRA	93.701	14,758	-	-		14,758
Pass-Through Tufts University -ARRA	93.701	37,633	-	-		37,633
Pass-Through University of Washington - ARRA	93.701	375,464	-	-		375,464
Trans-NIH Recovery Act Research Support - ARRA	93.701	17,741,409	-	-		17,741,409
Trans-NIH Recovery Act Research Support - ARRA	93.701	-	-	288,931		288,931
National Center for Research Resources, Recovery Act Construction Support - ARRA	93.702	2,339,476	-	-		2,339,476
Aging Home-Delivered Nutrition Services for States -ARRA	93.705	-	-	2,513		2,513
Aging Congregate Nutrition Services for States - ARRA	93.707	-	-	1,237		1,237
Ambulatory Surgical Ctr Hlthcare -ARRA	93.717	-	-	828,906		828,906
Sate Health Information Exchange -ARRA	93.719	-	-	3,884,507		3,884,507
Nutrition & Phys Activity & Tobacc - ARRA	93.723	-	-	774,015		774,015
Recovery Act - CDSMP	93.725	-	-	292,925		292,925
Pass-Through Chesapeake regional Information System for Our Patients, Inc. - ARRA	93.727	35,855	-	-		35,855
Pass-Through University of Texas-Houston - ARRA	93.728	186,511	-	-		186,511
State Children's Insurance Program (CHIP)	93.767	-	-	189,135,844		189,135,844
Medicaid Infrastructure Grants To Support the Competitive Employment of People with disabilities	93.768	-	-	374,908		374,908
<b>Medicaid Cluster</b>						
State Medicaid Fraud Control Units	93.775	-	-	2,094,921		2,094,921
State Survey and Certification of Health Care Providers and Suppliers	93.777	-	-	5,994,027		5,994,027
Medical Assistance Program (Medicaid)	93.778	-	-	4,104,277,502		4,104,277,502
Pass-Through Child Trends	93.778	-	-	16,677		16,677
Pass-Through New York Blood Center, Inc.	93.778	-	-	43,889		43,889
<b>Total Medicaid Cluster</b>					\$ 4,112,427,016	
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	-	-	2,101,051		2,101,051
Operations Grant High Risk Hlth Pools	93.780	-	-	2,454,495		2,454,495
Alternatives to Psychiatric Residential Treatment Facilities for Children	93.789	-	-	3,796,604		3,796,604
Money Follows The Person	93.791	-	-	17,730,938		17,730,938
Cardiovascular Diseases Research	93.837	-	-	122,271		122,271
Blood Diseases and Resources Research	93.839	-	-	21,491		21,491
Pass-Through Vanderbilt University	93.839	46,810	-	-		46,810
Blood Diseases and Resources Research -ARRA	93.839	131,596	-	-		131,596
Arthritis, Musculoskeletal and Skin Diseases Research - ARRA	93.846	46,904	-	-		46,904
Digestive Diseases and Nutrition Research - ARRA	93.848	6,157	-	-		6,157
Kidney Diseases, Urology and Hematology Research - ARRA	93.849	137,585	-	-		137,585
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	-	13,489		13,489
Extramural Research Programs in the Neurosciences and Neurological Disorders -ARRA	93.853	139,922	-	-		139,922
Allergy, Immunology, & Transplantation Research	93.855	-	-	259,194		259,194
Allergy, Immunology, & Transplantation Research - ARRA	93.855	367,529	-	-		367,529
Microbiology and Infectious Diseases Research - ARRA	93.856	74,158	-	-		74,158
Biomedical Research and Research	93.859	-	-	2,382,994		2,382,994
Marc U Star/RISE	93.859	804,149	-	-		804,149
Biomedical Research and Research - ARRA	93.859	283,412	-	-		283,412
Center for Research for Mothers and Children	93.865	-	-	238,784		238,784
Child Health and Human Development Extramural Research	93.865	340,330	-	-		340,330
Aging Research	93.866	-	-	232,800		232,800
Health Care and Other Facilities	93.887	-	-	571,006		571,006
Hlth Infor Tech Spec Congres Initiative	93.888	-	-	2,238,705		2,238,705
National Bioterrorism Hospital Preparedness	93.889	-	-	6,471,583		6,471,583
Family and Community Violence Prevention Program	93.910	-	-	139,183		139,183
Rural Health Outreach – Rural Network Development Program	93.912	-	-	171,663		171,663
Grants to States for Operation of Offices of Rural Health	93.913	-	-	115,440		115,440
HIV Emergency Relief Project Grants	93.914	-	-	203,662		203,662
Pass-Through Associated Black Charities	93.914	-	-	463,401		463,401

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b>DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<b>(HHS) (continued)</b>						
HIV Care Formula Grants	93.917	\$ -	\$ -	\$ 39,168,376		\$ 39,168,376
Pass-Through Delaware HIV Consortium	93.917	-	-	39,268		39,268
HRSA Scholarships Passed-Through the City of Baltimore	93.925	117,586	-	-		117,586
Public Health Service Act - AIDS	93.938	-	-	261,068		261,068
HIV Prevention Activities: Health Department Based	93.940	-	-	8,862,444		8,862,444
HIV Demonstration, Research, Public and Professional Education	93.941	-	-	43,384		43,384
HIV Demonstration, Research, Public/Professional Education	93.941	96,595	-	-		96,595
Epidemiologic Research Studies of Acquired AIDS	93.943	-	-	1,483,603		1,483,603
HIV/AIDS Surveillance	93.944	-	-	1,820,649		1,820,649
Pregnancy Risk Assessment	93.946	-	-	130,720		130,720
Block Grants for Community Mental Health Services	93.958	-	-	6,948,640		6,948,640
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	-	34,591,864		34,591,864
Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977	-	-	1,473,919		1,473,919
International Research & Research Training - ARRA	93.989	16,224	-	-		16,224
Preventive Health & Health Services Block Grant	93.991	-	-	412,759		412,759
Maternal and Child Health Services Block Grant to the States	93.994	-	-	11,951,936		11,951,936
Contract / Other Food and Drug Administration	93.HHSF 223201010945P	18,106	-	-		18,106
Contract / Other Food and Drug Administration	93.HHSF	-	-	-		-
Contract / Other National Institute of Health	93.HHSN 26320100090	-	-	24,501		24,501
Pass-Through Aquilent, Inc.	93.HHSP233 201000002B	4,088	-	-		4,088
Contract / Other Food and Drug Administration	93.IPA	-	-	68,854		68,854
Pass-Through Georgetown University	93.RD	868	-	-		868
Pass-Through Brown University	93.RD	1,705	-	-		1,705
Pass-Through Yale University	93.RD	1,944	-	-		1,944
Administration for Community Living	93.RD	2,565	-	-		2,565
Pass-Through LeukoSight, Inc.	93.RD	3,576	-	-		3,576
Pass-Through Child Trends	93.RD	5,361	-	-		5,361
Pass-Through Strategic Community Services	93.RD	6,233	-	-		6,233
Pass-Through American University	93.RD	6,475	-	-		6,475
Pass-Through Optimal Solutions Group	93.RD	9,801	-	-		9,801
Pass-Through Bowling Green State University	93.RD	9,904	-	-		9,904
Pass-Through University of Missouri	93.RD	9,904	-	-		9,904
Pass-Through University of Texas, Houston	93.RD	10,380	-	-		10,380
Pass-Through National Institute for Pharmaceutical	93.RD	11,165	-	-		11,165
Pass-Through University of Utah	93.RD	14,332	-	-		14,332
Pass-Through University of Virginia	93.RD	15,217	-	-		15,217
Pass-Through University of Alabama- Birmingham	93.RD	15,341	-	-		15,341
Pass-Through National Academy of Sciences	93.RD	15,782	-	-		15,782
Pass-Through IMPAQ International, Inc	93.RD	15,930	-	-		15,930
Pass- Through Buck Institute for Age Research	93.RD	19,405	-	-		19,405
Pass-Through Case Western University	93.RD	22,104	-	-		22,104
Pass-Through University of North Carolina at Chapel Hill	93.RD	23,672	-	-		23,672
Pass-Through Kennedy Krieger Institute	93.RD	23,682	-	-		23,682
Pass-Through Brigham & Women's Hospital	93.RD	26,853	-	-		26,853
Pass-Through Beckman Research Institute of City of Hope	93.RD	27,148	-	-		27,148
Pass-Through North Carolina State University	93.RD	32,124	-	-		32,124
Pass-Through Women and Infants Hospital of Rhode Island	93.RD	33,126	-	-		33,126
Pass-Through New York University	93.RD	35,906	-	-		35,906
Pass-Through Hugo W Moser Research at Kennedy Krieger, Inc.	93.RD	39,868	-	-		39,868
Pass-Through Westat Corporation	93.RD	42,193	-	-		42,193
Pass-Through Drexel University	93.RD	43,625	-	-		43,625
Pass-Through University of Colorado	93.RD	46,006	-	-		46,006
Pass-Through Children's Research Institute	93.RD	48,935	-	-		48,935
Pass-Through Children's Hospital Boston	93.RD	49,726	-	-		49,726
Pass-Through University of Texas, Austin	93.RD	50,611	-	-		50,611
Pass-Through University of Michigan	93.RD	54,617	-	-		54,617
Pass-Through University of Texas, Southwestern Medical Center at Dallas	93.RD	56,587	-	-		56,587
Pass-Through Rice University	93.RD	60,175	-	-		60,175
Pass-Through George Mason University	93.RD	61,311	-	-		61,311
Pass-Through Temple University	93.RD	61,810	-	-		61,810
Pass-Through New York Blood Center, Inc.	93.RD	74,120	-	-		74,120

The accompanying notes are an integral part of this schedule.



