

PRINCE GEORGE'S COUNTY, MARYLAND

REPORT ON SINGLE AUDIT

June 30, 2014

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITORS' REPORTS	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program, on Internal Control Over Compliance, and on the Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133	3
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	7
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	15
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	17
SCHEDULE OF PRIOR YEAR FINDINGS	24

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

Members of the County Council
Prince George's County Government

We have audited, in accordance with the 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, 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 Prince George's County Government as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 12, 2015. Our report includes a reference to other auditors who audited the financial statements of Prince George's County Community College, Prince George's County Memorial Library System and Prince George's County Community Television, Inc., as described in our report on Prince George's County Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The County's financial statements also include the operations of the Prince George's County Public Schools, Prince George's County Housing Authority, Prince George's County Revenue Authority, Prince George's County Industrial Development Authority and Prince George's County Redevelopment Authority for the year ended June 30, 2014. Our audit, described below, did not include the operations of the Prince George's County Housing Authority, Prince George's County Revenue Authority, Prince George's County Industrial Development Authority and Prince George's County Redevelopment Authority because these component units engaged for their own separate audits in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2014-001 to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2014-002 and 2014-003 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from 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 disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Prince George's County Government's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Baltimore, Maryland
March 12, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

Members of the County Council
Prince George's County, Maryland

Report on Compliance for Each Major Federal Program

We have audited the compliance of Prince George's County, Maryland (the County) 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 its major federal programs for the year ended June 30, 2014. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

The County's basic financial statements also include the operations of the Prince George's Community College, the Prince George's Board of Education, the Prince George's County Memorial Library System and the Prince George's Community Television, Inc., which may have received federal awards, and which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2014. We were separately engaged to perform, and we have separately reported on the results of our audit of the Revenue Authority of Prince George's County, the Prince George's County Housing Authority, Prince George's County Industrial Development Authority and the Prince George's County Redevelopment Authority in accordance with OMB Circular A-133, where applicable.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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

County'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 of the County's compliance with those requirements.

Basis for Qualified Opinion on Community Development Block Grant (CFDA# 14.218)

As described in the accompanying schedule of findings and questioned costs, Prince George's County did not comply with requirements regarding CFDA #14.218 Community Development Block Grant as described in finding numbers 2014-004 for Sub-recipient Monitoring; 2014-005 Special Tests and Provisions - Environmental review; and 2014-006 Special Tests and Provisions – Rehabilitation. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

Qualified Opinion on Community Development Block Grant (CFDA# 14.218)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph (above), Prince George's County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA#14.218 Community Development Block Grant for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Prince George's County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

Prince George's County's responses to the compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Prince George's County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

The management of the County 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 County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine 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 County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below,

we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2014-004, 2014-005 and 2014-006 to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described above and in the accompanying schedule of findings and questioned costs to be significant deficiencies.

Prince George's County's responses to the internal control over noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Prince George's County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited, in accordance with the 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, 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 Prince George's County Government as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 12, 2015. Our report includes a reference to other auditors who audited the financial statements of Prince George's County Community College, Prince George's County Memorial Library System and Prince George's County Community Television, Inc., as described in our report on Prince George's County Government's financial statements. The federal expenditures, where applicable, for the Board of Education of Prince George's County, the Prince George's Community College, the Prince George's Housing Authority, the Prince George's Memorial Library and the Prince George's Community Television, Inc., are not included in the accompanying schedule of expenditures and federal awards. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a

required part of the basic financial statements. The schedule of expenditures of federal awards 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. Such 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Baltimore, Maryland

March 30, 2015, except for the Schedule of Expenditures
of Federal Awards which is dated March 12, 2015

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF AGRICULTURE (USDA)</u>			
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF EDUCATION (MSDE)</u>			
Child Nutrition Cluster:			
Summer Food Service for Children			
Summer Food Program	10.559	\$ 407,417	\$ 407,417
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF HUMAN RESOURCES (MDHR)</u>			
Food and Nutrition Services-Admin.			
Emergency Food Assistance (Commodities)	10.555	230,022	<u>230,022</u>
Subtotal Child Nutrition Cluster:			<u>637,439</u>
Emergency Food Assistance Cluster:			
Food and Nutrition Services-Donated Commodities			
Emergency Food Assistance (TFAP)	10.568	13,713	13,713
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)</u>			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)			
WIC	10.557	1,721,134	
WIC Breastfeeding Peer Counseling	10.557	111,847	
WIC Vouchers	10.557	<u>11,454,239</u>	13,287,220
Child and Adult Food Care Program			
Child and Adult Care Food Program	10.558	69,518	<u>69,518</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>14,007,890</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u>			
<u>Direct</u>			
Community Development Block Grant			
Entitlement Grants Cluster:			
Community Development Block Grant	14.218	7,721,211	7,721,211
Community Development Block Grant- loans	14.218	1,545,335	1,545,335
ARRA-NSP	14.218	15,664	15,664
ARRA-NSP Purchase Assistance Program	14.218	101,283	101,283
ARRA-NSP Green Suitland	14.218	747,793	747,793
ARRA-NSP Loans	14.218	443,193	<u>443,193</u>
Subtotal Community Development Block Grants Entitlement Grants Cluster:			<u>10,574,479</u>
Community Development Block Grant			
Entitlement Grants			
ARRA-NCI	14.256	591,901	591,901
Emergency Shelter Grants Program			
Emergency Shelter	14.231	471,085	471,085
Continuum of Care Program			
Continuum of Care	14.267	34,826	34,826

