

CITY OF BALTIMORE, MARYLAND

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

For the Year Ended June 30, 2019

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JUNE 30, 2019

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**CITY OF
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Bernard C.
Mayor

DEPARTMENT OF AUDITS
Room 321, City Hall
Baltimore, Maryland 21202

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Mayor, City Council, and Board of
Estimates City of Baltimore, Maryland

Report on the Financial Statements

We have jointly audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the aggregate remaining fund information, the combining statement of fiduciary net position- Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position- Pension and OPEB Trust Funds of the City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the Employees' Retirement System, the Elected Officials Retirement System, and the Fire and Police Retirement System. These funds represent 88% of the total assets, 88% of the net position, and 72% of the revenues of the Pension and OPEB Trust Funds. We also did not audit the Baltimore City Public School System (School System) and Baltimore Hotel Corporation, which are both discretely presented component units. The financial statements of Baltimore City Public School System, Baltimore Hotel Corporation and certain of the Pension and OPEB Trust Funds were audited by other auditors whose reports have been furnished to us. Our opinions, insofar as they relate to the amounts included for the Baltimore City Public School System, Baltimore Hotel Corporation and certain Pension and OPEB Trust Funds are based on the reports of the other auditors except for the matter discussed in "Other Matters" below. 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 from material misstatement.



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The City Auditor did not have an external peer review by an unaffiliated audit organization as required by Chapter 3 of *Government Auditing Standards* at least once every three years. The last external peer review was for the period ended December 31, 2011. The City Auditor is in the process of engaging an unaffiliated audit organization to conduct an external peer review for the three-year period ending June 30, 2019.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, the aggregate remaining fund information, the combining statement of fiduciary net position- Pension and OPEB Trust Funds, and the combining statement of changes in fiduciary net position- Pension and OPEB Trust Funds of the City, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures and Encumbrances, and Changes in Fund Balance – Budget and Actual- Budgetary Basis – General Fund, Schedule of the City's Proportionate Share of Net Pension Liability: Employees' Retirement System Plan, Schedule of Employer Contributions: Employees Retirement System Plan, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – ERPS, Schedule of Employer Contributions: Maryland State Retirement and Pension System-ERPS, Schedule of the City's Proportionate Share of Net Pension Liability: Maryland State Retirement and Pension System – LEOPS, Schedule of Employer Contributions: Maryland State Retirement and



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Pension System – LEOPS, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Fire and Police Employees’ Retirement System - Single Employer Plan, Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Elected Officials’ Retirement System - Single Employer Plan; Schedule of Employer Contributions – Single Employer Plans, Schedule of Changes in the Net OPEB Liabilities and Related Ratios – OPEB Plan; Schedule of the City’s Proportionate Share of Net OPEB Liability, Schedule of Employer Contributions and Investment Returns – Total OPEB Plan; the Schedule of the City’s Proportionate Share of the Net OPEB Liability; Schedule of Employer Contributions – OPEB Plan; and Notes to the Required Supplementary Information 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 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 sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City’s basic financial statements. The combining and individual fund financial statements, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



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The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Adjustments to Discretely Presented Component Unit Financial Statements Audited by Other Auditors.

As part of our audit of the City’s 2019 financial statements, we also audited the adjustments described in Note 20 that were applied to adjust the financial statements of the Baltimore City Public School System, a discretely presented component unit of the City, as of and for the year ended June 30, 2019, including the restatement of certain 2019 financial statements’ beginning balances in the accompanying financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2019 financial statements of the School System other than with respect to the adjustments, and accordingly, we do not express an opinion or any other form of assurance on the 2019 financial statements of the School System as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2019, on our consideration of the City’s internal controls over financial reporting and on 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 controls over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal controls over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City’s internal controls over financial reporting and compliance.

December 27, 2019

SB & Company, LLC
 Independent Public Accountants
 Owings Mills, Maryland

Josh Pasch, CPA
 City Auditor
 Department of Audits

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



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

The Mayor, City Council, and Board of Estimates
City of Baltimore, Maryland

Report on the Financial Statements

We have audited, 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, 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 City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 27, 2019. Our report includes references to other auditors who audited the financial statements of the Employees’ Retirement System, the Elected Officials Retirement System, the Fire and Police Retirement System, Baltimore City Public Schools System, and Baltimore Hotel Corporation, as described in our report on the City’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.

Internal Controls over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City’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 City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

Our consideration of internal control over financial reporting 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 have not been identified.

We did identify certain deficiencies, as described in the accompanying schedule of findings and questioned costs, which we consider to be material weaknesses as items 2019-001, 2019-002, 2019-003, 2019-004, 2019-005 and 2019-006.



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. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City’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 City’s Response to Findings

The City’s responses to the findings identified in our audit are described in the accompanying Schedule of Corrective Action Plans. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

December 27, 2019

SB & Company, LLC
Independent Public Accountants
Owings Mills, Maryland

Josh Pasch, CPA
City Auditor
Department of Audits

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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**



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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROLS OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Mayor, City Council, and Board of Estimates
City of Baltimore, Maryland

Report on Compliance for Each Major Federal Program

We have audited the City of Baltimore, Maryland's (the City) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major Federal programs for the year ended June 30, 2019. The City'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.

The City's basic financial statements include the operations of the Baltimore City Public Schools System, which received Federal awards that are not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of this entity because auditors were engaged to perform a separate audit in accordance with the Uniform Guidance.

Management's Responsibility

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions of its Federal awards applicable to its Federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City'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 the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 City'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 on compliance for each major Federal program. However, our audit does not provide a legal determination of the City’s compliance.

Basis for Qualified Opinion on the Community Service Block Grant, Children’s Health Insurance Program, HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B), Medical Assistance Program, and HIV Prevention Activities

As described in the accompanying Schedule of Findings and Questioned Costs, the City did not comply with requirements regarding:

CFDA No.	Program Name	Finding No.	Basis for Qualified Opinion
93.569	Community Service Block Grant	2019-018	Eligibility
93.767	Children's Health Insurance Program	2019-021	Cash Management
		2019-022	Subrecipient Monitoring
93.917	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	2019-024	Cash Management
		2019-025	Eligibility
		2019-026	Period of Performance
		2019-027	Reporting
		2019-028	Subrecipient Monitoring
93.778	Medical Assistance Program	2019-030	Cash Management
		2019-031	Eligibility
		2019-032	Period of Performance
		2019-033	Procurement and Suspension and Debarment
		2019-034	Reporting
		2019-035	Subrecipient Monitoring
93.940	HIV Prevention Activities	2019-037	Cash Management
		2019-039	Procurement and Suspension and Debarment
		2019-040	Reporting
		2019-041	Subrecipient Monitoring

Compliance with such requirements is necessary, in our opinion, for the City to comply with the requirements applicable to that program.

Qualified Opinion on the Community Service Block Grant, Children’s Health Insurance Program, HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B), Medical Assistance Program, and HIV Prevention Activities

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Community Service Block Grant, Children’s Health Insurance Program, HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B), Medical Assistance Program, and HIV Prevention Activities for the year ended June 30, 2019.



Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the City 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 auditor's results section of the accompanying Schedule of Findings and Questioned Costs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2019-007 through 2019-017, 2019-019, 2019-020, 2019-23, 2019-029, 2019-036, 2019-038, 2019-042 through 2019-044. Our opinion on each major Federal program is not modified with respect to these matters.

The City's responses to the noncompliance findings identified in our audit are described in the accompanying Schedule of Corrective Action Plans. The City'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

Management of the City is responsible for establishing and maintaining effective internal controls over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal controls over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal controls over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal controls over compliance. Accordingly, we do not express an opinion on the effectiveness of City's internal controls over compliance.

Our consideration of internal controls over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal controls 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 have identified certain deficiencies in internal controls over compliance that we consider to be material weaknesses and significant deficiencies.



A deficiency in internal controls 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 controls over compliance* is a deficiency, or combination of deficiencies, in internal controls 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 controls over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2019-001 through 2019-007, 2019-009, 2019-012, 2019-014 through 2019-017, 2019-19 through 2019-036, 2019-038 through 2019-042, and 2019-044 to be material weaknesses.

A significant deficiency in internal controls over compliance is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a Federal program that is less severe than a material weakness in internal controls over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal controls over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2019-008, 2019-011, 2019-037 and 2019-043, to be significant deficiencies.