**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<b><u>(HHS) (continued)</u></b>						
Pass-Through Thompson Reuters, Inc.	93.RD	\$ 75,374	\$ -	\$ -		\$ 75,374
Pass-Through Fluorometrix	93.RD	80,487	-	-		80,487
Pass-Through University of Alabama at Birmingham	93.RD	81,554	-	-		81,554
Pass-Through Harvard University	93.RD	82,004	-	-		82,004
Pass-Through Research Institute at Nationwide Children's Hospital	93.RD	86,446	-	-		86,446
Pass-Through Medical University of South Carolina	93.RD	87,636	-	-		87,636
Pass-Through Stanford University	93.RD	88,071	-	-		88,071
Pass-Through University of South Carolina	93.RD	92,300	-	-		92,300
Pass-Through University of Pittsburgh	93.RD	98,321	-	-		98,321
Pass-Through University of Oklahoma	93.RD	105,479	-	-		105,479
Pass-Through University of Southern California	93.RD	107,463	-	-		107,463
Pass-Through New Mexico Human Services Department	93.RD	115,918	-	-		115,918
Pass-Through Colorado School of Mines	93.RD	126,024	-	-		126,024
Pass-Through Geneva Foundation	93.RD	132,736	-	-		132,736
Pass-Through University of Wisconsin	93.RD	142,125	-	-		142,125
Pass-Through University of Nottingham	93.RD	148,214	-	-		148,214
Pass-Through University of Minnesota	93.RD	154,457	-	-		154,457
Pass-Through The Mind Research Network	93.RD	176,668	-	-		176,668
Pass-Through University of Pennsylvania	93.RD	184,561	-	-		184,561
Pass-Through Science Applications International Corporation (SAIC)	93.RD	205,367	-	-		205,367
Pass-Through Virginia Polytechnic and State University	93.RD	236,368	-	-		236,368
Office of Population Affairs	93.RD	359,037	-	-		359,037
Agency for Health Care Policy and Research	93.RD	573,824	-	-		573,824
Pass-Through Mount Sinai School of Medicine	93.RD	836,928	-	-		836,928
Substance Abuse and Mental Health Services Administration	93.RD	1,260,874	-	-		1,260,874
Pass-Through Johns Hopkins University	93.RD	1,281,526	-	-		1,281,526
Administration for Children and Families	93.RD	2,057,296	-	-		2,057,296
Health Resources and Services Administration	93.RD	2,061,684	-	-		2,061,684
Food and Drug Administration	93.RD	2,782,597	-	-		2,782,597
Center for Disease Control and Prevention	93.RD	20,856,222	-	-		20,856,222
National Institutes of Health	93.RD	238,175,251	-	-		238,175,251
Contract / Other	93.Unknown	-	-	1,741,929		1,741,929
Pass-Through National Association of County & City Health Officials Public Health Information	93.Unknown	-	-	15,784		15,784
Pass-Through Synectics	93.Unknown	-	-	131,635		131,635
Contract / Other	93.Unknown	-	-	9,975		9,975
<b>Total Department of Health and Human Services</b>		<b>298,841,521</b>	<b>13,332,735</b>	<b>5,170,885,674</b>		<b>5,483,059,930</b>
<b><u>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE (CNCS)</u></b>						
State Commissions	94.003	-	-	345,253		345,253
Learn and Serve America: School and Community Based Programs	94.004	-	-	82,671		82,671
AmeriCorps	94.006	-	-	4,834,280		4,834,280
AmeriCorps	94.006	-	-	16,178		16,178
Jumpstart 2006-2007	94.006	-	-	298		298
Planning and Program Development Grants	94.007	-	-	74,349		74,349
Program Development and Innovation Grants	94.007	-	-	26,200		26,200
Training and Technical Assistance	94.009	-	-	57,142		57,142
Foster Grandparents	94.011	-	-	319,442		319,442
Volunteers in Service to America (VISTA)	94.013	-	-	200		200
Volunteers in Service to America (VISTA)	94.013	-	-	1,390		1,390
Volunteer Generation Fund	94.021	-	-	177,100		177,100
Corporation for National and Community Service	94.RD	1,533,190	-	-		1,533,190
<b>Total Corporation for National &amp; Community Service</b>		<b>1,533,190</b>	<b>-</b>	<b>5,934,503</b>		<b>7,467,693</b>
<b><u>EXECUTIVE OFFICE OF THE PRESIDENT</u></b>						
Executive Office of the President Other/Contract						
Pass-Through Council of Economic Advisors -IPA	95. IPA No. 11123096	-	-	126,500		126,500
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	-	-	11,658,327		11,658,327
High Intensity Drug Trafficking Areas Program (HIDTA)	95.RD	185,592	-	-		185,592
<b>Total Executive Office of the President</b>		<b>185,592</b>	<b>-</b>	<b>11,784,827</b>		<b>11,970,419</b>

The accompanying notes are an integral part of this schedule.

**STATE OF MARYLAND**  
**Schedule of Expenditure of Federal Awards**  
**Year Ended June 30, 2012**

FEDERAL DEPARTMENT/PROGRAM TITLE/PASS THRU AGENCY	CFDA Number	Research & Development	Student Financial Assistance	Other	Cluster Total	Total
<b><u>SOCIAL SECURITY ADMINISTRATION (SSA)</u></b>						
<b>Disability Insurance/SSI Cluster</b>						
Social Security: Disability Insurance	96.001	\$ -	\$ -	\$ 34,509,429		\$ 34,509,429
Supplemental Security Income (SSI)	96.006	-	-	2,136,515		2,136,515
<b>Total Disability Insurance/SSI Cluster</b>					\$ 36,645,944	
Unallocated Federal Funds	96.Unknown	-	-	405,386		405,386
<b>Total Social Security Administration</b>				37,051,330		37,051,330
<b><u>DEPARTMENT OF HOMELAND SECURITY</u></b>						
Contract/ Other	97. HSHQDC					
	10J00473	137,219	-	-		137,219
Contract/ Other	97. HSHQDC					
	11J00298	177,776	-	-		177,776
Urban Areas Security Initiative	97.008	-	-	14,850,847		14,850,847
Citizenship Education and Training	97.010	-	-	33,731		33,731
Boating Safety Financial Assistance	97.012	-	-	1,297,149		1,297,149
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	-	-	102,500		102,500
Public Assistance Grants	97.036	-	-	20,214,561		20,214,561
Hazard Mitigation Grant (HMGP)	97.039	-	-	424,227		424,227
National Dam Safety Program	97.041	-	-	71,387		71,387
Emergency Management Performance Grants	97.042	-	-	5,832,322		5,832,322
State Fire Training Systems Grant	97.043	-	-	28,000		28,000
Emergency Management - Cooperating Technical Partners	97.045	-	-	379,767		379,767
Pre-Disaster Mitigation	97.047	-	-	470,230		470,230
<b>Homeland Security Cluster</b>						
Citizen Corps	97.053	-	-	340,420		340,420
Homeland Security Grant Program	97.067	-	-	19,949,907		19,949,907
Metropolitan Medical Response Program	97.071	-	-	225,302		225,302
<b>Total Homeland Security Cluster</b>					20,515,629	
Interoperable Emergency Communications Grant Program - Fy 2008	97.055	-	-	747,898		747,898
Port Security Grant Program for Critical National Seaports	97.056	-	-	1,444,783		1,444,783
Scientific Leadership Awards	97.062	-	-	7,555		7,555
Homeland Security Information Technology Research, Testing, Evaluation and Demonstration Program	97.066	-	-	565,519		565,519
K-9 Grant	97.072	-	-	753,000		753,000
Homeland Security - MDOT Grant	97.075	-	-	13,202,307		13,202,307
Buffer Zone Protection Program	97.078	-	-	1,781,068		1,781,068
Real ID FY 2008	97.089	-	-	108,757		108,757
Law Enforcement Officer Reimb.	97.090	-	-	278,142		278,142
Degrees at a Distance Program	97.103	-	-	7,521		7,521
Homeland Security - Related Science, Technology, Engineering, and Mathematics (HS Stem) Career Development Program	97.104	-	-	137,162		137,162
Technology, Engineering and Mathematics (STEM) Career Development	97.104	146,674	-	-		146,674
Regional Catastrophic Prep Grant Program-fy2008	97.111	-	-	799,037		799,037
Area Port Security (46365)	97.116	-	-	122,278		122,278
Pass-Through University of Southern California	97.RD	18,527	-	-		18,527
Pass-Through Battelle Columbus Operations	97.RD	20,291	-	-		20,291
Pass-Through District of Columbia Office of the Deputy Mayor for Public Safety and Justice	97.RD	953,105	-	-		953,105
Department of Homeland Security	97.RD	6,129,042	-	-		6,129,042
Statewide Catalog Number-Miscellaneous	97.Unknown	-	-	461,923		461,923
<b>Total Department of Homeland Security</b>		7,582,634	-	84,637,300		92,219,934
<b><u>US AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID)</u></b>						
Agency for International Development						
Pass-Through Tetra Tech ARD - Contract	98. ICRP URCI001	-	-	38,016		38,016
USAID Foreign Assistance for Programs Oversea						
Pass-Through Public Health Institute	98.001	-	-	12,357		12,357
Pass-Through Salesian Missions, Inc	98.001	-	-	62,989		62,989
Research & Development						
Pass-Through University Research Corporation International	98.RD	76,620	-	-		76,620
Pass-Through African Wildlife Foundation	98.RD	130,855	-	-		130,855
Agency for International Development	98.RD	428,175	-	-		428,175
<b>Total US Agency for International Development</b>		635,650	-	113,362		749,012
<b><u>OTHER</u></b>						
Vietnam Educational Foundation	99. unknown	-	-	22,999		22,999
<b>Total Other</b>		-	-	22,999		22,999
<b>TOTAL</b>		\$ 665,526,776	\$ 1,232,342,868	\$ 10,894,963,710		\$ 12,792,833,354

The accompanying notes are an integral part of this schedule.

## **STATE OF MARYLAND**

### **Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2012**

#### **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 are 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 non-cash expenditures of approximately \$16,461,000, reported under CFDA No. 10.550, Food Donation, represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2011. These food commodities were received by the Maryland Department of Education from the U.S. Department of Agriculture for the year ended June 30, 2012.

The non-cash expenditures of approximately \$4,172,000, 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, 2011. 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, 2012.

## STATE OF MARYLAND

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

#### 2. BASIS OF ACCOUNTING (continued)

Expenditures of approximately \$1,087,398,000 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, 2012. The reported expenditures for benefits under the 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 10.95 percent of USDA's total expenditures for SNAP benefits in the Federal fiscal year ended September 30, 2012.

The non-cash expenditures of approximately \$78,000, 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, 2012.

#### 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, 2012, reflects CFDA changes issued through June 2012.

**STATE OF MARYLAND**

**Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012**

**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, 2012, was \$0 for CFDA No. 10.550, Food Donation Program and \$2,372,000 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, 2011.

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, 2012, 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, 2012. 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, 2012.

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 US benefits	\$ 826,345,311
Federal UC benefits	760,041,767
Federal UC administrative costs	95,327,488
<b>Total Benefits</b>	<b><u>\$ 1,681,714,566</u></b>

## STATE OF MARYLAND

### Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

#### 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, 2012. The outstanding loan balance of \$251,001 as of June 30, 2012, is not considered current year Federal expenditures. The Schedule of Expenditures of Federal Awards includes \$58,500 for loans issued during the fiscal year ended June 30, 2012.