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF HOUSING</u>			
<u>AND URBAN DEVELOPMENT (HUD)</u>			
<u>Direct (Cont.)</u>			
Supportive Housing Program			
Permanent Housing Operating	14.235	\$ 20,960	
Permanent Housing Supportive	14.235	65,673	
Permanent Housing Admin	14.235	24,843	
Permanent Housing Leasing	14.235	263,310	
Transitional Center for Men	14.235	121,599	
THP & ATOP Merge Operating	14.235	85,405	
THP & ATOP Merge Supportive Svc	14.235	239,447	
THP & ATOP Merge Admin	14.235	98,258	
THP & ATOP Merge Leasing	14.235	<u>853,393</u>	\$ 1,772,888
Home Investment Partnerships Program (HOME)			
Home Investment Partnerships Program	14.239	849,336	
Home Investment Partnerships Program			
My-Home Buyer Activities	14.239	350,543	
Home Investment Partnerships Program- loans	14.239	<u>6,185,867</u>	7,385,746
HPRP- ARRA			
HPRP- ARRA	14.257	3,273	3,273
Shelter Plus Care			
Shelter Plus	14.238	496,252	<u>496,252</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>21,330,450</u>
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u>			
<u>Direct</u>			
Asset Forfeiture			
Asset Forfeiture	16.999	3,195,049	3,195,049
Supervised Visitation, Safe Haven for Children			
Safe Haven	16.527	4,783	4,783
State Criminal Alien Assistance Program			
SCAPP	16.606	88,888	88,888
Public Safety Partnership and Community			
 Policing Grants			
ARRA-COPS Hiring	16.710	1,042,346	1,042,346
JAG Cluster:			
Edward Byrne Memorial Justice			
 Assistance Grant Program			
JAG - Department of Corrections	16.738	10,379	
E-Discovery	16.738	51,135	
Expert Witness Service	16.738	17,846	
Stop the Silence	16.738	18,900	
Crime Prevention	16.738	100,000	

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u>			
<u>Direct (Cont.)</u>			
JAG Cluster (cont.):			
Edward Byrne Memorial Justice			
Assistance Grant Program			
Metal Detectors	16.738	\$ 14,702	
JAG - Police Department	16.738	242,482	
JAG - Police Department	16.738	26,155	
JAG - Department of Corrections	16.738	<u>107,942</u>	\$ 589,541
Recovery Act - Edward Byrne Memorial Justice			
Assistance Grant (JAG) Program-			
Grants to States and Territories			
ARRA-Byrne JAG- Department of Family Service	16.804	34,575	<u>34,575</u>
Subtotal JAG Cluster:			<u>624,116</u>
Paul Coverdell Forensic Sciences			
Improvement Grant Program			
Forensic Sciences	16.742	14,705	14,705
Community-Defined Solutions to Violence			
Against Women Grant Program			
Second Chance Act Prisoner Reentry Initiative			
Second Chance Act Prisoner Reentry	16.812	267,457	<u>267,457</u>
Subtotal Direct Payments:			<u>5,237,344</u>
<u>PASS-THROUGH GOVERNORS OFFICE OF CRIME</u>			
<u>CONTROL AND PREVENTION</u>			
Congressionally Recommended Awards			
Prince George's/Montgomery County Gang Initiative	16.753	193,075	193,075
Violence Against Women Formula Grants			
Stop Violence Women	16.588	68,938	
Violence Against Women	16.588	<u>15,961</u>	84,899
Forensic DNA Backlog Reduction Program			
Forensic DNA Backlog Reduction Program	16.741	218,429	218,429
Bulletproof Vest Partnership Program			
Bulletproof Vest Partnership	16.607	1,696	1,696
Crime Victim Assistance			
Victims of Crime	16.575	39,274	39,274
Juvenile Justice and Delinquency Prevention Allocation			
Disproportionate Reduction	16.540	76,061	76,061
Edward Byrne Memorial Justice Assistance			
ARRA-Mortgage & Foreclosure	16.803	(5,289)	(5,289)
<u>PASS-THROUGH NATIONAL PREA RESOURCE CENTER</u>			
Demonstration Projects to Establish "Zero Tolerance"			
Prison Rape Elimination	16.735	13,702	<u>13,702</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>5,859,191</u>