The City's responses to the internal controls over compliance findings identified in our audit are described in the accompanying Schedule of Corrective Action Plans. The City'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 controls over compliance is solely to describe the scope of our testing of internal controls over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

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 City as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 27, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the 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 information has



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

SB & Company, LLC

Owings Mills, Maryland
March 17, 2020

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

CITY OF BALTIMORE

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE (DOA)</u>				
Special Supplemental Nutrition Program for Women, Infants, and Children				
Pass-Through Maryland Department of Health and Mental Hygiene				
Women, Infants and Children Food Program (WIC) FY2016	10.557	WI 213 WIC	\$ -	\$ 32,763
Women, Infants and Children Food Program (WIC)	10.557	WI 213 WIC	-	2,322,262
Total Special Supplemental Nutrition Program for Women, Infants, and Children			-	2,355,025
Pass-Through Maryland State Department of Education				
<i>Child Nutrition Cluster</i>				
Summer Food Service Program for Children				
Summer Food Service Program for Children 2018	10.559	347041	-	1,898,192
Total Summer Food Service Program for Children			-	1,898,192
<i>Total Child Nutrition Cluster</i>				1,898,192
Urban and Community Forestry Program				
FY18 Baltimore GROW Center	10.675	N/A	-	7,154
TOTAL U.S. DEPARTMENT OF AGRICULTURE (DOA)			-	4,260,370
<u>U.S. DEPARTMENT OF COMMERCE (DOC)</u>				
Economic Development Technical Assistance				
Made in Baltimore Campaign	11.303	N/A	-	25,520
Minority Business Resource Development				
Minority Business Development Agency (MBDA) AMP Center Grant	11.802	N/A	-	231,334
Minority Business Development Agency (MBDA) Business Center				
Minority Business Development Agency (MBDA) Business Center	11.805	N/A	-	805
TOTAL U.S. DEPARTMENT OF COMMERCE (DOC)			-	257,659
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u>				
Community Development Block Grants/Entitlement Grants				
CDBG-33	14.218	N/A	-	3,859
CDBG-35	14.218	N/A	-	26,946
CDBG-36	14.218	N/A	-	45,477
CDBG-38	14.218	N/A	-	1,165
CDBG-39	14.218	N/A	-	9,592
CDBG-40	14.218	N/A	-	175,058
CDBG-41	14.218	N/A	17,930	150,654
CDBG-42	14.218	N/A	40,709	948,120
CDBG-43	14.218	N/A	3,619,282	5,634,087
CDBG-44	14.218	N/A	2,597,514	12,886,006
CDBG-45	14.218	N/A	-	440
Total Community Development Block Grants/Entitlement Grants			6,275,435	19,881,406
<i>Total CDBG - Entitlement Grants Cluster</i>				19,881,406

CITY OF BALTIMORE

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) (continued)</u>				
Emergency Solutions Grant - Homeless Services				
Emergency Solutions Grant - Homeless Services FY2018	14.231	N/A	\$ 2,211,223	\$ 2,296,223
Total Emergency Solutions Grant - Homeless Services				2,296,223
Home Investment Partnerships Program				
HOME Program - Bon Secours New Shiloh Village Apts	14.239	N/A	-	125,000
HOME Program - Franklin Lofts and Flats	14.239	N/A	-	309,282
HOME Program - TRF East Balto Historic 3	14.239	N/A	-	54,996
HOME Program - North Avenue Gateway II	14.239	N/A	-	269,799
HOME Program - L on Liberty Apartments	14.239	N/A	-	835,379
HOME Program - St. Ambros	14.239	N/A	-	429,939
HOME Program - Walbrook	14.239	N/A	-	911,660
Healthy Neighborhoods	14.239	N/A	-	72,225
Home Preservation Program	14.239	N/A	-	98,505
Metro Heights at Mondawmin	14.239	N/A	-	250,000
HOME Program FY2018	14.239	N/A	-	419,098
Total Home Investment Partnerships Program			-	3,775,882
Housing Opportunity for Persons with AIDS				
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	2,931,832	7,801,955
Total Housing Opportunity for Persons with AIDS			2,931,832	7,801,955
Continuum of Care				
Continuum of Care - FY2017	14.267	N/A	13,105,310	14,564,553
Continuum of Care - FY2018	14.267	N/A	2,839,604	2,839,604
Total Continuum of Care			15,944,914	17,404,157
Jobs-Plus Pilot Initiative				
HABC - Gilmore Homes	14.895	N/A	-	66,733
Lead Hazard Reduction Demonstration Grant Program				
FY2018 HUD Lead Program	14.905	N/A	-	1,166,741
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)			25,152,181	52,393,097
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u>				
Justice Systems Response to Families				
Visitation Center Continuation	16.021	N/A	-	234,863
Community-Based Violence Prevention Program				
Vision 21	16.582	N/A	-	82,644
Supporting Male Survivors of Violence (SMSV)	16.582	N/A	110,692	685,979
Total Community-Based Violence Prevention Program			110,692	768,623
Community-Based Violence Prevention Program				
Trauma Informed Care	16.123	N/A	-	(50,404)
Hospital Responders	16.123	N/A	-	29,364
Total Community-Based Violence Prevention Program			-	(21,040)

CITY OF BALTIMORE

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF JUSTICE (DOJ) (continued)				
DNA Backlog Reduction Program				
DNA Backlog Reduction Program FY2017	16.741	N/A	\$ -	\$ (4,401)
DNA Backlog Reduction Program [DNA Capacity Enhancement & Backlog Reduction]	16.741	N/A	-	73,921
Total DNA Backlog Reduction Program			-	69,520
Baltimore City Wrongful Conviction Review Program				
Baltimore City Wrongful Conviction Review Program	16.746	N/A	-	48,262
Smart Supervision: Reducing Prison Populations, Saving Money, and Creating Safer Communities				
FY17 Smart Supervision: Reducing Prison Populations, Saving Money, and Creating Safer Communities	16.812	N/A	-	16,425
National Forum on Youth Violence Prevention				
National Youth Violence Prevention Expansion Project	16.819	N/A	49,069	49,069
Smart Prosecution Initiative				
Pre-trial Evidenced-Based Risk and Needs Assessment FY2016	16.825	N/A	-	150
Equitable Sharing Program				
Equitable Sharing Program	16.922	N/A	-	(616,729)
Edward Byrne Memorial Justice Assistance Grant				
Coverdell Forensic Enhancements 2017	16.738	N/A	-	7,027
Justice Assistance Grant (JAG XI)	16.738	N/A	-	252,586
Justice Assistance Grant (JAG XII)	16.738	N/A	57,979	82,680
Justice Assistance Grant (JAG XIII)	16.738	N/A	-	87,575
Justice Assistance Grant (JAG II)	16.738	N/A	-	(32,735)
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
Career Prosecutor Course	16.738	BJAG-2014-0082	-	(5,116)
Law Enforcement Assisted Diversion	16.738	BJAG-2015-0011	-	96,686
Irecord	16.738	BJAG-2016-0035	-	10,408
Reducing Violent Crime	16.738	BJAG-2015-0036	-	116,740
Youth and Trauma Services	16.738	BJAG-2015-0038	-	110
WATF-HYPE	16.738	BJAG-2016-0017	-	19,616
BJAG - Narcan Expansion Project	16.738	BJAG-2014-0051	-	19,800
BJAG - ICJR Family Crimes Rent	16.738	BJAG-2015-0023	-	11,417
Total Edward Byrne Memorial Justice Assistance Grant			57,980	666,795
Part E - Developing, Testing and Demonstrating Promising New Programs				
Juvenile Screening and Diversion	16.541	Unknown		(38,325)
Pass-Through Baltimore City Public School System				
BCPSS - Alternative High School FY2018	16.541	Unknown	-	162,600
Total Developing, Testing and Demonstrating Promising New Programs			-	124,275