During the fiscal year ended June 30, 2012, the College processed the following amount of new loans under the Federal Family Education Loan 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, 2012, 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, 2012, are reported in the Schedule of Expenditures of Federal Awards.

<u>CFDA Number</u>	<u>Program Name</u>	<u>Loan Expenditures For Fiscal Year Ended June 30, 2012</u>
84.032	Stafford Loan Program	\$ 5,873,674
84.032	Plus Loans	5,586,821
<b>Total</b>		<b>\$ 11,460,495</b>

##### 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, 2012, were \$199,989 and \$0, respectively. There were no new loans made in the fiscal year ended June 30, 2012. 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, 2012**

**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 balances of \$3,181,606, as of June 30, 2012, the loan expenditures of \$72,100, for the fiscal year ended June 30, 2012, and the fiscal year 2012 administrative cost allowance of \$3,605, 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, 2012, the University processed \$64,990,700 of new loans under the Federal Direct Student Loan 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, 2012, 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, 2012, are reported in the Schedule of Expenditures of Federal Awards.

**University System of Maryland**

During the year ended June 30, 2012, 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 program. Since these loan programs are administered by the Federal government, new loans made in the fiscal year ended June 30, 2012, are reported in the Schedule of Expenditures of Federal Awards, whereas the outstanding loan balances are not.

<b><u>CFDA Number</u></b>	<b><u>Program Name</u></b>	<b><u>Loan Expenditures for Fiscal Year Ended June 30, 2012</u></b>
84.268	Federal Direct Student Loans	<u>\$ 889,883,907</u>

The System also administers loans under the Economic Adjustment Assistance Program (CFDA No. 11.307). Under this program, the System uses revolving loan funds to enhance economic activity. The Revolving Loan Fund (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:

STATE OF MARYLAND

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2012

8. LOAN PROGRAMS (continued)

University System of Maryland (continued)

Economic Development Administration (EDA) Award Numbers(s)	014903420- 01490342001	014903271	011903134
1. Balance of RLF loans outstanding at the end of the fiscal year, <i>plus</i>	\$ 3,820,428	\$ 1,596,757	\$ 1,066,544
2. Cash and investment balance in the RLF at the end of the fiscal year, <i>plus</i>	922,352	174,947	43,633
3. Administrative expenses paid out of RLF income during the fiscal year, <i>plus</i>	198,125	-	-
4. The unpaid principal of all loans written off during the fiscal year, <i>and then multiply this sum (1+2+3+4) by</i>	-	-	-
5. The Federal share of the RLF	<u>75%</u>	<u>75%</u>	<u>57.47%</u>
<b>6. Total Federal Awards Expended</b>	<u>\$ 3,705,678</u>	<u>\$ 1,328,778</u>	<u>\$ 638,033</u>

The System administers the following Federal Student Financial Assistance Programs:

CFDA Number	Outstanding Balance as of June 30, 2011	Loan Expenditures For Fiscal Year Ended June 30, 2012
84.038 Perkins Loan Programs	\$ 61,623,246	\$ 6,342,451
93.264 Nurse Faculty Loan Program- ARRA	5,774	-
93.264 Nurse Faculty Loan Program	90,214	20,000
93.364 Federal Nursing Loan – Undergraduate	1,337,997	227,725
93.364 Federal Nursing Loan – Graduate	240,525	16,000
93.342 Health Professional Loan – Dental	4,866,370	675,000
93.342 Health Professional Loan – Medical	12,223	-
93.342 Health Professional Loan – Pharmacy	1,106,237	243,000
93.342 Health Professional Loan - Primary Care	4,491,670	-
<b>Total</b>	<u>\$ 73,774,256</u>	<u>\$ 7,524,176</u>

The outstanding loan balances as of June 30, 2011, and loan expenditures for the fiscal year ended June 30, 2012, are considered current-year Federal expenditures. These amounts are reported on the Schedule of Expenditures of Federal Awards.



**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**STATE OF MARYLAND**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012**

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

**Identification of Major Programs**

<u>Major Program</u>	<u>CFDA No.</u>	<u>Federal Expenditures</u>
Supplemental Nutritional Assistance Program Cluster	10.551/10.561	\$ 1,143,826,512
Public Safety Interop Comm Grant Pgm - Fy 2007	11.555	8,798,617
One Maryland Broadband Network - ARRA	11.557	46,331,913
National Guard Military Operations & Maint	12.401	17,247,624
Unemployment Insurance	17.225	1,675,264,022
Unemployment Insurance - ARRA	17.225	6,450,544
Employment Service Cluster	17.207/17.801/17.804	15,232,752
Employment Service Cluster - ARRA	17.207	1,035,343
Workforce Investment Act Cluster	17.258/17.259/17.260/17.278	31,659,853
Workforce Investment Act Cluster - ARRA	17.258/17.259/17.260	6,319,720
Highway Planning and Construction Cluster	20.205/23.003	573,171,901
Highway Planning and Construction Cluster - ARRA	20.205	60,382,306
Weatherization Assistance for Low-Income Persons	81.042	492,305
Weatherization Assistance for Low-Income Persons - ARRA	81.042	25,928,002
IDEA Part C Cluster	84.181/84.393	15,379,816
English Language Acquisition Grants	84.365	9,228,672
Grants for State Assessments and Related Activities	84.369	7,427,560
School Improvement Grants Cluster	84.377/84.388	16,297,181
SFSF-Race To The Top Incentive - ARRA	84.395	48,585,927
Temporary Assistance for Needy Families Cluster	93.558	221,607,727
Child Support Enforcement	93.563	83,975,764
Child Support Enforcement - ARRA	93.563	2,165,481
Foster Care: Title IV-E	93.658	44,849,982
Foster Care: Title IV-E - ARRA	93.658	483,991
Adoption Assistance	93.659	26,608,129
Adoption Assistance - ARRA	93.659	336,588
State Children's Insurance Program (CHIP)	93.767	189,135,844
Medicaid Cluster	93.775/93.777/93.778	4,112,427,016
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	1,232,342,868
Research and Development Cluster (R&D)	Various	665,526,776
Passenger Facility Charges	Unknown	28,106,635
<b>Total</b>		<b><u><u>\$10,316,627,371</u></u></b>

**STATE OF MARYLAND**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 2012-1 through 2012-15

**Section IV           Summary Schedule of Prior Year Findings**  
See findings 2011-1 through 2011-11  
See findings 2010-1, 2010-2, 2010-5  
2010-7, 2010-8, 2010-9  
2010-10, 2010-12 and 2010-17  
See findings 2009-2 and 2009-3  
See finding 2008-1  
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, 2012**

<b>Finding No.</b>	<b>Funding Department</b>	<b>Title of Finding</b>
2012-1	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over the Eligibility Determination Process
2012-2	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Special Tests and Provisions - Automatic Data Processing (ADP) Risk Analysis and System Security Review
2012-3	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Procurement and Suspension and Debarment
2012-4	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Special Tests and Provisions - Income Eligibility and Verification System (IEVS)
2012-5	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Sub-recipient Monitoring
2012-6	U.S. Department of Health and Human Services	Compliance Deficiency over Eligibility
2012-7	U.S. Department of Transportation	Compliance and Internal Control Deficiency over Reporting and Internal Control
2012-8	U.S. Department of Transportation	Compliance and Internal Control Deficiency over Reporting and Internal Control
2012-9	U.S. Department of Education	Compliance Deficiency over Special Tests and Provisions - Student Loan Repayments
2012-10	U.S. Department of Education	Compliance and Internal Control Deficiency over Special Tests and Provisions - Student Enrollment Reporting.
2012-11	U.S. Department of Education	Compliance and Internal Control Deficiency over Special Tests and Provisions - Student Enrollment Reporting
2012-12	U.S. Department of Education	Compliance and Internal Control Deficiency over Special Tests and Provisions - Return of Title IV Funds
2012-13	U.S. Department of Commerce	Compliance and Internal Control Deficiency over Sub-recipient Monitoring
2012-14	U.S. Department of Commerce	Compliance and Internal Control Deficiency over Davis-Bacon Act
2012-15	U.S. Department of Commerce	Compliance Deficiency over Reporting

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 - 1**

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

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

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

**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 to review files for eligibility determination. All claims were processed during the fiscal year ended June 30, 2012. Below are the exceptions:

**Prince George's 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. Additionally, we noted one individual did not have a signed application in his or her case file.

**DHMH/MCHP Premium Unit**

During our testing, we noted one individual for which the participant's income was over the wage limit.

***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.

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2012 – 1 (continued)

**Criteria:** *(continued)*

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. The DHMH/Maryland Children's Health Program (MCHP) Premium Unit did not properly review the participant's income when determining eligibility.

**Effect:**

Since documentation was not maintained in accordance with program requirements and participant income was not properly reviewed, DHMH does not have adequate assurance that eligibility for CHIP is being properly determined.

**Questioned Costs:**

Unknown

**Recommendation:**

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

**Auditee Response and Corrective Action Plan:**

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



**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 – 1 (continued)**

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

DHMH will work with the Department of Human Resources (DHR) and the Prince George's Local Department of Social Services on issues with record retention, obtaining and maintaining documentation, and transferring case records between local departments appropriately. A corrective action plan will be requested from the cited local department to be submitted within 30 days to address how they plan to track, monitor and secure case records that are transferred from the local health departments.

With regard to each of the missing case files and the unsigned application, we have investigated the specific recipients of those case files and have determined that based upon a review of the electronic case materials, each would in fact be Medicaid eligible.

The Department concurs with the finding for the MCHP Premium Unit as referenced above. The case was reviewed by the local health department and was subsequently closed by the MCHP Premium Unit in January 2012. Currently reports are being generated and manually reviewed monthly by the MCHP Premium Unit to ensure timely results of application processing and redetermination status.

***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, 2012**

**Finding 2012 - 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 (HHS)**

**Compliance and Internal Control Deficiency over Special Tests and Provisions – Automatic Data Processing (ADP) Risk Analysis and System Security Review**

***Condition:***

DHMH is required to conduct periodic risk analysis of new and existing ADP systems on a biennial basis. The ADP risk analysis was last completed during fiscal year 2010. During the audit, we noted that the ADP risk analysis was not completed during fiscal year 2012, which is required in order to fall within the biennial requirement.

***Criteria:***

OMB Circular A-133 states that “State agencies must establish and maintain a program for conducting periodic risk analyses to ensure that appropriate, cost effective safeguards are incorporated into new and existing systems. State agencies must perform risk analyses whenever significant system changes occur. State agencies shall review the ADP system security installations involved in the administration of HHS programs on a biennial basis. At a minimum, the reviews shall include an evaluation of physical and data security operating procedures, and personnel practices. The State agency shall maintain reports on its biennial ADP system security reviews, together with pertinent supporting documentation, for HHS on-site reviews (45 CFR section 95.621).”