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF LABOR (DOL)</u>			
<u>PASS-THROUGH SENIOR SERVICES AMERICA, INC. (SSA)</u>			
Senior Community Service Employment Program			
Senior Community Service Employment	17.235	\$ 542,810	\$ 542,810
TOTAL U.S. DEPARTMENT OF LABOR			<u>542,810</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</u>			
<u>PASS-THROUGH MARYLAND DEPARTMENT OF</u>			
<u>TRANSPORTATION (MDOT)</u>			
Federal Transit Cluster			
Section 5309	20.500	30,400	30,400
Federal Transit Formula Grants			
Ridesharing	20.507	120,540	<u>120,540</u>
Subtotal Federal Transit Cluster:			<u>150,940</u>
Federal Transit - Rural Areas			
Transit	20.509	135,542	
Statewide Specialized Transportation Assist Prog (SSTAP)	20.509	<u>315,714</u>	451,256
Highway Planning and Construction Cluster			
Fenno Road Bridges	20.205	65,453	
Bock Road Bridge	20.205	180,384	
Brinkley Road Bridge	20.205	142,741	
Brandywine Road Bridge	20.205	5,438	
Sunnyside Avenue Bridge	20.205	267,684	
Commo Road Bridge	20.205	93,708	
Livingston Road Bridge	20.205	<u>78,170</u>	833,578
State and Community Highway Safety Cluster:			
Traffic Safety	20.600	191,591	<u>191,591</u>
Public Transportation Research			
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>1,627,365</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)</u>			
<u>Direct</u>			
Employment Discrimination-State and Local Fair			
Employment Practices Agency Contact			
U.S. Equal Opportunity Commission Worksharing	30.002	31,416	<u>31,416</u>
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY			
COMMISSION			<u>31,416</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u>			
<u>Direct</u>			
Congressionally Mandated Projects			
Nutrient Sediment Reduction - NFWF	66.202	97,893	97,893
Solid Waste Management Assistance			
Food Waste Composting	66.808	12,000	<u>12,000</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>109,893</u>

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)</u>			
<u>Direct</u>			
Foster Grandparent Program Cluster:			
Foster Grandparents	94.011	\$ 217,855	\$ 217,855
Retired and Senior Volunteer Program			
Community RSVP-Volunteer Expenses	94.002	37,057	
Community RSVP	94.002	<u>41,106</u>	<u>78,163</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>296,018</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>			
<u>PASS-THROUGH MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)</u>			
Substance Abuse and Mental Health Services- Projects of Regional and National Significance			
Strategic Prevention Framework	93.243	(15,566)	(15,566)
Public Health Emergency Preparedness			
Public Health Preparedness	93.069	518,126	518,126
Project Grants and Cooperative Agreements for Tuberculosis Control Programs			
Epidemiology TB CHN Grant	93.116	240,786	240,786
Project for Assistance in Transition from Homelessness-PATH			
Path Project	93.150	104,604	104,604
HIV Care Formula Grants			
AIDS Ryan White Title II	93.917	1,268,936	
Ryan White B Flex Svcs	93.917	<u>301,869</u>	1,570,805
HIV Prevention Activities - Health Department Based			
HIV Partner	93.940	291,303	
AIDS HIV Counsel Test	93.940	977,370	
Expand HIV Testing	93.940	(3,305)	
Community Level Prevention	93.940	<u>(75)</u>	1,265,293
Refugee and Entrant Assistance Discretionary Grants			
Epidemiology Migrant Refugee Health	93.576	728,884	728,884
Children's Health Insurance Program			
PWC Eligibility	93.767	1,114,591	
Administrative Care Coordination	93.767	<u>6</u>	1,114,597
Medical Assistance Program Cluster:			
Children's Health Insurance Program			
PWC Eligibility	93.778	840,831	
Medical Assistance Transportation	93.778	2,450,607	
Administrative Care Coordination	93.778	413,701	
MA Waiver Administration	93.778	<u>238,130</u>	3,943,269
Family Planning Services			
Maternal Child Planning	93.217	173,759	
HIV Prevention	93.217	<u>1,138</u>	174,897
Maternal and Child Health Services Block Grant to the States			
Lead Paint Poisoning Outreach Nurse	93.994	9	
High Risk Infant	93.994	<u>110,251</u>	110,260