CITY OF BALTIMORE

**Schedule of Expenditures of Federal Awards
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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u> (continued)				
Crime Victim Assistance				
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
Special Victim's Unit	16.575	VOCA-2015-0077	\$ -	\$ 5,286
Law Enforcement Advocates	16.575	Unknown	-	188,887
Victim Witness Unit	16.575	Unknown	-	1,114,240
Victim Witness Unit	16.575	Unknown	-	46,161
Expanding Services To Victims Of Crimes With Disabilities	16.575	VOCA-2015-0071	-	40,902
Baltimore City SART and Human Trafficking - VOCA	16.575	Unknown	-	14,203
SART and Human Trafficking - VOCA	16.575	VOCA-2015-0035	-	76,558
SART and Human Trafficking - VOCA	16.575	VOCA-2016-0035	275,966	302,398
Total Crime Victim Assistance			<u>275,966</u>	<u>1,788,635</u>
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
Supervised Visitation, Safe Havens for Children				
Violence Against Women Formula Grants				
Sexual Assault	16.588	VAWA 2017-0003	-	91,331
VAWA - Domestic Violence Victim/Witness Liaison Program	16.588	Unknown	-	1,069
VAWA - Domestic Violence Victim/Witness Liaison Program	16.588	Unknown	-	67,733
VAWA -- Victim/Witness Liaisons	16.588	Unknown	-	68,773
Total Violence Against Women Formula Grants			<u>-</u>	<u>228,906</u>
Project Safe Neighborhoods				
Project Safe Neighborhoods	16.609	PSNM-2016-0002	-	54,655
Project Safe Neighborhoods	16.609	PSNM-2016-0001	-	56,950
Total Project Safe Neighborhoods			<u>-</u>	<u>111,605</u>
Edward Byrne Memorial Justice Assistance Grant Program				
Domestic Violence	16.590	ICJR-2016-0001	-	51,226
Juvenile Accountability Block Grants				
Pass-Through Maryland State Department of Juvenile Services				
Department of Juvenile Services - Pre-Adjudication Coordination and Training	16.523	15-IG-011/V00P6400179	-	253,629
Total Juvenile Accountability Block Grants			<u>253,629</u>	<u>253,629</u>
TOTAL U.S. DEPARTMENT OF JUSTICE (DOJ)			<u>938,344</u>	<u>3,774,214</u>
<u>U.S. DEPARTMENT OF LABOR (DOL)</u>				
<i>Employment Service Cluster</i>				
Employment Service/Wagner-Peyser Funded Activities				
Pass-Through Maryland Department of Labor, Licensing and Regulation				
Ex-Offender - Prison to One Stop Project/Wagner Peyser	17.207		-	(4,300)
<i>Total Employment Service Cluster</i>			<u>-</u>	<u>(4,300)</u>

CITY OF BALTIMORE

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF LABOR (DOL) (continued)				
WIOA Dislocated Worker National Reserve				
Demonstration Grants				
Opioid National Health Emergency Grant	17.280	P00P94-BCI-NHE	\$ -	\$ 16,568
Workforce Innovation Fund				
Family Health International (FHI-360)				
Youth Works	17.270			52,443
<i>WIOA Cluster</i>				
WIOA - Adult Program				
WIOA - Adult Program	17.258		-	(26,558)
WIOA - Adult Program	17.258	P00P94BCIPY18A / P00P94-BCI-FY19-A	130,465	2,273,504
Total WIOA - Adult Program			<u>130,465</u>	<u>2,246,945</u>
Program Cost Pool				
Program Cost Pool	17.588			(158,125)
WIOA - Youth Activities				
WIOA - Youth Activities	17.259	P00P94-BCI-PY18-Y	455,651	2,277,899
WIOA - Dislocated Worker Formula Grants				
WIOA - Dislocated Worker Formula Grants	17.278	P00P94-BCI-PY18-D / P00P94-BCI-FY19-D	20,325	1,251,687
Workforce Services for Baltimore Residents	17.278		-	22,119
Workforce Services for Baltimore Residents	17.278	P00P84-BCI-BRANDING	-	1,222
Total WIOA - Dislocated Worker Formula Grants			<u>20,325</u>	<u>1,275,029</u>
<i>Total WIOA Cluster</i>			<u>606,441</u>	<u>5,641,748</u>
TOTAL U.S. DEPARTMENT OF LABOR (DOL)			<u>606,441</u>	<u>5,706,458</u>
U.S. DEPARTMENT OF TRANSPORTATION (DOT)				
<i>Federal Transit Cluster</i>				
Federal Transit_Capital Investment Grants				
Greyhound Bus Term (Intercity/Intermodal) (FTA Grant)	20.500	N/A	-	277,708
Total Federal Transit_Capital Investment Grants			<u>-</u>	<u>277,708</u>
Federal Transit_Formula Grants				
Ridesharing/Commuter Assistance Grant	20.507	N/A	-	1,374
Electric Ferry Boat	20.507	N/A	-	4,092
<i>Total Federal Transit Formula Grants</i>			<u>-</u>	<u>5,467</u>
<i>Total Federal Transit Cluster</i>			<u>-</u>	<u>283,174</u>
<i>Highway Safety Cluster</i>				
State and Community Highway Safety				
Pass-Through Maryland State Department of Transportation				
Traffic Safety - SHA	20.600	Unknown	-	28,145
Highway Traffic Safety Grant FY18	20.600	Unknown	-	9,545
Traffic Safety Grant - State and Community Highway Safety	20.600	Unknown	-	80,470
Traffic Safety Grant - State and Community Highway Safety	20.600	Unknown	-	7,037
Total State and Community Highway Safety			<u>-</u>	<u>125,197</u>

CITY OF BALTIMORE

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (DOT) (continued)				
Safety Belt Performance Grants				
Pass-Through Maryland State Department of Transportation				
Safe Route to School II (N & I)	20.609	Unknown	\$ -	\$ 100,239
<i>Total Highway Safety Cluster</i>			-	225,436
<i>Highway Planning and Construction Cluster</i>				
Highway Planning and Construction				
Pass-Through Maryland Department of Labor, Licensing and Regulation				
DLLR - Highway/Capital Transit Construction Skills	20.205	P00P84-BCI-HCCT	27,581	215,629
Pass-Through Maryland State Department of Transportation				
Annapolis Road Bridge	20.205	BC269-060-815	-	3,097,566
Belair Road Complete Sts #1123	20.205	410015	-	15,680
Bridge Replacement of Frederick Ave Bridge over Gwynns Falls	20.205	BC269-074-815/269-061-815	-	554
Broening Hwy Bridge over Colgate Creek & Associated Roadway Improvements	20.205	BC450006	-	1,803,880
Charles Street at Friends School	20.205	BC315-075-815	-	5,945,099
Central Ave. Phase 2	20.205	BC410023	-	120,258
Clinton Street Concrete Pavement Rehabilitation Boston - Keith Ave	20.205	BC410020	-	119,953
D.O.T. Park Circle Intersection	20.205	BC319-012-815	-	2,919,225
Downtown Bicycle Network TR13321	20.205	AX2615225	-	408,198
Druid Hill Park	20.205	BC315-067-815	-	70,432
Dundalk Ave Streetscape from Eastern Ave to Baltimore City Line	20.205	BC315-087-815	-	359
East Baltimore Life Science Pk - 2A	20.205	BC440002	-	41,726
Edison Hwy over Amtrak Bridge Rehab	20.205	269-087-815	-	5,467
Edmondson Ave. Bridge over CSX	20.205	BC269-066-815	-	14,106,286
Field Investigation for Geometrics, Signals and Utilities;CCTV Sites & Fiber Commun.;Traffic Signal Systemization	20.205	319-017-815, BC 319-018-815 & BC 319-022-815	-	27,105
Fulton Avenue Bridge TR12310	20.205	420005	-	141,770
Fulton Avenue Streetscape	20.205		-	8,481
Franklin St from MLK, Jr. Blvd. to Edmondson Ave	20.205	BC420008	-	1,037,925
Geometric Improvements at Various Locations in Baltimore City	20.205	BC410021	-	1,844
Geometric Safety Improvements - Phase II at Corse Ave & Frankford Ave and at Hamilton Ave & Frankford Ave	20.205	BC410021	-	478,693
Greenmount 29th - 43rd TR14302	20.205	420002	-	26,847
Hanover Street Bridge	20.205	450002	-	71,525
Hanover St Bridge over Middle Branch	20.205	BC269-073-815	-	119,450
Harford Road Bridge over Herring Run	20.205	BC269-067-815	-	5,013,687
Haven St Resurfacing/Rehab	20.205	410008	-	81
Hawkins Point Road Bridge/ Pennington Ave Empowerment, PE	20.205	BC269-059-815	-	26,989
Herring Run Greenway	20.205	AX8865125	-	100,069
I-83 Fayette & Balto City/Co	20.205	420003	-	990