***Cause:***

DHMH did not have proper monitoring controls in place to ensure adherence with the timing requirement set forth by the Federal agency.

***Effect:***

DHMH did not complete the ADP risk analysis on a biennial basis.

***Questioned Costs:***

None.

***Recommendation:***

We recommend that DHMH strengthen its existing controls over monitoring the timeliness of the ADP risk analysis to ensure the Federal timing requirement is met.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 – 2 (continued)**

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

The Administration agrees with the recommendation. The Medical Care Program intended to include the required biennial Risk Assessment for 2012 as part of the overall DHMH Risk Assessment being performed concurrently. However, since the DHMH overall assessment has been delayed, the Medical Care Program has decided to proceed with its own Risk Assessment. The solicitation is currently in process with an anticipated completion date for the assessment of June 30, 2013.

***Auditor 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, 2012

#### Finding 2012 – 3

##### Department of Human Resources (DHR)

##### CFDA No. 93.558 - Temporary Assistance for Needy Families (TANF) CFDA No. 93.563 - Child Support Enforcement

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

#### Compliance and Internal Control Deficiency over Procurement and Suspension and Debarment

##### *Condition:*

We selected a sample size of 47 transactions for procurement and suspension and debarment testing. During our testing we were unable to determine if the agency performed a verification check for covered transactions by checking the EPLS. However, we checked the EPLS during our testing and did not note any of the contractors on the list.

##### *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.

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a nonprocurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 CFR section 180.220 of the governmentwide nonprocurement debarment and suspension guidance contains those additional limited circumstances. All nonprocurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 – 3 (continued)**

***Criteria:*** (continued)

(2 CFR section 180.300). The information contained in the EPLS is available in printed and electronic formats. The printed version is published monthly. Copies may be obtained by purchasing a yearly subscription from the Superintendent of Documents, U.S. Government Printing Office, Washington, DC 20402, or by calling the Government Printing Office Inquiry and Order Desk at (202) 783-3238. The electronic version can be accessed on the Internet (<http://epls.arnet.gov>).

***Cause:***

DHR did not obtain or maintain the necessary documentation to support that the agency verified that contractors are not suspended or debarred or otherwise excluded.

***Effect:***

Since documentation was not maintained in accordance with program requirements, DHR does not have adequate assurance that the procurement, suspension and debarment requirement is properly determined.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that DHR establish internal controls to ensure they maintain adequate documentation to support contractors are in compliance with established Federal regulations related to procurement and suspension and debarment requirements.

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

While the Department believes that in many cases the verification was performed, we agree with the audit finding that documentation was not always maintained to support actual agency *Excluded Parties List System* verification. As an internal control, the Procurement File checklist has been updated to include a copy of the documentation obtained from the Federal/State Debarment website as part of the procurement officer's file.

***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, 2012

#### Finding 2012 – 4

##### Department of Human Resources (DHR)

##### Temporary Assistance for Needy Families (TANF) CFDA No. 93.558

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

##### Compliance and Internal Control Deficiency over Special Tests and Provisions - Income Eligibility and Verification System (IEVS)

###### *Condition:*

We selected a sample of 60 transactions at several locations for IEVS testing. During our testing, we noted 10 files were not properly maintained which prevented the audit of the IEVS requirement. In addition, for the 50 cases obtained, we noted that DHR did not request and obtain wage information from the State Wage Information Collection Agency (SWICA) at the first opportunity following receipt of the application and for all recipients on a quarterly basis. Our audit also revealed that the agency did not obtain unemployment compensation (UC) information for all applicants at the first opportunity and in each of the first three months in which the individual is receiving aid.

###### *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, June 2012:

Each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the State Plan, the State is required to coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations, and adhere to standardized formats and procedures in exchanging information with other programs and agencies. Specifically, the State is required to request and obtain information as follows (42 USC 1320b-7; 45 CFR section 205.55):

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2012 – 4 (continued)

**Criteria:** *(continued)*

- a. Wage information from the State Wage Information Collection Agency (SWICA) should be obtained for all applicants at the first opportunity following receipt of the application, and for all recipients on a quarterly basis.
- b. Unemployment Compensation (UC) information should be obtained for all applicants at the first opportunity, and in each of the first three months in which the individual is receiving aid. This information should also be obtained in each of the first three months following any recipient-reported loss of employment. If an individual is found to be receiving UC, the information should be requested until benefits are exhausted.

**Cause:**

DHR did not maintain files and other documentation to support their IEVS determination. In addition, DHR did not have proper controls and documentation in place to ensure adherence with the timing requirements set forth by the Federal agency IEVS cases.

**Effect:**

Since documentation was not maintained in accordance with program requirements, DHR does not have adequate support that the IEVS requirement for the TANF program is properly determined and it was not determined in accordance with the Federal requirements above.

**Questioned Costs:**

Unknown

**Recommendation:**

We recommend DHR establish controls over IEVS cases to ensure Federal timing requirements are met. We also recommend that all records are properly safeguarded and maintained.

**Auditee Response and Corrective Action Plan:**

The Department does not agree that a Corrective Action Plan is appropriate. Maryland's IEVS-compliant database programming uses a client-specific alert system that includes monthly and quarterly matches. For example, the alerts flag cases when new employment data is entered on the State Wage Information Collection Agency (SWICA). Both the TANF and Supplemental Nutrition Assistance Program (SNAP) National Directory of New Hires conduct 4 quarterly wage matches, and W-4 matches against all active clients in Client Automated Resources and Eligibility System (CARES). Whenever there is a match, CARES automatically generates a congratulatory letter, employer statement, and child care verification form to the customer, with a request that they return verification to the agency within 10 days of receiving the notice. An alert is generated to the case manager at the same time to follow-up and record the final outcome of the match. We supply the Federal agencies with quarterly cost savings data that resulted from these matches.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 – 4** (continued)

***Response and Corrective Action Plan*** (continued)

Case managers supplement this process by a clearance process that involves checks of MABS (Maryland SWICA's system) matches at intake and at each redetermination, and of The Work Number for real time employment data.

Supporting data for our disagreement with this finding will be validation from DHR's IT division that the 60 cases were included in the extract files matched with quarterly wage and unemployment compensation data for each State Fiscal Year quarter the cases were active, as well as screen prints of supplemental checks completed by case managers.

***Auditor's Conclusion:***

As the supporting documentation was not provided, the finding remains as stated.



**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 – 5**

**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 Sub-recipient Monitoring**

***Condition:***

During the testing of sub-recipient monitoring, we selected a sample size of nine transactions. We noted two sub-recipient monitoring reports did not have supervisory approval. In addition, the A-133 audit reports were not obtained and reviewed for the nine sub-recipients selected.

***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, 2012**

**Finding 2012 – 5 (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 sub-recipient'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 sub-recipient 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.

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

As of March 11, 2013, the Child Support Enforcement Administration (CSEA) has mailed a management decision letter to all sub-recipients of cooperative reimbursement agreements requesting the A-133 audit reports. Moving forward, CSEA will request these audit reports on an annual basis and will incorporate language into our contracts with the sub-recipients requiring them to provide their annual audit report within thirty (30) days of its completion. For the quarter ending March 2013, CSEA will also implement a quality review procedure to verify that sub-recipient monitoring reports have been approved by a supervisor.

***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, 2012

#### Finding 2012 – 6

##### Department of Human Resources (DHR)

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

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

##### Compliance Deficiency over Eligibility

###### *Condition:*

We selected a sample size of 60 transactions for eligibility testing. During our testing we noted that one file was missing the criminal records check, including a fingerprint-based check for the prospective parent was missing. In addition, we noted that three cases where an adult living in the household did not satisfactorily meet the child abuse and neglect registry check.

###### *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, June 2012:

The prospective adoptive parent(s) must satisfactorily have met a criminal records check, including a fingerprint-based check (42 USC 671(a)(20)(A)). This involves a determination that such individual(s) have not committed any prohibited felonies in accordance with 42 USC 671(a)(20)(A)(i) and (ii). The requirement for a fingerprint-based check took effect on October 1, 2006, unless prior to September 30, 2005 the State has elected to opt out of the criminal records check requirement or State legislation was required to implement the fingerprint-based check, in which case a delayed implementation is permitted until the first quarter of the State's regular legislative session following the close of the first regular session beginning after October 1, 2006. The requirement applies to adoption assistance payments for calendar quarters beginning on or after the State's effective date for implementation (Pub. L. No. 109-248, section 152(c)(1) and (3)). States that opted out of the criminal records check requirement at section 471(a)(20) of the Social Security Act prior to September 30, 2005 had until October 1, 2008 to implement the fingerprint-based check requirement. Effective October 1, 2008, a State is no longer permitted to opt out of the fingerprint-based check requirement.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 – 6 (continued)**

***Criteria:*** (continued)

The opt out provision does not impact tribes since they only became eligible to administer a title IV-E plan effective on October 1, 2009 (42 USC 671(a)(20)(B); Pub. L. No. 109-248, section 152(c)(2) and 45 CFR sections 1356.30(b) and (c)).

The prospective adoptive parent(s) and any other adult living in the home who has resided in the provider home in the preceding 5 years must satisfactorily have met a child abuse and neglect registry check. This requirement takes effect on October 1, 2006 unless the State requires legislation to implement the requirement, in which case a delayed implementation is permitted until the first quarter of the State's regular legislative session following the close of the first regular session beginning after October 1, 2006. The requirement applies to foster care maintenance payments for calendar quarters beginning on or after that date. (42 USC 671(a)(20)(C); Pub. L. No. 109-248, sections 152(c)(2) and (3)).

***Cause:***

DHR did not follow its established procedures to ensure that applicants satisfactorily meet all eligibility provisions. In addition, the agency did not obtain or maintain the necessary documentation to support the eligibility determinations.

***Effect:***

DHR was not in compliance with the Federal regulations related to eligibility.

***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:***

DHR does not agree with the findings.

The finding states that out of 60 transactions selected for eligibility testing, two files were missing the criminal records check, including a fingerprint-based check for the prospective parent. In addition, three cases where the adult living in the household did not satisfactorily meet the child abuse and neglect registry check (CPS). All but one of the noted cases were former child placement agency (CPA) homes that adopted children who were placed in their home as foster children.