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>			
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>			
<u>OF HEALTH AND MENTAL HYGIENE (DHMH) (Cont.)</u>			
Block Grants for Community Mental Health Services			
Block Grants for Community Mental Health	93.958	\$ 1,340,594	\$ 1,340,594
Block Grants for Prevention and Treatment of Substance Abuse			
Federal Fund Treatment	93.959	1,014,956	
Region II Prevention	93.959	387,706	
Integration Sexual Health	93.959	<u>189,228</u>	1,591,890
Centers for Disease Control and Prevention- Investigations and Technical Assistance			
Breast and Cervical Cancer Program	93.744	165,695	165,695
Preventive Health Services -Sexually Transmitted Diseases			
Epidemiology STD Caseworker Grant	93.977	293,911	293,911
Grants to States to Support Oral Health Workforce Activities			
Oral Health HRSA Funding	93.236	33,583	33,583
Affordable Care Act			
Personal Responsibility Education	93.092	51,802	
FHA Abstinence Education	93.235	<u>164,204</u>	216,006
<u>PASS-THROUGH MARYLAND DEPARTMENT OF AGING (MDOA)</u>			
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services			
Title IIID	93.043	22,379	22,379
Aging Cluster:			
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers			
Title IIIB	93.044	154,626	
Title IIIB Admin	93.044	263,778	
Title IIIB - Elder Abuse	93.044	50,855	
Title IIIB - Guardianship	93.044	9,006	
Title IIIB - Ombudsman	93.044	67,639	
Title IIIB - Info & Ref	93.044	<u>141,189</u>	687,093
Special Programs for the Aging-Title III, Part C-Nutrition Services			
Title IIIC2	93.045	443,838	
Title IIIC1	93.045	<u>677,890</u>	1,121,728
Subtotal Aging Cluster:			
Title IIIE-Caregiving	93.052	207,754	207,754
Centers for Medicare and Medicaid Services- Research, Demonstrations and Evaluations			
Sr Health Insurance-Admin	93.779	51,960	51,960
<u>PASS-THROUGH DISTRICT OF COLUMBIA</u>			
<u>DEPARTMENT OF HEALTH (DCH)</u>			
HIV Emergency Relief Project Grants			
Ryan White CARE	93.914	6,244,713	
Office of AIDS Ryan White II	93.914	431,663	
Ryan White Minority Aids	93.914	<u>641</u>	6,677,017

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>			
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>			
<u>OF HUMAN RESOURCES (MDHR)</u>			
Immunization Cluster			
Epidemiology Hepatitis B Immunization	93.268	\$ 67,349	
Immunization Action Program	93.268	192,353	\$ 259,702
Subtotal Immunization Cluster:			259,702
Child Support Enforcement			
Child Support-Sheriff	93.563	1,379,484	
Child Support Title IV-Domestic Relations	93.563	384,126	1,763,610
Low-Income Home Energy Assistance			
Low Income Home Energy Assistance Program	93.568	749,433	749,433
Temporary Assistance for Needy Families			
Healthy Families-Home Visitation	93.558	183,584	183,584
<u>PASS-THROUGH CENTERS FOR DISEASE CONTROL AND</u>			
<u>PREVENTION (CDC)</u>			
Community Transformation			
Community Transform	93.737	1,976,661	1,976,661
<u>PASS-THROUGH INSTITUTE FOR PUBLIC HEALTH INNOVATION</u>			
Community Transformation			
Institute Public Health	93.737	19,317	19,317
<u>PASS-THROUGH NATIONAL ASSOCIATION FOR COUNTY AND</u>			
<u>CITY HEALTH OFFICIALS</u>			
Food and Drug Administration			
NACCHO Mentorship	93.103	8,473	8,473
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			27,126,345
EXECUTIVE OFFICE OF THE PRESIDENT			
<u>PASS-THROUGH UNIVERSITY OF MARYLAND</u>			
HIDTA Project	95.001	151,109	151,109
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT			151,109
<u>PASS-THROUGH MARYLAND</u>			
<u>STATE DEPARTMENT OF EDUCATION (MSDE)</u>			
Early Childhood Education Cluster:			
Infant and Toddlers-Part C	84.181	471,019	
ITP Part B	84.027	22,554	493,573
ITP MA Reimbursement	84.000	568,912	568,912
Special Education-Grants for Infants and Families cluster:			
Part B 619	84.173	9,000	9,000
TOTAL DEPARTMENT OF EDUCATION			1,071,485
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u>			
<u>Direct</u>			
Assistance to Firefighters			
Staffing Adequate Fire/Emergency Response	97.083	1,454,670	1,454,670
<u>PASS-THROUGH MARYLAND EMERGENCY</u>			
<u>MANAGEMENT AGENCY (MEMA)</u>			
Emergency Management Performance Grant	97.042	171,586	171,586
Port Security Grant Program	97.056	31,077	31,077

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2014
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u>			
<u>PASS-THROUGH DISTRICT OF COLUMBIA HOMELAND SECURITY</u>			
<u>AND EMERGENCY MANAGEMENT AGENCY (Cont.)</u>			
Homeland Security Grant Program Cluster:			
State Homeland Security Program	97.073	\$ 803,136	
UASI NCR Regional Planning	97.067	254,630	
Emergency Operations Center	97.067	799,977	
EOC/ECC Connection Main	97.067	191,457	
UASI NIMS COMP	97.067	110,556	
Exercise and Training Officer	97.067	104,551	
UASI Radio System Upgrades	97.067	175,771	
UASI/INT ECC'S & EOC'S	97.067	1,113	
MEIMSS/Patient Track	97.067	1,146,496	
UASI MMRS	97.067	847,132	
UASI CBRNE Investig	97.067	4,383	
UASI CBRNE Special Events	97.067	11,328	
Radio System Auth	97.067	500,000	
Radio portable Devices	97.067	205,122	
UASI Mass Evacuation	97.067	368,339	
GIS Data Exchange	97.067	<u>514,421</u>	\$ 6,038,412
HSGP - Citizen Corp	97.053	250,062	250,062
<u>PASS-THROUGH EMERGENCY FOOD AND SHELTER PROGRAM</u>			
<u>BOARD (EFSB)</u>			
Emergency Food and Shelter National Board			
Program Cluster:			
Emergency Food and Shelter	97.024	183,764	<u>183,764</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>8,129,571</u>
<u>U.S. DEPARTMENT OF ENERGY (DOE)</u>			
<u>PASS-THROUGH MARYLAND ENERGY ADMINISTRATION</u>			
Weatherization Assistance for Low Income Persons			
ARRA - Weatherization Assistance Program	81.042	82,420	<u>82,420</u>
TOTAL DEPARTMENT OF ENERGY			<u>82,420</u>
TOTAL FEDERAL GRANT EXPENDITURES			<u>\$ 80,365,963</u>