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION (DOT) (continued)				
Highway Planning and Construction (continued)				
I-83 Phase II TR13301	20.205	420006	\$ -	\$ 20,323
Inner Harbor Water Taxi Terminal	20.205	BC440005	-	1,862
Intersection Safety Studies	20.205	410012	-	36,843
Jones Falls Trail - Phase V	20.205	BC460001	-	(196,382)
Jones Falls Greenway Phase V	20.205	BC460001	-	914,148
Key Highway Street Improvement	20.205	BC319-015-815	-	1,932,376
Midtown Streetscape - Mt. Royal Avenue Improvements	20.205	BC315-101-815	-	4,171,586
MLK Blvd at Howard St Intersection Widening/Improvement	20.205	BC315-112-815/322-002-815	-	49,027
National Aquarium - Center for Aquatic Life and Conservation	20.205	BC318-019-815	-	24,990
Pennington Ave O. Curtis Creek Bascule Repair	20.205	BC318-011-815	-	(230)
Perring Pkwy Off-Ramp Bridge Replacement	20.205	450003	-	134,833
Preston Gardens Infrastructure TR12308	20.205	AX09135125	-	144,746
Recons Central Ave. & Storm Drain Eastern Ave. to N Madison St.	20.205	BC320-001-815	-	97,044
Reconstruction East North Avenue from Aisquith St. to Wolf St.	20.205	BC315-079-815	-	75,876
Rehabilitate Roadways around East Baltimore Life Science Park	20.205	BC318-013-815	-	6,902
Remington Ave Bridge/Stoney Run	20.205	450004	-	32,198
Replacement. Annapolis Rd over Balt/Wash Pkwy (MD 295)	20.205	BC269-077-815	-	2,342
Resurfacing Southwest - Sector III TR 13306	20.205	410003	-	(11,896)
Resurfacing Various Locations, Northeast Sector I	20.205	410001	-	187
Resurfacing Various Locations, Southeast Sector IV	20.205		-	165
Resurfacing SE IV, FY12	20.205	BC315-116-815	-	(57,982)
Resurfacing SW III, FY12	20.205	BC315-115-815	-	(129)
Roland Park Complete Sts.	20.205	410007	-	4,242
Russell Street & Monroe Street Ramp to Russell Street over CSXT	20.205	BC269-084-815	-	75,492
Safe Routes to School Infrastructure Projects	20.205	AX933B52	-	120,872
Safe Route G	20.205	BC410022	-	40,025
Sisson Street over CSX	20.205	269-086-815	-	11,188
Traffic Safety Project	20.205	410013	-	1,566
Traffic Safety Improvements Citywide	20.205		-	8,900
Traffic Signals & ITS & Traffic Engineering-Task 12	20.205	BC410022	-	78,129
West North Ave at Pennsylvania Ave	20.205		-	66,657
WIC - Infrastructure	20.205		-	17,159
Wilkens Ave. Bridge over Gwynns Falls	20.205	BC269-071-815	-	105,026
Total Highway Planning and Construction			27,581	43,833,856
<i>Total Highway Planning and Construction Cluster</i>			27,581	43,833,856

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION (DOT) (continued)</u>				
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				
Pass-Through Baltimore Metropolitan Council				
Unified Plng Work Prg-Metropolitan Transportation Planning	20.505	Unknown	\$ -	\$ 21,663
Total Metropolitan Transportation Planning and State and Non-Metropolitan P&R			-	21,663
Interagency Hazardous Materials Public Sector Training and Planning Grants				
Pass-Through Maryland Emergency Management Agency				
Hazardous Materials Emergency Preparedness	20.703	Unknown	-	7,389
TOTAL U.S. DEPARTMENT OF TRANSPORTATION (DOT)			<u>27,581</u>	<u>44,371,518</u>
<u>ENVIRONMENTAL PROTECTION AGENCY (EPA)</u>				
<i>Drinking Water State Revolving Fund Cluster</i>				
Capitalization Grants for Drinking Water State Revolving Funds				
Drinking Water Program - Druid Lake Water Tanks	66.468	Unknown	-	6,028,060
<i>Total Drinking Water State Revolving Fund Cluster</i>				6,028,060
Brownfields Assessment and Cleanup Cooperative Agreements				
Brownfields Assessment Community-Wide	66.818	N/A	-	16,912
TOTAL ENVIRONMENTAL PROTECTION AGENCY (EPA)			<u>-</u>	<u>6,044,972</u>
<u>U.S. DEPARTMENT OF ENERGY (DOE)</u>				
Weatherization Assistance for Low-Income Persons				
Pass-Through Maryland State Department of Housing and Community Development				
DOE Weatherization	81.042	R340649	-	173,088
TOTAL U.S. DEPARTMENT OF ENERGY (DOE)			<u>-</u>	<u>173,088</u>
<u>U. S. DEPARTMENT OF EDUCATION (ED)</u>				
<i>Special Education Cluster (IDEA)</i>				
Special Education Grants to States				
Pass-Through Maryland State Department of Education				
Special Education Grants for Infants and Families	84.181	Unknown	912,066	2,537,005
<i>Total Special Education Cluster (IDEA)</i>			912,066	2,537,005
TOTAL U.S. DEPARTMENT OF EDUCATION (ED)			<u>912,066</u>	<u>2,537,005</u>
<u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)</u>				
Grants to States				
Pass-Through Maryland State Department of Education				
Ask Us Now - MD Ask Us Now	45.310	Unknown	-	95,762
TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)			<u>-</u>	<u>95,762</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>				
Project Grants and Cooperative Agreements for Tuberculosis Control Programs				
Tuberculosis Elimination and Laboratory	93.116	N/A	358,003	358,151
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs			358,003	358,151
Accountable Health Communities				
Accountable Health Communities	93.650	N/A	-	852,334

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U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)				
Injury Prevention and Control Research and State and Community Based Programs				
Preventing Teen Dating and Youth Violence	93.136	N/A	\$ 106,988	\$ 377,414
Operation Safe Kids	93.136	N/A	-	(40,723)
			106,988	336,690
Total Injury Prevention and Control Research and State and Community Based Programs				
Substance Abuse and Mental Health Services Projects of Regional and National Significance				
ReCAST W Balto Empower Comm-Maternal and Child Health-HCAM	93.243	N/A	1,029,155	1,355,532
Teenage Pregnancy Prevention Program				
U-Choose Evidence Based Teen Pregnancy Prevention	93.297	N/A	1,179,395	1,583,922
Office of Adolescent Health Teen Pregnancy Prevention (TPPP)	93.297	N/A	-	181,384
			1,179,395	1,765,306
Total Teenage Pregnancy Prevention Program				
Head Start				
CAA Children's Services - Head Start FY2018	93.600	N/A	-	436,888
Early Head Start	93.600	N/A	6,881,435	7,613,719
			6,881,435	8,050,606
Total Head Start				
HIV Emergency Relief Project Grants				
Ryan White II - A - Minority AIDS	93.914	N/A	14,814,087	17,083,256
			14,814,087	17,083,256
Total HIV Emergency Relief Project Grants				
HIV Prevention Activities Health Department Based				
Comprehensive HIV Prevention Project	93.940	N/A		
Comprehensive HIV Prevention Project	93.940	N/A	824,727	3,406,104
HIV Infections for MSM and Transgender	93.940	N/A	489,792	569,573
HIV Infections for MSM and Transgender	93.940	N/A	-	8,208
HIV Infections for MSM of Color	93.940	N/A	1,350,707	1,746,417
			2,665,225	5,730,301
Total HIV Prevention Activities Health Department Based				
Preventive Health Services Sexually Transmitted Diseases Control Grants				
Sexually Transmitted Disease Control Program	93.977	N/A	50,625	686,656
Sexually Transmitted Disease Surveillance Network	93.977	N/A	151,130	151,130
Pass-Through Maryland State Department of Health				
Sexually Transmitted Disease/HIV Partner Counseling & Referral Services (PCRS)	93.977	CH 051 STD	140,830	266,386
			342,585	1,104,172
Total Preventive Health Services Sexually Transmitted Diseases Control Grants				
Preventive Health Services Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants				
Community Approaches Reducing STDs	93.978	N/A	212,738	213,507
Community Approaches Reducing STDs	93.978	N/A	147,864	147,864
			360,602	361,371
Total Preventive Health Services Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants				