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2012 – 6 (continued)

##### *Auditee Response and Corrective Action Plan: (continued)*

In order to receive a subsidy, the families must be entered into the data system as an adoptive home. Per Maryland regulations, the home study completed by private CPAs can be utilized for adoption as well as foster care. Therefore, the local department is not required to complete a separate home study at the point of adoption (Memorandum Re: Home Studies for Adoption, dated 12/17/2007), but are directed to utilize the home study completed by the private agency, who certifies to the local department that the home has met all requirements. For our public homes, the requirements for foster and adoption are the same. We do not require a new home study at the point of adoption.

The three cases, that indicated the adult living in the household did not satisfactorily meet the child abuse and neglect registry check, have been reviewed and verified that none of the listed adults have a Child Protective Service history. Maryland Children's Electronic Social Services Information Exchange (MD CHESSIE) records further demonstrate documented CPS clearances completed. One of the cases where lack of a criminal records check is cited also involves a former CPA home that became a local department home for the purpose of adoption subsidy. The CPA record has been archived since 1995 because the home was no longer an active CPA provider. Attempts are currently being made to secure the original documentation from their archives. MD CHESSIE, the official case record, shows that the criminal background check was completed on the second case cited for lack of criminal records check. Attempts are currently being made to secure the original documentation.

It should be noted that as of 2009, DHR Office of Licensing and Monitoring (OLM) expanded procedures regarding monitoring reviews of CPA. This review has been expanded to include not only the CPA but also includes a random 10% per quarter of each CPA's homes. During this review of the CPA homes the Foster Parent Record Review is completed, which specifically includes a review of the documentation of the criminal background and CPS clearances.

##### *Auditor's Conclusion:*

As supporting documents were not provided, the finding remains as stated.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012-7**

**Department of Transportation (MDOT)**

**Passenger Facility Charges (PFC)  
CFDA: Unknown**

**U.S. Department of Transportation**

**Compliance and Internal Control Deficiency over Reporting**

***Condition:***

Interest and dividends earned on the bond fund accounts, debt service reserve accounts, and the construction fund account, were not included in interest and dividends amount reported on the quarterly financial reports for 2012. There was a cumulative total of \$1,347,640, earned on these accounts since their inception in February 2004.

***Criteria:***

Section 158.63 from Title 14 of the Code of Federal Regulations requires quarterly reports to include “actual PFC revenue received from collection carriers, interest earned, and project expenditures for the quarter.” Furthermore, debt service costs necessary “to carry out approved projects” are considered allowable costs by Section 158.13.

***Cause:***

These accounts are reserved for the retirement of debt, thus, the department believed that earnings from these accounts were exempt from reporting, because they were not available for spending on PFC projects.

***Effect:***

Interest was under-reported and quarterly reports did not fully comply with the reporting standards of Section 158.63.

***Questioned Costs:***

None.

***Recommendation:***

We recommend report preparation procedures be revised to include all PFC accounts and the accumulated dividends and interest earned on the PFC accounts be included in the quarterly reports.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 -7 (continued)**

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

On October 1, 2012, the Maryland Aviation Administration (MAA) wrote to Federal Aviation Administration (FAA) asking for guidance on reporting interest in the FAA's System Of Airport Reports (SOAR) database. On November 1, 2012, FAA responded in writing to MAA, however FAA's response was not definitive. Conference calls among MAA and FAA followed. On January 25, 2013, MAA wrote to FAA and presented detailed plans to report future interest in SOAR, and adjust previous years reported interest in SOAR. On February 26, 2013 MAA sent a follow-up e-mail to FAA, as FAA had not responded to MAA's January 25, 2013 letter.

MAA will adjust previous years reported interest as required, and MAA will report all future interest as required.

***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, 2012**

**Finding 2012 -8**

**Department of Transportation (MDOT)**

**Passenger Facility Charges  
CFDA: Unknown**

**U.S. Department of Transportation**

**Compliance and Internal Control Deficiency over Reporting**

***Condition:***

A program income credit of \$15,314 listed in the PFC ledger was omitted from the total expenditure distributions reported for PFC application 7 in the quarterly reports filed by the department. The credit was dated March 12, 2012, and should have been netted against the expenditure or reported separately as program income in the third quarter report filed with the Federal Aviation Administration (FAA) for FY 2012.

***Criteria:***

Section 158.63 from Title 14 of the Code of Federal Regulations requires quarterly reports to include “actual PFC revenue received from collection carriers, interest earned, and project expenditures for the quarter.”

***Cause:***

Amounts recorded in the ledger were not properly reported in the quarterly report.

***Effect:***

Expenditure distributions for the third quarter of FY 2012 for PFC application 7 were overstated by \$15,314.

***Questioned Costs:***

None.

***Recommendation:***

We recommend all program income be properly reported in the quarterly reports to the FAA.

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

The FAA's on-line SOAR database has been updated for 1Q CY 2012 by reducing reported expenditures \$15,314.00. SOAR expenditure data is reported on a quarterly CY basis. SOAR, on its own, updated all quarterly reports after an adjustment of \$15,314.00 was made to 1Q CY 2012. The specific project updated was PFC-07-001, the Terminal Improvement Project. MAA will report all future income as required.



**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012 –8 (continued)**

***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, 2012**

**Finding 2012-9**

**University System of Maryland – University of Baltimore**

**Student Financial Assistance Cluster**

<b>CFDA 84.007</b>	<b>Federal Supplemental Educational Opportunity Grants (FSEOG)</b>
<b>CFDA 84.032</b>	<b>Federal Family Education Loans (FFEL)</b>
<b>CFDA 84.033</b>	<b>Federal Work- Study Program (FWS)</b>
<b>CFDA 84.037</b>	<b>Perkins Loan Cancellations</b>
<b>CFDA 84.038</b>	<b>Federal Perkins Loan (FPL) – Federal Capital Contributions</b>
<b>CFDA 84.063</b>	<b>Federal Pell Grant Program (Pell)</b>
<b>CFDA 84.268</b>	<b>Federal Direct Student Loans (Direct Loan)</b>

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

**Compliance and Internal Control Deficiency over Special Tests and Provisions - Student Loan Repayments**

***Condition:***

During testing of student loan repayments, we reviewed the loan records for 40 students. For three of the students selected, an exit interview was not conducted with the borrowers before he or she left the institution.

***Criteria:***

Per 34 CFR Section 674.42:

In part, that an institution is required to conduct an exit interview with the borrower before he or she leaves the institution. Per 34 CFR Section 674.42, an institution must ensure that exit counseling is conducted with each borrower either in person, by audiovisual presentation, or by interactive electronic means. The institution must ensure that exit counseling is conducted shortly before the borrower ceases at least half-time study at the institution. As an alternative, in the case of a student enrolled in a correspondence program or a study-abroad program that the institution approves for credit, the borrower may be provided with written counseling material by mail within 30 days after the borrower completes the program. If a borrower withdraws from the institution without the institution's prior knowledge or fails to complete an exit counseling session as required, the institution must ensure that exit counseling is provided through either interactive electronic means or by mailing counseling materials to the borrower at the borrower's last known address within 30 days after learning that the borrower has withdrawn from the institution or failed to complete exit counseling as required.

***Cause:***

The University considers a grade of "W" to be a valid grade and student still enrolled. Since the students earned grades of W and were not considered withdrawn, therefore; the students were not subject to an exit interview.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012-9** (continued)

***Effect:***

The University is not in compliance with the student loan repayments requirements of OMB Circular A - 133.

***Questioned Cost:***

None

***Recommendation:***

We recommend that the University establish procedures to ensure that enrollment status changes are updated accurately and treat a grade of W as not enrolled in order to meet the Federal regulation.

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

The University of Baltimore accepts the finding related to Perkins Loan exit interviews. The auditor's interpretation of Federal regulation is that the grade of "W" cannot be considered for enrollment. The University of Baltimore does not challenge this interpretation and will adjust our policies and procedures accordingly to resolve the finding, including conducting Perkins Loan exit interviews as required.

***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, 2012

#### Finding 2012-10

##### University System of Maryland – University of Baltimore

###### Student Financial Assistance Cluster

CFDA 84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
CFDA 84.032	Federal Family Education Loans (FFEL)
CFDA 84.033	Federal Work- Study Program (FWS)
CFDA 84.037	Perkins Loan Cancellations
CFDA 84.038	Federal Perkins Loan (FPL) – Federal Capital Contributions
CFDA 84.063	Federal Pell Grant Program (Pell)
CFDA 84.268	Federal Direct Student Loans (Direct Loan)

##### U.S. Department of Education (USDE)

#### Compliance and Internal Control Deficiency over Special Tests and Provisions - Student Enrollment Reporting

##### *Condition:*

During our testing of student enrollment reporting, we reviewed the enrollment status of 40 students. We noted twenty-three of the students selected were incorrectly classified and reported in the NSLDS database. Twenty-three of the students withdrew from classes, but nineteen were incorrectly reported as attending half-time and four were incorrectly reported as attending full-time.

##### *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 characteristic 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.

Under the FFEL and Direct Loan programs, schools must complete and return within 30 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by U.S Department of Education (ED) via National Student Loan Data System (NSLDS) (OMB No. 1845-0035). The institution determines how often it receives the Enrollment Reporting roster file with the default set at every two months, but the minimum is twice a year.

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2012-10 (continued)

**Criteria:** *(continued)*

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 roster 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 (FFEL, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).

Per 34 CFR § 682.610(a)(6)(c):

A school shall—(1) Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days — (i) If it discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loan for Undergraduate Students (PLUS) loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis; (ii) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (iii) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (iv) If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address.

**Cause:**

The University considers a grade of “W” to be a valid grade and student still enrolled. Therefore a grade of “W” was not reported to NSLDS.

**Effect:**

The change in the student’s enrollment to less than half time is not properly reported in the NSLDS database, thus, repayment date, grace period, and deferment are not properly determined.

**Questioned Cost:**

Unknown

**Recommendation:**

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

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012-10** (continued)

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

The University of Baltimore accepts the finding related to student enrollment reporting. The auditor's interpretation of federal regulation is that the grade of "W" cannot be considered for enrollment. The University of Baltimore does not challenge this interpretation and will adjust our policies and procedures accordingly to resolve the finding, including reporting student enrollment status as required.