The accompanying notes are an integral part of this schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

NOTE 1 – SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

The Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of Prince George's County, Maryland (the County), as defined in Note 1(a) to the County's basic financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the schedule, except for the outstanding loan balances discussed in Note 3(a).

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. It includes all Federal awards to the County which had expenditure activity during the year ended June 30, 2014. Several programs are jointly funded by State of Maryland appropriations and Federal awards. The Schedule of Expenditures of Federal Awards reflects only that part of the grant activity funded by Federal awards.

NOTE 3 – NONCASH FEDERAL AWARDS

(a) Food Vouchers – U.S. Department of Agriculture (USDA): The Special Supplemental Food Program for Women, Infants and Children (WIC) is a State of Maryland administered program that uses local governments to assist in screening participant eligibility and distribution of WIC vouchers. Distributed WIC vouchers are issued, controlled, collected, valued, audited, and canceled by the State of Maryland. State representatives confirmed that the value of WIC vouchers redeemed by Maryland residents living in Prince George's County, Maryland totaled \$11,454,239 for fiscal year 2014. These amounts are included in the Schedule of Expenditures of Federal Awards.

(b) Food Commodities – USDA: During fiscal year 2014, the County received \$230,022 in surplus food from the Federal government. This amount is included in the Schedule of Expenditures of Federal Awards.

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2014

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

CFDA#	Grant Program	Amounts Provided to Subrecipients
14.218	HUD - Community Development Block Grant Program	\$ 6,743,616
14.218	HUD - Community Development Block Grant ARRA	747,793
14.231	HUD - Emergency Shelter Grant Program	151,467
14.239	HUD - HOME Investment Partnerships Program	737,896
84.173	DOE - Special Education Grants to States Part B 619	9,000
84.181	DOE - Special Education: Grants for Infants and Families with Disabilities	160,694
93.044	HHS - Title III, Part B - Grants for Supportive Services and Senior Centers	161,691
93.150	HHS- Projects for Assistance in Transition from Homelessness (PATH)	104,604
93.914	HHS - HIV Emergency Relief Project Grants	6,235,798
93.958	HHS - Block Grants for Community Mental Health Services	1,285,306
93.959	HHS- Substance Abuse Prevention and Treatment Block Grant	<u>543,264</u>
	Total	<u>\$ 16,881,129</u>

This information is an integral part of the accompanying schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that are not considered to be material weakness.	<u> X </u>	Yes	<u> </u>	None reported
Noncompliance material to financial statements noted?	<u> </u>	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that are not considered to be material weakness.	<u> </u>	Yes	<u> X </u>	None reported

Type of auditor's report issued on compliance for major programs:

Identification of Major Programs

Name of Federal Program or Cluster:	CFDA Number(s)	
HUD - Community Development Block Entitlement Grant Cluster-ARRA	14.218	Qualified
HUD - HOME Investment Partnerhips Program	14.239	Unmodified
USDA - Special Supplemental Food Program for Women, Infants and Children	10.557	Unmodified
DOJ - Edward Byrne Memorial Justice Assistance Grant Cluster- ARRA	16.738, 16.803, 16.804	Unmodified
DOJ - Asset Forfeiture	16.999	Unmodified
DHS - Homeland Security Grant Program Cluster	97.067, 97.073	Unmodified

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

<u> X </u>	Yes	<u> </u>	No
--------------	-----	---------------	----

Dollar threshold used to distinguish between type A and type B programs: \$2,410,979

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
--	---------------	-----	--------------	----

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

II. Financial Statement Findings

1. Material Weakness in Internal Control Over Financial Reporting:

Finding 2014-001: Cut-off Procedures related to unrecorded liabilities

Condition

Cut-off procedures were inadequate to identify material misstatements related to liabilities/expenditures. We identified that multiple liabilities/expenditures were not recorded in the correct period.

Criteria

COSO/Internal Control Framework defines control activities as "policies and procedures that help ensure management's directives are carried out." Management review controls are defined as, "the activities of a person, different than the preparer, through analyzing and performing oversight of activities performed and is an integral part of any internal control structure."