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)				
Special Programs for the Aging Title VII, Chapter 2 Long Term Care				
Ombudsman Services for Older Individuals				
Pass-Through Maryland State Department of Aging Title VII Older Americans Act Ombudsman/Elder Abuse FY2018	93.042	AAA-3-24-003	\$ -	\$ 29,249
Special Programs for the Aging Title III, Part D Disease Prevention and Health Promotion Services				
Title IIID Disease Prevention and Health Promotion Services	93.043	AAA-3-24-003	30,175	76,301
<i>Aging Cluster</i>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AAA-3-24-003	325,049	906,824
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AAA-3-24-003	-	241,826
Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers			<u>325,050</u>	<u>1,148,651</u>
Special Programs for the Aging, Title III, Part C, Nutrition Services				
Special Programs for the Aging, Title III, Part C, Congregate Meals	93.045	AAA-3-24-003	-	1,317,809
Special Programs for the Aging, Title III, Part C, Home Delivered Meals	93.045	AAA-3-24-003	-	609,751
Total Special Programs for the Aging, Title III, Part C, Nutrition Services			<u>-</u>	<u>1,927,560</u>
Nutrition Services Incentive Program (NSIP)				
Nutrition Services Incentive Program (NSIP)	93.053	AAA-3-24-003	-	328,040
<i>Total Aging Cluster</i>			<u>325,050</u>	<u>3,404,251</u>
Special Programs for the Aging Title IV and Title II Discretionary Projects				
Senior Medicare Patrol	93.048	Unknown	-	13,438
National Family Caregiver Support, Title III, Part E				
Older Americans Act Title III E FY2018	93.052	AAA-3-24-003	-	503,056
State Health Insurance Program (SHIP)				
Senior Health Insurance Program (SHIP) FY2016	93.324	ST-2515-003	-	523
Senior Health Insurance Program (SHIP)	93.324	ST-2515-003	-	92,271
Total State Health Insurance Program (SHIP)			<u>-</u>	<u>92,794</u>
Public Health Emergency Preparedness				
Pass-Through Maryland State Department of Health				
Public Health Emergency Preparedness (PHER)	93.069	Unknown	-	14,338
Public Health Emergency Preparedness (PHER)	93.069	CH 831 PHP	80,441	440,825
Total Public Health Emergency Preparedness			<u>80,441</u>	<u>455,164</u>
Affordable Care Act (ACA) - Personal Responsibility Education Program				
ACA - Personal Responsibility Education Program	93.092	FHB 66 PRE	159,151	325,621
Total Affordable Care Act (ACA) - Personal Responsibility Education Program			<u>159,151</u>	<u>325,621</u>

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Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)				
Family Planning Services				
Reproductive Health/Family Planning	93.217	Unknown	\$ -	\$ (152)
Reproductive Health/Family Planning	93.217	FH 201 FFP	-	709,569
Total Family Planning Services			-	709,416
ACA - Abstinence Education Program				
ACA - Abstinence Education Program	93.235	FH 807 ABS	59,720	192,429
Total ACA - Abstinence Education Program			59,720	192,429
Immunization Cooperative Agreements				
Baltimore City Immunization Program	93.268	CH 054 IMM	-	619,475
Immunization - Hepatitis B	93.268	CH 350 IMM	-	75,128
Total Immunization Cooperative Agreements			-	694,603
Adult Viral Hepatitis Prevention and Control				
Community Based Program to Test & Cure Hepatitis C	93.270	AD 712 HCV	10,352	85,444
HIFA Expansion				
HIFA Expansion	93.870	FHD 39 MIC	1,651,152	1,925,827
Total HIFA Expansion			1,651,152	1,925,827
State Public Health Actions to Prevent and Control Diabetes, Heart Disease, Obesity and Associated Risk Factors and Promote School Health financed in part by Prevention and Public Health Funding (PPHF)				
Actions to Prevent Obesity, Diabetes, Heart Disease	93.757	FHC 25 ODH	18,598	175,851
Children's Health Insurance Program				
Administrative Care Coordination	93.767	MA 005 EPS	1,448,173	2,066,291
MCHP Eligibility	93.767	MA 157 ACM	2,548,470	2,567,282
Total Children's Health Insurance Program			3,996,643	4,633,573
<i>Medicaid Cluster</i>				
Medical Assistance Program				
General Transportation Services	93.778	MA 365 GTS	-	4,720,644
H2H Money Follows The Person	93.778	Unknown	-	24,745
Healthy Start Program - Expanded ACC	93.778	MA 411 HSP	1,120,259	1,126,222
Total Medical Assistance Program			1,120,259	5,871,611
<i>Total Medicaid Cluster</i>			1,120,259	5,871,611
Opioid STR				
Opioid Rapid Response	93.788	Unknown	-	140,330
HIV Care Formula Grants				
Ryan White B - Consortia Services	93.917	AD 419 RWS	1,953,384	3,274,398
Maternal and Child Health Services Block Grant to the States				
CORE Public Health Services	93.994	CH 560 CFT	140,177	692,055
Improved Pregnancy Outcome FY2017	93.994	FH 892 IPO	-	39,436
Child Health Systems Improvement	93.994	FHC 69 CHS	382,143	1,858,568

CITY OF BALTIMORE

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)				
Maternal and Child Health Services Block Grant to the States (continued)				
Healthy Homes	93.994	Unknown	\$ -	\$ 84,519
Improved Pregnancy Outcome FY2018	93.994	FH 892 IPO	-	234,752
MCH - Lead Hazard Reduction Program	93.994	FHC 84 LPO	-	894,474
Medical Home Project	93.994	CH 929 MHP	-	88,079
Surveillance and Quality Improvement	93.994	FHD 62 SQI	56,058	197,351
Total Maternal and Child Health Services Block Grant to the States			<u>578,378</u>	<u>4,089,232</u>
<i>TANF Cluster</i>				
Temporary Assistance for Needy Families (TANF)				
Pass-Through Maryland State Department of Human Services				
Workforce Services for TANF Recipients/Family Investment	93.558	Unknown	-	4,689,519
Total Temporary Assistance for Needy Families (TANF)			<u>-</u>	<u>4,689,519</u>
<i>Total TANF Cluster</i>				
			-	4,689,519
Refugee and Entrant Assistance Targeted Assistance Grants				
Pass-Through Maryland State Department of Human Services				
Refugee Targeted Assistance	93.584	1701MDRTAG	-	382,111
Total Refugee and Entrant Assistance Targeted Assistance Grants			<u>-</u>	<u>382,111</u>
Child Support Enforcement				
Pass-Through Maryland State Department of Human Services				
Cooperative Reimbursement - Child Support Enforcement	93.563	Unknown	-	223,571
Low-Income Home Energy Assistance				
Pass-Through Maryland State Department of Human Services				
OHEP - MEAP FY2017	93.568	CSA/EA-07/04-30	-	75,195
OHEP	93.568		-	1,906,252
Total Low-Income Home Energy Assistance			<u>-</u>	<u>1,981,446</u>
Community Services Block Grant				
Pass-Through Maryland State Department of Housing and Community Development				
Community Services Block Grant FY2018	93.569	Unknown	-	3,296,128
Total Community Services Block Grant			<u>-</u>	<u>3,296,128</u>
Block Grants for Prevention and Treatment of Substance Abuse				
Pass-Through Behavioral Health Systems Baltimore				
Alcohol Assessment Unit	93.959	AS019-AAU-BCCA	-	517,593
Forensic Alternative Services Team (FAST)	93.959	MH327-20A-BCCB	-	644,042
Pass-Through Maryland State Department of Health				
Overdose Educational Naloxone Distribution Program	93.959	AS 402 ODN	-	25,389
Total Block Grants for Prevention and Treatment of Substance Abuse			<u>-</u>	<u>1,187,022</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)			<u>37,720,778</u>	<u>75,450,107</u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE (CNCS)				
Retired and Senior Volunteer Program				
Retired and Senior Volunteer Program	94.002	N/A	-	45,383
Total Retired and Senior Volunteer Program			<u>-</u>	<u>45,383</u>