***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, 2012

### Finding 2012-11

#### University System of Maryland - Coppin State University

##### Student Financial Assistance Cluster

CFDA 84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
CFDA 84.032	Federal Family Education Loans (FFEL)
CFDA 84.033	Federal Work- Study Program (FWS)
CFDA 84.037	Perkins Loan Cancellations
CFDA 84.038	Federal Perkins Loan (FPL) – Federal Capital Contributions
CFDA 84.063	Federal Pell Grant Program (Pell)
CFDA 84.268	Federal Direct Student Loans (Direct Loan)

#### U.S. Department of Education (USDE)

### Compliance and Internal Control Deficiency over Special Tests and Provisions - Student Enrollment Reporting

#### *Condition:*

During our testing of student enrollment reporting, we reviewed the enrollment status of forty students. We noted forty of the students selected were incorrectly classified and reported in the NSLDS database. Forty of the students withdrew from classes and thus took zero credits, but fifteen were incorrectly reported as attending half-time, twenty-three were incorrectly reported as attending full-time, and two were incorrectly reported as less than half-time.

#### *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 A-133:

Under the FFEL and Direct Loan programs, schools must complete and return within 30 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) mailboxes sent by the U.S. Department of Education (ED) via the National Student Loan Data System (NSLDS) (OMB No. 1845-0035). The institution determines how often it receives the Enrollment Reporting roster file with the default set at every two months, but the minimum is twice a year.

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2012-11 (continued)

**Criteria:** *(continued)*

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 roster 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 (FFEL, 34 CFR section 682.610; Direct Loan, 34 CFR section 685.309).

Per 34 CFR § 682.610(a)(6)(c):

A school shall—(1) Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation report form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 30 days — (i) If it discovers that a Stafford, Supplemental Loan for Students (SLS), or Parent Loan for Undergraduate Students (PLUS) loan has been made to or on behalf of a student who enrolled at that school, but who has ceased to be enrolled on at least a half-time basis; (ii) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended; (iii) If it discovers that a Stafford, SLS, or PLUS loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or (iv) If it discovers that a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address.

**Cause:**

The university did not have proper controls in place to review and update enrollment status changes for students receiving student financial aid. The University considers a grade of “W” to be a valid grade and student still enrolled. Therefore a grade of “W” was not reported to NSLDS.

**Effect:**

The change in the student’s enrollment to less than half time is not properly reported in the NSLDS database, thus, repayment date, grace period, and deferment are not properly determined.

**Questioned Cost:**

Unknown

**Recommendation:**

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



**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012-11** (continued)

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

The University's initial transmissions and subsequent transmissions of students' enrollment are reported to the National Student Clearinghouse in a timely manner each semester. In accordance with the University's policies and procedures on students' enrollment and withdrawal, the information reported to the Clearinghouse was correct.

We acknowledge that we have not reported to the Clearinghouse the adjustments in the number of credits when students withdraw from courses. Staff members in Records and Registration, Financial Aid and Information Technology have met to determine how to correct this problem and we have a solution to the reporting problem. The next transmission to the Clearinghouse will reflect students' withdrawals.

***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, 2012**

**Finding 2012-12**

**University System of Maryland - Coppin State University**

**Student Financial Assistance Cluster**

<b>CFDA 84.007</b>	<b>Federal Supplemental Educational Opportunity Grants (FSEOG)</b>
<b>CFDA 84.032</b>	<b>Federal Family Education Loans (FFEL)</b>
<b>CFDA 84.033</b>	<b>Federal Work- Study Program (FWS)</b>
<b>CFDA 84.037</b>	<b>Perkins Loan Cancellations</b>
<b>CFDA 84.038</b>	<b>Federal Perkins Loan (FPL) – Federal Capital Contributions</b>
<b>CFDA 84.063</b>	<b>Federal Pell Grant Program (Pell)</b>
<b>CFDA 84.268</b>	<b>Federal Direct Student Loans (Direct Loan)</b>

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

**Compliance and Internal Control Deficiency over Special Tests and Provisions - Return of Title IV Funds**

***Condition:***

During our testing of Return of Title IV funds, we reviewed the refund calculations for 40 students. For fourteen of the students selected, there was no Title IV refund as the University was unaware that the student dropped or withdrew from class.

***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 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 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.

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### **Finding 2012-12** (continued)

**Criteria:** *(continued)*

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.

**Effect:**

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

**Questioned Costs:**

\$19,585, related to our 14 exceptions

**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 was awarding students based on enrollment status at the minimum enrollment or census date, using guidelines of SAP (Satisfactory Academic Progress) (see: HEA Sec. 484(c), 34 CFR 668.16(e), 34 CFR 668.32(f) and 34 CFR 668.34 (a)(s)). As a result, Title IV returns were substantially reduced. However, the University does agree with finding and did not capture and properly calculate all students who had complete withdrawal before the 60% timeframe. As a process of correction, the University will review the “Questioned Cost” amount of \$19K and the students identified and return the funding if substantiated. We will also review any other students who may fit the criteria as identified in the finding and make the required adjustments.

Going forward, the University with cooperation of Financial Aid and Information Technology will implement Title IV (R2T4) Refunding to PeopleSoft (financial software) programming to document and correctly calculate required funding returns for those students who perform a complete withdrawal from the university after minimum enrollment, but before the 60% timeframe. This will be done in conjunction with the solution for enrollment reporting in Records & Registration.

**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, 2012**

**Finding 2012-13**

**Department of Information Technology (DOIT)**

**Broadband Technology Opportunities Program (BTOP) - ARRA  
CFDA No. 11.557**

**U.S. Department of Commerce**

**Compliance and Internal Control Deficiency over Sub-recipient Monitoring**

***Condition:***

During our testing of sub-recipient monitoring, we noted one out of three DOIT sub-recipients' audit reports had an audit finding related to the BTOP program. We were not able to obtain documentation showing that BTOP issued a management decision within six months of receipt of the sub-recipient's audit report.

***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 A-133:

A pass-through entity is responsible for:

(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 Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012-13** (continued)

***Cause:***

BTOP program staff did not have controls in place to sufficiently maintain proper documentation to verify that a management decision on audit findings was issued within six months after receipt of the sub-recipient's audit report.

***Effect:***

DOIT is not in compliance with the sub-recipient monitoring requirements of OMB Circular A-133.

***Questioned Costs:***

Unknown

***Recommendation:***

We recommend that the BTOP program implement procedures to ensure that all sub-recipients' audit findings are properly documented and maintained on file and a management decision is issued in a timely manner.

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

The Department concurs with the recommendation.

One of the three subrecipients is a collaborative inter-governmental consortium comprised of 9 local government jurisdictions. The Department had established procedures to review the local jurisdictions' related Single Audit reports and to use any findings related to the BTOP program to make corrections and adjustments to the Department's monitoring procedures. However, because the subrecipient was the inter-governmental consortium and not the individual local government jurisdictions, the Department did not realize that a formal management decision letter was required, as in accordance with the subrecipient monitoring requirements of OMB Circular A-133.

The Department has taken immediate action and, in March 2013, will be issuing a management decision letter to the appropriate local jurisdiction identified in the audit finding. Going forward, the Department has modified its monitoring procedures to ensure that all subrecipients' audit findings are properly documented and maintained on file and a management decision is issued in a timely manner.

***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, 2012

#### Finding 2012-14

##### Department of Information Technology (DOIT)

##### Broadband Technology Opportunities Program (BTOP) - ARRA CFDA No. 11.557

##### U.S. Department of Commerce

##### Compliance and Internal Control Deficiency over Davis Bacon Act

###### *Condition:*

During our testing, we selected a sample size of twenty-three transactions. We noted the hourly rate for three of the transactions selected was lower than the prevailing wage for work classification per the Department of Labor.

###### *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 A-133:

When required by the Davis-Bacon Act, the Department of Labor's (DOL) government-wide implementation of the Davis-Bacon Act, ARRA, or by Federal program legislation, all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by Federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates) by the DOL (40 USC 3141-3144, 3146, and 3147 (formerly 40 USC 276a to 276a-7)).

Non-federal entities shall include in their construction contracts subject to the Davis-Bacon Act a requirement that the contractor or subcontractor comply with the requirements of the Davis-Bacon Act and the DOL regulations (29 CFR part 5, Labor Standards Provisions Applicable to Contracts Governing Federally Financed and Assisted Construction). This includes a requirement for the contractor or subcontractor to submit to the non-Federal entity weekly, for each week in which any contract work is performed, a copy of the payroll and a statement of compliance (certified payrolls) (29 CFR sections 5.5 and 5.6).

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### **Finding 2012-14** (continued)

***Cause:***

The BTOP program had not completed their follow up process with the contractors to have them adjust the rate to be in accordance with Federal policy.

***Effect:***

Some contractor's employees may have been paid lower than the Department of Labor's prevailing wage.

***Questioned Costs:***

Undeterminable

***Recommendation:***

We recommend that the BTOP program ensure the existing procedures in place are adequate and timely enough to ensure that contractors are paying their employees in compliance with the Federal hourly rate requirement per Department of Labor.

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

The Department concurs with the recommendation.

The Department has established detailed procedures within the BTOP program to ensure that contractors are in compliance with the Davis-Bacon Act. The Department has a designated Davis-Bacon compliance officer. Contractors submit all required forms for review. A review is conducted on 100% of all required forms submitted by the contractors. When issues are identified, the forms are returned to the contractor for a corrected payroll form. When necessary, each contractor is required to provide documentation as assurance that payment was adjusted.

In the beginning, several issues with contractors not properly completing the forms were identified. For example, contractors were not listing the appropriate county. Also, contractors were not properly checking the fringe or no fringe box. These errors slowed down the review process. Given the errors noted, it was identified that additional training and guidance was necessary.

Thus, the Department's procedures have continued to be modified and strengthened, as needed. The majority of enhancements to procedures have been to ensure that appropriate guidance and training is being provided. Some steps that have been taken to strengthen the Department's procedures include the following:

- The BTOP program Davis-Bacon compliance officer attends the Department of Labor Davis-Bacon seminars, workshops and conferences.
- In October 2012, a workshop was held by the Department for all contractors on the project to go over the Davis-Bacon rules, regulations and the process for corrections and calculating wage and fringe.

## STATE OF MARYLAND

### Schedule of Current Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2012-14 (continued)

##### *Auditee Response and Corrective Action Plan: (continued)*

- Another workshop is being scheduled to be held by the Department for all contractors to help provide guidance and training specifically related to making corrections, closeout procedures, and maintaining proper documentation.
- When a new contract is awarded, there is a special meeting with the contractor and the Davis-Bacon compliance officer to review the Davis-Bacon requirements (i.e., required forms and instructions) to make sure that all rules are understood.
- Due to updated Department of Labor regulations, additional detail and documentation related to fringe rates is being requested from contractors to verify contractor compliance with these new regulations.
- In November 2012, additional follow-up procedures were implemented to ensure contractors are responding timely with submitting corrections and required documentation when issues have been identified.

Since this additional training was provided and revised procedures were implemented, the Department has noticed less errors and much improvement with contractors complying with the Davis-Bacon Act and paying their employees in compliance with the Federal hourly rate requirement per Department of Labor.