Cause

This is a result of the limited resources of the County and the current cut-off procedures being performed.

Effect

Failure to perform adequate reviews over source documents can lead to misstatements in the financial reporting process.

Recommendation

We recommend that management review current procedures over cutoff for unrecorded liabilities to ensure timely review over monthly reconciliations.

Views of responsible officials and corrective action plans

During this period County staff were involved in the implementation of a new financial system. The use of already limited resources in the ERP implementation contributed to the delay.

Significant Deficiencies in Internal Control Over Financial Reporting

Finding 2014-002: Documentation of Supervisory Review

Condition

Documentation of supervisory review supporting timely reconciliation of subsidiary and general ledgers is inconsistent.

Criteria

COSO/Internal Control Framework requires adequate internal controls over timely reconciliations to ensure that transactions are properly recorded and reduce the risk that errors will be undetected.

Cause

This is a result of limited resources of the County.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Effect

The completion of the accounting records reconciliation process is important to ensure that errors are detected in a timely manner.

Recommendation

We recommend that management adhere to the established policy related to the acceptable timeframe and method for the completion and documentation of the review of the reconciliations to ensure that accounting records are properly reconciled to the underlying supporting for all accounts.

Views of responsible officials and corrective action plans

During this period County staff were involved in the implementation of a new financial system. The use of already limited resources in the ERP implementation contributed to the delay.

Finding Reference: 2014-003

Condition

The County's Schedule of Expenditures of Federal Awards (SEFA) did not accurately identify proper FY 2014 federal expenditures as required by OMB A-133. The program manager internal review process failed to detect an overcharge of program expenditures.

Criteria

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Internal Control-Integrated Framework, published by the Committee of Sponsoring Organizations of the Treadway Commission, 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.

In addition, OMB Circular A-133 Subpart C Section 300 (a)-(d) stipulates that the auditee must identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal programs and award identification shall include, as applicable, the CFDA title and number, award number and year, name of Federal agency, and name of the pass-through entity; maintain internal control over Federal programs that provide reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulation, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs; comply with laws, regulations, and the provision of contracts or grant agreements related to each of its Federal programs; and prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with OMB A-133 section 310.

Cause

Program expenditures were charged to the wrong line on the purchase order. There were six lines to be charged on the purchase order; however, only one was charged, resulting in an overcharge of the program expenditures.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Effect

The County's review process did not detect the error. One award was understated and another was overstated, with a net effect of zero.

Recommendation

We recommend that the program managers review their current procedures for reviewing program expenditures. The procedures should include timely review of program costs to detect and correct errors so that costs are properly reported in the County's financial records.

We also recommend enhancing the County's SEFA preparation process to include acknowledgement (email or formal memo) from the program managers regarding the accuracy of the federal program expenditures.

Views of responsible officials and planned corrective actions

Within 30 days the Fire Department's Fiscal Affairs Manager will review internal processes to ensure that all expenditures are appropriately processed. The procedures will include a timely review of program costs to detect and correct errors so that costs are properly reported in the County's financial records. Also the implementation of the new financial system that took place during FY14 should improve financial reporting.

III. Federal Award Findings and Questioned Costs

Finding Reference: 2014-004

Federal Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Sub-Recipient Monitoring

Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2013-012, 2012-15, 2011-05, 2010-05, 2009-7

Federal Program: 14.218 - Community Development Block Grant Cluster (CDBG)

Condition/Context

The County failed to demonstrate their compliance with sub-recipient monitoring based on the following:

1. The County failed to conduct periodic site visits and/or implement procedures to ensure that all sub-recipients are visited on a periodic basis. We noted the noncompliance for 9 out of 9 CDBG sub-recipients selected for testing.
2. We noted that for 9 out of 9 sub-recipients selected for testing from CDBG (all who were subject to the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements), the County did not ensure that the sub-recipients registered the awards in Funding Accountability and Transparency Subaward Reporting System (FSRS).

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Criteria

OMB Circular A-133 requires:

1. The pass-through entity be responsible for "monitoring the sub-recipient's use of federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers federal awards in compliance with laws, regulations, and the provisions."
2. The pass-through entity, at the time of the subaward, is responsible for "identifying to the sub-recipient the Federal award information (i.e., CFDA title and number, award name and number), and applicable compliance requirements."
3. Under 2 CFR 170, prime recipients who make first-tier subawards of grant periods that began on or after October 1, 2010, and that result in an obligation of \$25,000 or more in federal funds, must ensure that the subgrantee register the contract by the end of the month following the award in FSRS.

Cause

The County has not established sub-recipient monitoring procedures to ensure that sub-recipient monitoring is performed and documented in accordance with federal requirements.

Effect

As a result of the County's lack of monitoring, the sub-recipient could have used program funds for unallowable or inappropriate uses. The sub-recipient also could have been improperly recording and reporting costs in its accounting system, thus making possible misinformation included in the County's reports to the grantor agency. The County did not properly disclose the awards indicated in the FSRS and, thus, did not comply with the reporting transparency requirements related to FFATA.