CITY OF BALTIMORE

Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<u>CORPORATION FOR NATIONAL & COMMUNITY SERVICE (CNCS) (continued)</u>				
<i>Foster Grandparent/Senior Companion Cluster</i>				
Senior Companion Program				
Senior Companion Program	94.016	N/A	\$ -	\$ 125,199
<i>Total Foster Grandparent/Senior Companion Cluster</i>			-	125,199
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE (CNCS)			-	170,582
<u>EXECUTIVE OFFICE OF THE PRESIDENT (EOP)</u>				
High Intensity Drug Trafficking Areas Program (HIDTA)				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	N/A	-	156,308
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	N/A	-	(18,410)
Mercyhurst Baltimore HIDTA	95.001	N/A	-	79,644
Total High Intensity Drug Trafficking Areas Program (HIDTA)			-	217,542
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT (EOP)			-	217,542
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u>				
Port Security Grant Program				
Homeland Security - Intelligence - Port Security Grant Program	97.056	N/A	-	41,962
Total Port Security Grant Program				
Staffing for Adequate Fire and Emergency Response Grant				
Staffing for Adequate Fire and Emergency Response Grant	97.083	N/A	-	425,507
Staffing for Adequate Fire and Emergency Response Grant	97.083	N/A	-	2,396,801
Total Staffing for Adequate Fire and Emergency Response Grant			-	2,822,308
Homeland Security Grant Program				
FY2015 Urban Area Security Initiative (UASI)	97.067	N/A	-	25,767
Pass-Through Maryland Emergency Management Agency				
FY2016 State Homeland Security Grant Program	97.067	Unknown	-	568,621
FY2016 Urban Area Security Initiative (UASI)	97.067	Unknown	-	673,898
Homeland Security FY2015	97.067	Unknown	-	44,514
Homeland Security Grant Program	97.067	Unknown	-	(2,645)
Homeland Security Grant Program	97.067	Unknown	-	34,168
Homeland Security Grant Program	97.067	Unknown	-	151
Total Homeland Security Grant Program			-	1,344,475
Pass-Through Maryland Emergency Management Agency				
Hazard Mitigation Assistance				
Hazard Mitigation Assistance	97.039	Unknown	-	58,796
Total Hazard Mitigation Assistance			-	58,796
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)			-	4,267,540
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 65,357,391	\$ 199,719,917

CITY OF BALTIMORE

Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2019

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal grant activity of the City of Baltimore (the City) under programs of the Federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in fund balance, or cash flows of the City.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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SCHEDULE OF FINDINGS AND QUESTIONED COSTS

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Section I – Summary of Independent Public Accountants’ Results

Financial Statements

Type of independent public accountants' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	Yes

Federal Awards

Type of independent public accountants' report issued	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified that are not considered to be material weaknesses?	Yes
Type of independent public accountants report issued on compliance for major programs	
Community Service Block Grant	Qualified
Children's Health Insurance Program	Qualified
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	Qualified
Medical Assistance Program	Qualified
HIV Prevention Activities	Qualified
All Other Major Programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	Yes

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

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

Identification of Major Programs

Name of Federal Major Programs	CFDA Number	Federal Expenditures
US Department of Housing and Urban Development		
Home Investment Partnerships Program	14.239	\$ 3,775,882
US Department of Labor		
WIOA Cluster	17.258	5,706,458
US Department of Transportation		
Highway Planning and Construction	20.205	43,833,856
US Environmental Protection Agency		
Capitalization Grants for Drinking Water State Revolving Funds	66.468	6,028,060
US Department of Health and Human Services		
Head Start	93.600	8,050,606
Children's Health Insurance Program (CHIP)	93.767	4,633,573
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	3,274,398
Medical Assistance Program (Medicaid Cluster)	93.778	5,871,611
HIV Prevention Activities	93.940	5,730,302
Community Service Block Grant	93.569	3,296,128
Maternal and Child Health Services Block Grant to State	93.994	4,089,232
Low-Income Home Energy Assistance	93.568	1,981,446
Total		<u>\$ 96,271,552</u>

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk Auditee? No

Section II Financial Statement Findings
See findings 2019-001 through 2019-006

Section III Federal Awards Findings and Questioned Costs
See findings 2019-007 through 2019-044

Section IV Summary Schedule of Prior Year Findings
See findings 2018-001 through 2018-044

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SECTION II – FINANCIAL STATEMENT FINDINGS

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

<u>Finding No.</u>	<u>CFDA No.</u>	<u>Funding Department</u>	<u>Title of Finding</u>
Financial Statement Findings:			
Material Weaknesses:			
2019-001	All	All	Material Weakness over Grant Accounting Function
2019-002	All	All	Material Weakness over Financial Reporting Function
2019-003	All	All	Material Weakness over Payroll Timekeeping Function
2019-004	All	All	Material Weakness over Water and Wastewater Billing Function
2019-005	All	All	Material Weakness over Fixed Assets Accounting
2019-006	All	All	Material Weakness over Information Technology Security
Findings and Questioned Costs:			
Material Weaknesses:			
2019-007	All	All	Material Weakness over Schedule of Expenditures of Federal Awards (SEFA) Reporting
2019-009	14.239	U.S. Department of Housing and Urban Development	Material Weakness over Loans and Loan Guarantees
2019-012	20.205	U.S. Department of Transportation	Material Weakness over Special Tests - Wage Rate Requirements
2019-014	66.468	U.S. Environmental Protection Agency (EPA)	Material Weakness over Procurement
2019-015	66.468	U.S. Environmental Protection Agency (EPA)	Material Weakness over Loans and Loan Guarantees
2019-016	93.569	U.S. Department of Health and Human Services	Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle
2019-017	93.569	U.S. Department of Health and Human Services	Material Weakness over Eligibility
2019-019	93.767	U.S. Department of Health and Human Services	Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)
2019-020	93.767	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2019-021	93.767	U.S. Department of Health and Human Services	Material Weakness over Subrecipient Monitoring
2019-022	93.917	U.S. Department of Health and Human Services	Principle
2019-023	93.917	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2019-024	93.917	U.S. Department of Health and Human Services	Material Weakness over Eligibility
2019-025	93.917	U.S. Department of Health and Human Services	Material Weakness over Period of Performance
2019-026	93.917	U.S. Department of Health and Human Services	Material Weakness over Reporting
2019-027	93.917	U.S. Department of Health and Human Services	Material Weakness over Subrecipient Monitoring
2019-028	93.778	U.S. Department of Health and Human Services	Principle
2019-029	93.778	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2019-030	93.778	U.S. Department of Health and Human Services	Material Weakness over Eligibility
2019-031	93.778	U.S. Department of Health and Human Services	Material Weakness over Period of Performance
2019-032	93.778	U.S. Department of Health and Human Services	Material Weakness over Procurement
2019-033	93.778	U.S. Department of Health and Human Services	Material Weakness over Reporting
2019-034	93.778	U.S. Department of Health and Human Services	Material Weakness over Subrecipient Monitoring

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding No.	CFDA No.	Funding Department	Title of Finding
Findings and Questioned Costs (continued):			
Material Weaknesses (continued):			
2019-035	93.940	U.S. Department of Health and Human Services	Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)
2019-036	93.940	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2019-038	93.940	U.S. Department of Health and Human Services	Material Weakness over Procurement
2019-039	93.940	U.S. Department of Health and Human Services	Material Weakness over Reporting
2019-040	93.940	U.S. Department of Health and Human Services	Material Weakness over Subrecipient Monitoring
2019-041	93.994	U.S. Department of Health and Human Services	Principle
2019-042	93.994	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2019-044	93.994	U.S. Department of Health and Human Services	Material Weakness over Reporting
Significant Deficiencies:			
2019-008	14.239	U.S. Department of Housing and Urban Development	Significant Deficiency in Compliance and Internal Control over Eligibility
2019-011	20.205	U.S. Department of Transportation	Significant Deficiency in Compliance and Internal Control over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)
2019-037	93.940	U.S. Department of Health and Human Services	Significant Deficiency in Compliance and Internal Control Period of Performance
2019-043	93.994	U.S. Department of Health and Human Services	Significant Deficiency in Compliance and Internal Control over Period of Performance
Control Deficiencies:			
2019-010	17.258 17.259 17.278	U.S. Department of Labor	Internal Control Deficiency over Subrecipient Monitoring
2019-013	20.205	U.S. Department of Transportation	Internal Control Deficiency over Special Test - Quality Assurance Program
2019-018	93.600	U.S. Department of Health and Human Services	Internal Control Deficiency over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-001

Programs: All

Material Weakness over Grant Accounting Function

Repeat Finding: Yes – 2018-001

Condition:

Due to lack of formal procedures and accountability at various departments, the City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts. There is a lack of communication between the departments that receive grants and the Baltimore City Department of Finance (Finance) that consolidates information received from the various departments and uses it to assemble financial statements. Grant revenues and expenditures are often allocated to incorrect general ledger accounts which could result in overcharging certain grant accounts, overstating deferred revenues for other grant accounts, and improper billings of certain grants.