Regarding the three transactions identified in the audit finding where hourly rate selected by the contractor was lower than the prevailing wage for work classification per the Department of Labor, the Department had identified these transactions were not in compliance. For all three transactions, the forms had been returned to the contractor for a corrected payroll form. In addition, each contractor was required to provide documentation as assurance that payment was adjusted. Due to timing, the Department had not yet received the contractor's adjusted forms until after the end of the fiscal year.

While the Department will continue to make changes to enhance existing procedures as necessary, the Department believes existing procedures, within the BTOP program, are adequate and timely enough to ensure that contractors are paying their employees in compliance with the Federal hourly rate requirement per Department of Labor.

##### *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, 2012**

**Finding 2012-15**

**Department of Military**

**Public Safety Interoperable Communications Grant Program  
CFDA No. 11.555**

**U.S. Department of Commerce**

**Compliance Deficiency over Reporting**

***Condition:***

Expenditures charged to the program as reported on the States General Ledger System in the schedule of expenditures of Federal awards were \$8,798,617 while total expenditures charged to the program as reported on the Federal Financial Reports were \$9,799,361.

***Criteria:***

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

***Cause:***

The program allowed for a 90-day liquidation period following the end of the performance period. The performance period ended on June 30, 2012, at which time \$1,000,744 was committed but not yet expended. These funds were expended in July 2012, but were included as expenditures during the period ended June 30, 2012, on the Federal Financial Reports.

***Effect:***

The Federal Financial Reports overstated actual expenditures charged to the program as of June 30, 2012, by \$1,000,744.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the program only include actual expenditures, as supported by the general ledger. We suggest any unliquidated grant amounts be included on a separate line item on the report if required on the Form SF-425.

**STATE OF MARYLAND**

**Schedule of Current Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2012-15** (continued)

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

The Department partially concurs with the recommendation. As of June 30, 2012 actual expenditures reported per the Schedule G and the initial SF-425 were in agreement and totaled \$8,798,617. Subsequent to submitting the initial SF-425; \$1,000,744 of expenditures were liquidated in July and a final SF-425 was submitted which reported total expenditures of \$9,799,361. Due to the 90 day liquidation period, it is not unusual for an initial, interim (s) and final SF-425 to be electronically submitted to the federal government.

The federal reporting system is electronic and only archives the amounts reported from the final SF-425. In the future, and if applicable, the Department will retain a hard copy of any initial and/or interim SF-425 which reconciles with the Schedule G.

***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, 2012**

**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 Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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.

##### ***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.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2011 - 1 (continued)

##### *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.

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

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2011 - 1 (continued)**

***Auditee Response and Corrective Action Plan:***  
**(February 2013 Update)**

Each of the cases cited by the auditors has been researched and it has been determined that for each case, the necessary documentation to determine eligibility was available in an electronic format in the State's Client Automated Resources & Eligibility System (CARES) system.

Each of the three cited local departments has developed and implemented corrective action plans to address the findings noted.

In addition, in order to prevent a reoccurrence of these types of findings, several new systems such as the Program Integrity Reporting and Management Information Database (PIRAMID), which replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized, and the Enterprise Content Management Solutions (ECMS) system, which helps to guard against record losses by converting all records into an electronic format to reduce reliance on paper records have been developed. Lastly, the Department continues to provide eligibility and compliance training to help prevent a reoccurrence of these types of findings.

***Auditor's Conclusion:***

Based on testing performed during the 2012 audit, this is a repeat finding for the CHIP program only. See finding 2012-1.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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.

##### *Auditee Update Response and Corrective Action Plan: (February 2013 Update)*

The Department has made contact with the cognizant audit resolution agency and has been informed that they concur with the Department's position, and thereby, consider this finding resolved. Additionally, the Department is continuing to follow the State's policy for delinquent payers by sending dunning notices to those manufacturers not submitting the rebate payments timely, and if payment is not received, referring cases to the State's Central Collection Unit (CCU) as warranted.

##### *Auditor's Conclusion:*

The U.S. Department of Health and Human Services has accepted the corrective action plan, thus the finding is resolved.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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 Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### **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.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2011 - 3 (continued)

##### *Auditee Updated Response and Corrective Action Plan:* (February 2013 Update)

The cases in question have been 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. Cases where reimbursement claims were not yet requested, were re-categorized to State only so no Federal reimbursement claims will be made.

DHR continues to collaborate with Foster Care Court Improvement to provide a joint training for judges and local department professionals (attorneys, child welfare administrators and supervisors). Most recently the plenary session for the 2012 CANDO conference held on May 11, 2012 focused on Title IV-E. The presentation and group exercise included an emphasis on the importance of the Reasonable Efforts to Achieve Permanency finding and timeliness. Also emphasized was an explanation and discussion on the opportunity to establish the finding when hearings have been postponed.

DHR provided mandatory statewide training for Title IV-E Specialist on September 11, 2012 and September 13, 2012. This training focused on changes to Title IV-E and included a review of improvement areas noted in this audit in the “Audit Opportunities for Improvement” section of the training.

##### *Auditor’s Conclusion:*

There was no repeat finding in fiscal year 2012.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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.

*Auditee Updated Response and Corrective Action Plan:  
(February 2013 Update)*

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.

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### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2011 - 4 (continued)

##### *Updated Response and Corrective Action Plan: (continued)* **(February 2013 Update)**

The Office of Home Energy Programs (OHEP) presented and discussed these findings at OHEP's annual meeting of the local agencies administering LIHEAP in April. This finding was highlighted at regional local agency meetings during the month of June 2012. These meetings involve a greater number of staff from each agency than we reached at the annual meeting. 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. We will follow up on compliance with these policies during the next DHR monitoring cycle.

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

The Department's Office of Home Energy Programs (OHEP) conducted a program integrity review of local OHEP operations in September 2012 and is reviewing results. Our preliminary findings indicate that local offices responded to the corrective actions we noted in our earlier updates to this finding. We also use our monitoring site visits and other contacts to reinforce policy and practices to meet and exceed payment accuracy standards. The Department finds that constant messaging is an effective tool for improving business processes.

We are also writing a proposal to add a program integrity analyst to staff. This position will conduct additional quality control reviews of case records and technical assistance to local offices when approved.

##### ***Auditor's Conclusion:***

Based on testing performed during the 2012, we were able to obtain the files requested and obtain support for income. However, we noted two files out of a sample of 20 that did not have supervisory signature approval for eligibility. Thus, this is a repeat finding.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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



## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2011 – 5 (continued)

##### *Criteria: (continued)*

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 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.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2011 – 5 (continued)

##### *Auditee Response and Corrective Action Plan:* (February 2013 Update)

The cases in question have been 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. Cases where reimbursement claims were not yet requested, were re-categorized to State only so no Federal reimbursement claims will be made.

DHR continues to collaborate with Foster Care Court Improvement to provide a joint training for judges and local department professionals (attorneys, child welfare administrators and supervisors). Most recently the plenary session for the 2012 Child Abuse Neglect and Delinquent Options (CANDO) conference held on May 11, 2012 focused on Title IV-E. The presentation and group exercise included an emphasis on the importance of the Reasonable Efforts to Achieve Permanency finding and timeliness. Also emphasized was an explanation and discussion on the opportunity to establish the finding when hearings have been postponed.

DHR provided mandatory statewide training for Title IV-E Specialist on September 11, 2012 and September 13, 2012. This training focused on changes to Title IV-E and included a review of improvement areas noted in this audit in the “Audit Opportunities for Improvement” section of the training.

##### *Auditor’s Conclusion:*

There was no repeat finding in fiscal year 2012.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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 Sub-recipient Monitoring

##### *Condition:*

During the testing of sub-recipient monitoring, we selected a sample size of nine transactions. We noted three sub-recipient monitoring reports did not have supervisory approval. The A-133 audit reports were not obtained and reviewed for three sub-recipients. In addition, four sub-recipient 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 sub-recipient 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 sub-recipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### Finding 2011 - 6 (continued)

##### *Criteria: (continued)*

*Sub-recipient Audits* – (1) Ensuring that sub-recipients expending \$500,000 or more in Federal awards during the sub-recipient'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 sub-recipient's audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the sub-recipient's audit report; and (3) ensuring that the sub-recipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a sub-recipient 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 sub-recipient monitoring was completed in accordance with their policy.

##### *Effect:*

DHR is not in compliance with the sub-recipient 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 sub-recipient monitoring reports in relation to this audit established the compliance with deliverables within the contracts parameters by all but one sub-recipient. The lone sub-recipient that appeared to be out of compliance within the established parameters of the contract was inappropriately subjected to those parameters.

DHR/CSEA management secured audited financial statements from sub-recipients 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 sub-

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2011 - 6 (continued)**

recipients of DHR/CSEA. However, DHR/CSEA will institute new policy requiring audited financial statements from all sub-recipients.

***Auditee Response and Corrective Action Plan:***  
**(February 2013 Update)**

CSEA implemented procedures to ensure that its contract monitoring unit monitors and verifies all expenditures. CSEA requires and retains on file all supporting documentation for all expenditures and all time sheets of any employee who is not dedicated 100% to child support. The procedures include a requirement for supervisory review and sign-off for all sub-recipient monitoring reports, including those sub-recipients cited in the finding.

***Auditor's Conclusion:***

See current year finding 2012-5.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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.

##### *Auditee Updated Response and Corrective Action Plan: (February 2013 Update)*

CSEA conducted a statewide policy and training teleconference on June 29, 2012. During the teleconference CSEA reiterated existing policy that all case action must be documented in the case action log and distributed an excerpt from its online Program Policy Manual. CSEA also reiterated the timeframes for performing case actions as established by the Code of Federal Regulations and distributed a customer service table during the teleconference listing those timeframes.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2011 - 7 (continued)**

***Auditor's Conclusion:***

Special tests are no longer required to be tested in 2012, per the June 2012 compliance supplement.



**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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.

***Updated Response and Corrective Action Plan:  
(February 2013 Update)***

The Family Investment Administration has initiated an aggressive approach as it relates to scheduling visits to perform periodic inventory counts. We have developed a schedule that includes written assessments, and timely turnaround for corrective action on any discrepancies found for the distributing agency. Physical inventory will be tracked and measured to ensure that abuse, fraud, and defalcation are nonexistent. The Family Investment Administration has requested and received an extension until October 30, 2012 for completion of the storage facility reviews.