Questioned Costs

Undetermined, based on the available information we are unable to determine if there were unallowed costs.

Recommendation

We recommend that the County review their policies and procedures related to subrecipient monitoring to ensure that the policies and procedures comply with federal requirements.

Views of responsible officials and planned corrective actions

The Department of Housing and Community Development (DHCD) adopted a new policies and procedures manual in August 2014, monitoring of subgrantees is addressed in the manual.

The DHCD will send letters to each subgrantee regarding this matter, starting with all open program subgrantees. The DHCD management staff will provide administrative oversight to ensure compliance with this requirement.

Responsible party: Estella Alexander, Deputy Director 301-883-5531

Planned completion date for corrective action plan: June 30, 2015

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Finding Reference: 2014-005

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Special Tests and Provisions (Environmental Reviews)
Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2013-014, 2012-14
Federal Program: 14.218 - Community Development Block Grant Cluster (CDBG)

Condition/Context

The County failed to properly document that environmental reviews for 9 out of 23 rehabilitation projects selected for testing were performed prior to commencing the projects.

Criteria

OMB Circular A-133 states that projects must have an environmental review unless they meet criteria specified in the regulations that would exempt or exclude them from environmental certification requirements (24 CFR sections 58.1, 58.22, 58.34, 58.35, 570.604).

Cause

The County did not have appropriate controls in place to ensure that all environmental reviews were performed before projects were approved for commencement.

Effect

As a result of the finding, the County may have approved projects that could potentially include rehabilitation detrimental to the environment and/or not in compliance with HUD regulations.

Questioned Costs

Undetermined, based on the available information we are unable to determine if there were unallowed costs.

Recommendation

We recommend that the County implement procedures to ensure that all applicable projects have an environmental review performed before a CDBG-funded project commences.

Views of responsible officials and planned corrective actions

The Department of Housing and Community Development (DHCD) adopted a new policies and procedures manual in August 2014. It outlines the environmental procedures consistent with 24 C.F.R. Part 58. The DHCD staff will provide administrative oversight to ensure adherence with this requirement.

Responsible party: Estella Alexander, Deputy Director 301-883-5531

Planned completion date for corrective action plan: June 30, 2015

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2014

Finding Reference: 2014-006

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Special Tests and Provisions (Rehabilitation)
Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2013-016
Federal Program: 14.218 - Community Development Block Grant (CDBG)

Condition/Context

The County failed to properly document that certification of the completion of rehabilitation for 8 out of 23 rehabilitation projects selected for testing were performed.

Criteria

24 CFR Section 570.506 states that the grantee must ensure that the work is properly completed whenever CDBG or CDBG-R funds are used for rehabilitation.

Cause

The County did not have appropriate controls in place to ensure that all rehabilitation certifications were performed once projects were completed.

Effect

As a result of the finding, the County may have funded projects that did not meet State/local regulations as well as federal requirements related to rehabilitation work funded with CDBG/CDBG-R funds.

Questioned Costs

Undetermined, based on the available information we are unable to determine if there were unallowed costs.

Recommendation

We recommend that the County implement procedures to ensure that all applicable projects have a rehabilitation certification performed after a CDBG-funded project is completed.

Views of responsible officials and planned corrective actions

The Department of Housing and Community Development (DHCD) adopted a new policies and Procedures manual in August 2014. The DHCD staff will provide administrative oversight to ensure adherence with this requirement.

Responsible party: Estella Alexander, Deputy Director 301-883-5531

Planned completion date for corrective action plan: June 30, 2015

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2014

Finding Reference: 2013-012

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Sub-Recipient Monitoring
Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2011-05, 2010-05, 2009-7, 2012-15
Federal Program: 14.218, 14.253-Community Development Block Entitlement Grant Cluster- ARRA (CDBG, CDBG-R)

Condition/Context

The County failed to demonstrate their compliance with sub-recipient monitoring based on the following:

1. The County failed to obtain and review the single audit reports for 6 out of 6 CDBG, CDBG-R sub-recipients tested.
2. The County failed to conduct periodic site visits and/or implement procedures to ensure that all sub-recipients are visited on a periodic basis. We noted the noncompliance for 6 out of 6 CDBG, CDBG-R sub-recipients selected for testing.
3. We noted that for 6 out of 6 sub-recipients selected for testing from CDBG, CDBG-R (all who were subject to the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements), the County did not ensure that the sub-recipients registered the awards in Funding Accountability and Transparency Subaward Reporting System (FSRS).

Management's Response

The Department of Housing and Community Development (DHCD) conducts periodic monitoring of sub recipients and provides monitoring reports to the subrecipients. The selection of subrecipients to be monitored is based on a HUD risk analysis format. The DHCD has a draft policies and procedures Manual which includes a monitoring section. The DHCD will review its policies and procedures related to subrecipient monitoring to ensure that the policies and procedures comply with federal requirements.