Criteria:

The City is responsible for properly tracking and accounting for State, Federal and other grants in accordance with accounting principles generally accepted in the United States of America.

Cause:

Finance reports grant revenue, grant accounts receivable and grant deferred revenue balances based on the information provided and maintained by various departments that receive State, Federal, and other grants. Finance does not have the authority to enforce timely preparation and reconciliation of grant account balances from departments. The City's general ledger software, City Dynamics makes it difficult to properly track revenues and expenditures for multi-year grants that go across fiscal and award years. The City also does not have staff dedicated to properly account for the grant activity and related details required.

Effect:

The City is not able to establish accurate balances of grant accounts receivable, grant deferred revenue accounts, and expenditures reported on the Schedule could be misstated.

Questioned Costs:

Unknown.

Recommendation:

We recommend enforcement of the newly established Administrative Manual Grant Policies 413-00 through 413-70 to ensure timely and proper tracking and accounting for grant revenues and expenditures. We also recommend timely and proper reconciliation of grant account balances from central general ledger to systems maintained at individual departments that receive grants. In addition, the City should invest into robust general ledger software that would be able to accommodate the accounting and recordkeeping for complex grants received by the City and dedicate staff to properly account for its grant activities.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-001 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-002

Programs: All

Material Weakness over Financial Reporting

Repeat Finding: Yes – 2018-002

Condition:

Finance reports financial information based on the information provided and maintained by various departments that process property tax activities, water and sewer activities, capital asset activity, and internal fund balance/transfer activity. Finance does not have the authority to enforce timely preparation and reconciliation of activity and account balances from departments. The City's general ledger software, City Dynamics, makes it difficult to properly track property tax receivables, water billings, capital assets, and certain internal fund balances. Finance does not have staff dedicated to review these transactions throughout the year and rather relies on department personnel to process transactions and Finance performs manual post-closing reviews of such balances and related activity. Due to the voluminous amount of activity in these accounts, it is difficult to perform a thorough post-closing review and detect all material errors. Additionally, because of the number of errors detected, information provided throughout the year may be materially incorrect.

Finance does not have the staff or resources to conduct a thorough review of the transactions that underlie and support the financial statements. In addition, the City does not have adequate financial reporting software that can generate financial statements for a governmental entity and requires significant manual manipulation of data to create the financial statements.

Criteria:

The City is responsible for proper accounting and disclosure of financial information in accordance with accounting principles generally accepted in the United States of America.

Cause:

The City had a number of post year-end adjustments to its fiscal year 2019 financial statements. Such adjustments relate to errors (both material and immaterial) undiscovered throughout the fiscal year. As a result, the interim financial information produced by the City may be inaccurate.

Effect:

The City had significant adjustments for the year ended June 30, 2019.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-002 (continued)

Recommendation:

We strongly recommend the City to develop a formal written procedure to develop monthly and year-end financial reporting procedures and checklists and to obtain more resources to assist in preparation of financial statements. We also suggest that the City invests in financial reporting software that would help the City generate appropriate reports and compile accurate financial statements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-003

Programs: All

Material Weakness over Payroll Timekeeping Function

Repeat Finding: Yes – 2018-003

Condition:

Various departments within the City are responsible for proper timekeeping and storage of timekeeping information. The City does not have a system that ensures proper approval and storage of timekeeping information among different departments. In addition, the timekeeping system that is currently used by some departments does not have the capability to maintain timekeeping records to support the time charged to programs within the compliance guidelines of Federal agencies and certain union agreements of the City.

Criteria:

The City is responsible for proper timekeeping and calculation of payroll in accordance with the City policies and procedures.

Cause:

The City does not have policies and procedures in place to ensure the proper timekeeping records are consistently maintained in all departments.

Effect:

Records to support time charged to State and Federal programs may not be maintained and approved.

Questioned Costs:

Unknown.

Recommendation:

We strongly recommend the City develop a formal written procedure to develop timekeeping procedures that would ensure proper approval and storage of timekeeping information. We also suggest the City invest in timekeeping software that would work for all the departments and meet the compliance of Federal guidelines and union agreements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-004

Material Weakness over Water and Waste Water Billing Function

Repeat Finding: Yes – 2018-004

Condition:

Department of Public Works (DPW) is responsible for accurate and timely billing for water and wastewater utilities. In fiscal year 2017, the City changed its billing rate model and implemented a new UMAX billing system for billing of City residents. Due to poor training with the new system, a significant number of accounts have not been billed since the system has been implemented and a significant number of accounts have been billed inconsistently. The Bureau of Payroll and Accounting Services with the help of DPW had to make an estimate of revenue earned in fiscal year 2019 and not billed.

Criteria:

The City is responsible for timely and accurate billing for City residents and recordation of water and wastewater utility services in accordance with accounting principles generally accepted in the United States of America.

Cause:

The City implemented a new water and wastewater utilities billing system, UMAX. During the transition, a significant number of customer accounts were not billed or billed inconsistently.

Effect:

The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balances without manually calculated adjustments.

Questioned Costs:

Unknown.

Recommendation:

We strongly recommend the City develop a formal written procedure to develop timely and accurate billing for water and wastewater utilities. The City should properly train and develop staff prior to implementation of any new systems.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-005

Material Weakness over Fixed Assets Accounting

Repeat Finding: Yes – 2018-005

Condition:

An error was made in the calculation of depreciation. The City has to manually identify and calculate fixed asset additions.

Criteria:

The City is responsible for proper capitalization and recordation of fixed assets in accordance with accounting principles generally accepted in the United States of America.

Cause:

Finance reports depreciable and non-depreciable fixed assets based on the information maintained and provided by various City departments that purchase and dispose of fixed assets and account for construction during the fiscal year. Finance is responsible at the end of the year to account for the department's expenditures in construction as well as track what projects have been completed during the year in order to properly reclassify the completed project to the correct depreciable asset (e.g. infrastructure, building, improvements, etc.). Due to the manual reconciliations involved in the process, errors can result.

Effect:

This process resulted in the City having to record an adjustment to depreciation expense for the year ended June 30, 2019.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City develop a formal written procedure to reconcile capital expenditures recorded in various funds to the capitalized assets reported on the entity-wide basis. We also recommend that the City develop written capitalization policies.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-006

Material Weakness over Information Technology Security

Repeat Finding: No

Condition:

During fiscal year 2019, the City fell victim to a breach in its information technology (IT) security by hackers with a strain of ransomware.

Criteria:

The City is responsible for maintaining a safe and secure network for daily operations as well as data storage.

Cause:

The City did not have proper IT security in place, leaving their systems at risk.

Effect:

Operations within various departments in the City came to a halt while secondary methods of conducting daily operations were developed and implemented. Water consumption billing and property transfers had the most significant impact.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City implement IT training programs surrounding the various types of threats that exist and how to identify them to employees as well as maintain a more secure network for its daily operations as well as the storage of its data.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

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CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-007

Programs: All

**Material Weakness over Schedule of Expenditures of Federal Awards (the Schedule)
Reporting**

Repeat Finding: Yes – 2018-006

Condition:

During our fiscal year 2019 audit, we noted the detail expenditure information in the accounting software differed from the expenditures reported by various City departments. We were not able to determine if the Federal expenditures and subrecipient payments for all grants from the City was complete. The amount passed through to subrecipients had to be updated for certain grants.

Finance is responsible for preparing the Schedule based upon grant information obtained from the financial accounting records and other information provided by each department or agency. Per discussion with Finance, we became aware that grant information and documents are not maintained by Finance. Grant documents are necessary for Finance to obtain required information for the SEFA, such as CFDA titles and numbers, pass through identification information and subrecipient information.