***Auditor's Conclusion:***

Based on testing performed during the 2012 audit, we noted that DHR visited the TEFAP locations on the following dates and conducted reviews:

Maryland Food Bank	September 29 <sup>th</sup> , 2011
Food Resources	September 11 <sup>th</sup> , 2012
OverFlo Warehouse	October 12 <sup>th</sup> , 2012
MTC Logistics	October 17 <sup>th</sup> , 2012

However, there was no inventory listing that can be reconciled to the balance reported in the general ledger. This finding will remain as stated.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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.

***Auditee Updated Response:  
(October 2012 Update)***

Correction of the fringe benefit charge was made in March 2011 to reverse the charge for \$17,671.50. A correcting journal entry was made in March 2012 to reimburse the Federal Highway Administration for the bonus of \$23,800.

***Auditor's Conclusion:***

There was no repeat finding in fiscal year 2012.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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 Sub-recipient 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 sub-recipients.

***Criteria:***

Per OMB A-133, the department is responsible for ensuring that sub-recipients 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 sub-recipient's audit period. In case of continued inability or unwillingness of a sub-recipient 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 sub-recipients.

***Effect:***

SHA may not be able to provide reasonable assurance that the sub-recipient 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 sub-recipient'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 sub-recipients 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.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2011 – 10** (continued)

***Auditee Updated Response:***

**(October 2012 Update):**

Both single audit reports were received prior to December 15, 2011 (the issuance date of the Single Audit Act report) and procedures are in place to obtain the reports more timely.

***Auditor's Conclusion:***

There was no repeat finding in fiscal year 2012.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2011 – 11 (continued)**

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

We consulted with Campus Partners on correcting the data in the FISAP report. Based on the discussions we were able to make the necessary adjustments so that the FISAP report and the Campus Partners report are now in agreement. We will ensure that the two reports are in agreement going forward.

***Auditor's Conclusion:***

There was no repeat finding in fiscal year 2012.



**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012

#### 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, 2012

#### **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, 2012

#### 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.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2010 - 1 (continued)**

*Auditee Updated Update: (continued)*

**(February 2013 Updated)**

Each of the cases cited by the auditors has been resolved. In addition, in order to prevent a reoccurrence of these types of findings, several new systems such as the Program Integrity Reporting and Management Information Database (PIRAMID), which replaces monthly reviews of the small retroactive samples with a review mechanism applied to all eligibility determinations before they are finalized, and the Enterprise Content Management Solutions (ECMS) system, which helps to guard against record losses by converting all records into an electronic format to reduce reliance on paper records have been developed. Lastly, the Department continues to provide eligibility and compliance training to help prevent a reoccurrence of these types of findings.

*Auditor's Conclusion:*

See current year finding at 2012-1.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012

#### 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, 2012

#### 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.



**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2010 - 2** (continued)

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

The Department continues to work with the rebate vendor and send them a reminder, when necessary, 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. Since the second quarter 2011, the rebate vendor has been providing the Department and the drug manufactures with the utilization data timely.

**(February 2013 Update)**

The Department has made contact with the cognizant audit resolution agency and has been informed that they concur with the Department's position, and thereby, consider this finding resolved. Additionally, the Department is continuing to follow the State's policy for delinquent payers by sending dunning notices to those manufacturers not submitting the rebate payments timely, and if payment is not received, referring cases to the State's Central Collection Unit (CCU) as warranted.

***Auditor's Conclusion:***

The U.S. Department of Health and Human Services has accepted the corrective action plan, thus the finding is resolved.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012**

**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.

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

The State of Maryland, ADAA has demonstrated that it was eligible for a waiver of the MOE requirement under Section 1930(c) of the PHS Act for SFYs 2010 and 2011. Therefore, the request for the MOE waivers from SAMHSA was approved on June 26, 2012.

***Auditor's Conclusion:***

The U.S. Department of Health and Human Services has accepted the corrective action plan, thus the finding is resolved.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012

#### 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.

##### ***Auditee Updated Response and Corrective Action Plan: (February 2013 Update)***

DHR has begun to document all case draw reviews. Internal cash draw written procedures have been updated to include documentation review for accuracy prior to draw, as opposed to documentation only on a test/sample basis.

##### ***Auditor's Conclusion:***

There was no repeat finding in fiscal year 2012.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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, 2012**

**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, 2012

#### **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.

##### ***Auditee Updated Response and Corrective Action Plan:*** **(February 2013 Update)**

The cases in question have been 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.

A mandatory training was held on March 1, 2012 and March 8, 2012 which included training specifically on the issues noted in this audit. Staff included in the training was Title IV-E specialists and their immediate supervisors.

DHR continues to collaborate with Foster Care Court Improvement to provide a joint training for judges and local department professionals (attorneys, child welfare administrators and supervisors). DHR has presented various issues from this audit to judges from Baltimore City and around the State at meetings sponsored by Foster Care Court Improvement.

##### ***Auditor's Conclusion:***

There was no repeat finding in fiscal year 2012.



## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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, 2012

#### 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.

##### *Auditee Updated Response and Corrective Action Plan: (February 2013 Update)*

The plan amendment was accepted and incorporated into Maryland's TANF State Plan, as noted above. Maryland's TANF agency sent documents to its Office of the Inspector General and to the State Comptroller's Office that justified its use of TANF for MHEC expenditures in FY 2010 in an effort to reduce the incidence of out of wedlock births.

Our last update noted that the US Department of Health and Human Services (HHS) informed us that our TANF State Plan was "complete" after receiving our Plan amendment for using TANF funds for scholarships in 2010 as a strategy to reduce out of wedlock births. Therefore, we consider this matter closed and no further action is required. We also note that 2010 was the last year we had TANF funds available for this project.

##### *Auditor's Conclusion:*

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

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012

#### 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 15<sup>th</sup> for the prior State fiscal year and November 15<sup>th</sup> 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, 2012**

**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.

***Auditee Updated Response and Corrective Action Plan:***  
**(February 2013 Update)**

We have implemented a consistent system of taking periodic inventory counts at all storage facilities. In addition, we will have a perpetual inventory listing that will be reconciled to the general ledger, and all discrepancies will be investigated and explained. All adjustments, along with costs of goods sold entries, will be made and a procedure has been implemented for an annual review. Inventories will be conducted at all warehouses that contain Emergency Food Assistance Program (TEFAP) food prior to the end of the fiscal year.

***Auditor's Conclusion:***

Based on testing performed during the 2012 audit, we noted that DHR visited the TEFAP locations on the following dates and conducted reviews:

Maryland Food Bank	September 29 <sup>th</sup> , 2011
Food Resources	September 11 <sup>th</sup> , 2012
OverFlo Warehouse	October 12 <sup>th</sup> , 2012
MTC Logistics	October 17 <sup>th</sup> , 2012

However, there was no inventory listing that can be reconciled to balance reported in the general ledger. This finding will remain as stated.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**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, 2012

#### **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.

##### ***Auditee Updated Response and Corrective Action Plan:*** **(February 2013 Update)**

The University has added the Assistant Vice President for Finance and Management to review the FISAP report for accuracy prior to submission to the U.S. Department of Education. Also, the financial aid, human resources and restricted funds accounting departments have been working together as a team to resolve any reconciling differences.

##### ***Auditor's Conclusion:***

Based on the 2012 testing, the finding is not a repeat finding.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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, 2012

#### 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.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2010 - 17** (continued)

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

UMES continues the process as outlined above to ensure the timeliness of enrollment reporting for all students whose graduation data is manually submitted to NSC.

***Auditor's Conclusion:***

There was no repeat finding in fiscal year 2012.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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, 2012

#### 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, 2012

#### **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, 2012

#### 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.

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

###### **(February 2013 Update)**

DHR has been phasing in document imaging in local Departments of Social Services to facilitate more efficient electronic management of customer documents.

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.

Compliance issues continue to be addressed in our ongoing training sessions. The DHMH/DHR Joint Committee on Medical Assistance Workgroup has been meeting monthly and is addressing error issues.

##### *Auditor’s Conclusion:*

There was no repeat finding in fiscal year 2012.

## **STATE OF MARYLAND**

### **Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012**

#### **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, 2012

#### 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, 2012

#### Finding 2009-3 (continued)

##### *Auditee 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.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2009-3** (continued)

***Auditee Updated Response:***  
**(February 2013 Update)**

DHR has been phasing in document imaging in local Departments of Social Services to facilitate more efficient electronic management of customer documents.

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.

Compliance issues continue to be addressed in our ongoing training sessions. The DHMH/DHR Joint Committee on Medical Assistance Workgroup has been meeting monthly and is addressing error issues.

***Auditor's Conclusion:***

Based on testing performed during the 2012 audit, this is a repeat finding for the CHIP program only. See finding 2012-1.

## **STATE OF MARYLAND**

### **Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012**

#### **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, 2012

#### 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, 2012

#### 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.

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

###### **(February 2013 Update)**

DHR has been phasing in document imaging in local Departments of Social Services to facilitate more efficient electronic management of customer documents.

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.

Compliance issues continue to be addressed in our ongoing training sessions. The DHMH/DHR Joint Committee on Medical Assistance Workgroup has been meeting monthly and is addressing error issues.

##### *Auditor's Conclusion:*

Based on testing performed during the 2012 audit, this is a repeat finding for the CHIP program only. See finding 2012-1.

## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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, 2012

#### 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.

##### ***Auditee Updated Response and Corrective Action Plan: (February 2013 Update)***

DHR has been phasing in document imaging in local Departments of Social Services to facilitate more efficient electronic management of customer documents.

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.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2007-2** (continued)

*Auditee Updated Response and Corrective Action Plan: (continued)*  
**(February 2013 Update)**

Compliance issues continue to be addressed in our ongoing training sessions. The DHMH/DHR Joint Committee on Medical Assistance Workgroup has been meeting monthly and is addressing error issues.

***Auditors' Conclusion:***

There was no repeat finding in fiscal year 2012.



## STATE OF MARYLAND

### Schedule of Prior Year Findings and Questioned Costs Year Ended June 30, 2012

#### 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, 2012

#### 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.

##### *Auditee Updated Response and Corrective Action Plan:* **(February 2013 Update)**

DHR has been phasing in document imaging in local Departments of Social Services to facilitate more efficient electronic management of customer documents.

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.

Compliance issues continue to be addressed in our ongoing training sessions. The DHMH/DHR Joint Committee on Medical Assistance Workgroup has been meeting monthly and is addressing error issues.

**STATE OF MARYLAND**

**Schedule of Prior Year Findings and Questioned Costs  
Year Ended June 30, 2012**

**Finding 2007-3** (continued)

***Auditors' Conclusion:***

Based on testing performed during the 2012 audit, this is a repeat finding for the CHIP program only. See finding 2012-1.

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