The DHCD will implement appropriate procedures to ensure that all applicable subawards are properly reported in the FSRS.

Current Year Status: Not corrected: Repeated as finding 2014-004.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2014

Finding Reference: 2013-013

Federal Agency: U.S. Department of Homeland Security
Compliance Requirement: Procurement, Suspension and Debarment
Type of Finding: Significant Deficiency in Internal Control
Federal Program: 97.067 – Homeland Security Grant Program

Condition/Context

We noted that 1 out of 3 Homeland Security procurement contracts selected for testing failed to document the vendor's suspension or debarment status. The vendor was not suspended or debarred.

Management's Response

It is understood that all Federal grant funded purchases require Certification of Assurance. In addition, the Prince George's County Fire Emergency Medical Services (EMS) Department plans to distribute a memorandum from the Administrative Services Command to the designated Grant Program Manager reiterating the requirement to obtain this verification when requesting quotes for services or goods.

Current Year Status: Corrected, the program was selected as major and the suspension and debarment requirement was tested as part of the current year audit without exception.

Finding Reference: 2013-014

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Special Tests and Provisions (Environmental Reviews)
Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2012-14
Federal Program: 14.218, 14.253-Community Development Block Entitlement Grant Cluster- ARRA (CDBG, CDBG-R)

Condition/Context

The County failed to properly document that environmental reviews for 18 out of 32 rehabilitation projects selected for testing were performed prior to commencing the projects.

Management's Response

All CDBG funded activities are subject to the environmental review regulations under 25 CFR part 58 prior to commencement. The Department of Housing and Community Development (DHCD) is required to provide the Office of Finance with documentation evidencing the environmental review clearance prior to loading budgets for each CDBG activity and the commencement of each project. Therefore, the DHCD believes that it adheres to the HUD Environmental Requirements. The DHCD notes that it was not provided with sufficient specificity on this finding. Nevertheless, the DHCD will review its procedures and where appropriate make adjustments to continue to ensure that all applicable projects have an environmental review performed before a CDBG-funded project commences.

Current Year Status: Repeated as finding 2014-005.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2014

Finding Reference: 2013-015

Federal Agency: U.S. Department of Agriculture
U.S. Department of Justice

Compliance Requirement: Activities Allowed/Allowable Costs

Type of Finding: Significant Deficiency in Internal Control,
Repeat Finding, 2012-16, 2011-08

Federal Program: 10.557 – Special Supplemental Nutrition Program for Women, Infants,
and Children (WIC)
16.710-Public Safety Partnership and Community Policing
Grants
16.738, 16.803, 16.804-Byrne Justice Assistance Grant Cluster

Condition/Context

The County failed to properly document supervisory review/approval of personnel costs charged to the grants indicated for 1 out of 60 selected for the Public Safety Grant, for 4 out of 60 transactions selected for testing of the Byrne JAG Cluster program, and 1 out of 40 transactions selected for testing from the WIC program.

Management's Response

To address the issue the Police Department has hired a Grants Manager to ensure proper quality control of the payroll approval process.

The Fire/EMS Department will develop internal processes that can be utilized to ensure reports are submitted in compliance with the grantors' guidelines. Additionally the Police Department established new policies and procedures that will improve timecard approvals.

The Health Department did approve the timecard in question however when changes are made by another party including those parties from Human Resources or Payroll notification should be given to the Health Department so that the timecard can be reapproved.

Current Year Status: Corrected, the programs were selected as major and the allowable cost/activities requirement were tested as part of the current year audit without exceptions.

Finding Reference: 2013-016

Federal Agency: U.S. Department of Housing and Urban Development

Compliance Requirement: Special Tests and Provisions (Rehabilitation)

Type of Finding: Qualified-Material Weakness in Internal Control, Material
Noncompliance

Federal Program: 14.218, 14.253-Community Development Block Entitlement Grant
Cluster - ARRA (CDBG, CDBG-R)

Condition/Context

The County failed to properly document that certification of the completion of rehabilitation for 9 out of 32 rehabilitation projects selected for testing were performed.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2014

Management's Response

The DHCD will review its procedures and where appropriate implement procedures to ensure that all applicable projects have a rehabilitation certification performed after a CDBG-funded project is completed.

Current Year Status: Not resolved, repeat finding 2014-006.

Finding Reference: 2013-017

Federal Agency:	U.S. Department of Justice
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control and Compliance
Federal Program:	16.738, 16.803, 16.804-Byrne Justice Assistance Grant Cluster

Condition/Context

The County failed to submit 2 out of 4 Byrne Justice Assistance GMS Reports (quarterly performance reports) selected for testing.

Management's Response

The Fire/EMS Department is in agreement that additional procedures be implemented to ensure that grant reports and requirements are handled in accordance with the grantors guidelines. As staffing is limited and additional personnel are not available, we continue to strive to ensure deadlines are met by utilizing available technology to trigger reminders.

Current Year Status: Corrected, the program was selected as major and the suspension and debarment requirement was tested as part of the current year audit without exception.