Criteria:

In accordance with 2 CFR 200.303, Internal controls: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.508, Auditee responsibilities: The auditee must: (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §200.510 Financial statements. (d) Provide the auditor with access to personnel, accounts, books, records, supporting documentation, and other information as needed for the auditor to perform the audit required by this part.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-007 (continued)

Criteria (continued):

In accordance with 2 CFR 200.510, Financial statements: (b) Schedule of expenditures of Federal awards: the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502, Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must: (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included. (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster. (4) Include the total amount provided to subrecipients from each Federal program. (6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the non-Federal entity elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs.

Cause:

The City does not maintain a centralized grant accounting function; instead each department maintains its own grant information. The lack of submission of grant documents and accurate information by the various agencies and departments to Finance weakens internal controls over grant reporting and hinders the ability of Finance to accurately prepare the Schedule.

Internal controls should be designed to prevent, detect or correct errors in a timely manner. Without adequate controls, the City cannot provide reasonable assurance that the Schedule is fairly presented. Controls have not been established by the City to ensure complete and accurate reporting for the Schedule for the 2019 fiscal year.

Effect:

The determination of which major programs will be audited are affected by the accuracy of the Schedule at the time of audit. Failure to develop internal controls over reporting could result in inaccurate reporting of the City's financial information. As a result, individual program reports throughout the year could have inaccurate information.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-007 (continued)

Recommendation:

We recommend that Finance establish policies and procedures to ensure that the Federal funds are properly identified and reported accurately in the Schedule in accordance with Uniform Guidance requirements. We also recommend that individuals responsible for administering Federal assistance programs with the City receive training in grant administration.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-008

U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnership Program (HOME)

Significant Deficiency in Compliance and Internal Control over Eligibility
Repeat Finding: Yes – 2018-008

Condition:

For 14 out of 60 selections, the participant's annual income reported in the Baltimore City Health Department internal tracking report did not match what was calculated on the application. The participants would still be considered eligible based on both annual incomes reported, but the inaccurate annual income data reported in the internal tracking report could affect management oversight of the program.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control – Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

The HOME Program has income targeting requirements. Only low income or very low-income persons, as defined in 24 CFR section 92.2, can receive housing assistance (24 CFR section 92.1). Therefore, the participating jurisdiction must determine if each family is income eligible by determining the family's annual income, including all persons in the household, as provided for in 24 CFR section 92.203. Participating jurisdictions must maintain records for each family assisted (24 CFR section 92.508).

Cause:

The City did not have adequate controls over the documentation of eligibility process, therefore recording and retention of supporting documentation was not properly adhered to in accordance with Uniform Guidance.

Effect:

Funding may have been provided to ineligible persons and the City is not in compliance with the documentation standards of 2 CFR 200. The City could risk losing funding if eligibility is not meeting minimum requirements for documentation.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-008 (continued)

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City provides training to employees to emphasize the importance of adequate documentation and documentation retention and consistency of information being tracked for the applications.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-009

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnership Program (HOME)**

Material Weakness over Loans and Loan Guarantees

Repeat: Yes 2018-010

Condition:

The City was unaware of the requirements to track loans and loan guarantees and therefore did not disclose the balances and activity in the Schedule and/or footnotes in the current and prior reporting periods.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control – Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Per CFR 200.502 (b), since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section: (1) Value of new loans made or received during the audit period; plus (2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus (3) Any interest subsidy, cash, or administrative cost allowance received.

Cause:

The City did not report on the Schedule nor disclose amounts required for loans expended out and collected during the year or balances as of June 30, 2018 and 2019.

Effect:

The Schedule does not contain expenditures on loans disbursed or collected during the year. The footnote also does not disclose values of new loans disbursed or collected, beginning balance of loans from previous years, and any interest subsidy, cash, or administrative costs allowance received.

Questioned Costs:

None.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-009 (continued)

Recommendation:

We recommend that the City implement proper controls to track loans disbursed and collected during the year and disclose this information in the financial statements. We also recommend the City provide training to employees on the Uniform Guidance requirements regarding loans and loan guarantees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-010

U.S. Department of Labor

WIOA Cluster

CFDA No. 17.258 Adult Program

CFDA No. 17.259 Youth Activities

CFDA No. 17.278 Dislocated Worker Formula Grants

Internal Control Deficiency over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 1 out of 4 selections, management was unable to provide evidence that subrecipient monitoring was performed by the City. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. We also did not note the unique identifier, Federal Award Identification Number (FAIN), and CFDA on the subaward agreement. The subrecipient of this award received \$74 thousand of the approximately \$5.4 million expended by the program in fiscal year 2019.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Pursuant to 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h), a pass-through entity must identify the award and applicable requirements, evaluate risk, monitor, and ensure accountability of subrecipients.

Cause:

The staff who prepared the contract did not complete the standard template used by the program, which resulted in certain compliance requirements not to be included in the contract.

Effect:

Management does not have proper controls in place to ensure that subrecipients are monitored in a timely manner, and as a result management would not be able to determine whether subrecipients are in compliance with applicable Federal requirements. Subrecipients may be out of compliance with applicable Federal requirements.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-010 (continued)

Recommendation:

We recommend the City establish and implement monitoring controls for its subrecipients.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-011

U.S. Department of Transportation

Highway Planning and Construction Cluster

CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)

Significant Deficiency in Compliance and Internal Control over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)

Repeat Finding: No

Condition:

For 3 out of 40 payroll selections, we were not able to verify the allowable cost as support was not provided.

For 9 out of 40 payroll selections, we noted that the supervisor signed off on the timesheet prior to the end of the payroll period.

For 1 out of 40 payroll selections, the number of hours charged to the federal project did not agree to the number of hours recorded on the bi-weekly timesheet.

For 1 out of 40 payroll selections, the hours per timesheet do not agree to the time detail.

For 1 out of 40 payroll selections, we noted the biweekly timesheet was not approved by a supervisor.

For 8 out of 40 payroll selections, the rate paid per electronic payroll system did not agree to the accounting records.

Criteria:

In accordance with 2 CFR 200.514: (c) Internal control. (1) The compliance supplement provides guidance on internal controls over Federal programs based upon the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the Internal Control - *Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO requires entities to establish and maintain effective internal controls to achieve operational, reporting and compliance objectives.

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-011 (continued)

Criteria (continued):

of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City did not have proper controls in place to ensure that payroll activities charged were based on actual work performed.

Effect:

Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the agency write procedures related to Federally funded payroll (partial and full) to ensure the charges are based on time and effort spent working on the grant and implement these procedures immediately. In addition, we recommend that the City implement a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-012

U.S. Department of Transportation

Highway Planning and Construction Cluster

CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)

Material Weakness over Special Test – Wage Rate Requirements

Repeat Finding: Yes – 2018-013

Condition:

For 5 out of 32 pay periods selected consisting of 8 projects, we were unable to verify if the certified payroll was checked and signed by DOT personnel for accuracy as no support was provided.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and Internal Control - Integrated Framework issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR section 200, contracts for the construction of affordable housing with 12 or more HOME-assisted units are required to comply with the Wage Rate Requirements (42 USC 12836). 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 Department of Labor (DOL) (40 USC 3141-3144, 3146, and 3147).

Non-Federal entities shall include in their construction contracts subject to the Wage Rate Requirements (which still may be referenced as the Davis-Bacon Act) a provision that the contractor or subcontractor comply with those requirements 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; the A-102 Common Rule (§.36(i)(5)); OMB Circular A-110 (2 CFR part 215, Appendix A, Contract Provisions); 2 CFR part 176, subpart C; and 2 CFR section 200.326).

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-012 (continued)

Cause:

The City did not have proper controls in place to ensure that certified payroll was signed by authorized personnel and that rates were being paid correctly by contractors.

Effect:

The City may not be in compliance with the Wage Rate requirement under Uniform Guidance.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City implement proper controls to ensure the required prevailing wage rate clauses were included in the contract or subcontract; and ensure for each week in which work was performed under the contract or subcontract, verify that the contractor or subcontractor submitted the required certified payrolls.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-013

U.S. Department of Transportation

**Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)**

Internal Control Deficiency over Special Test – Quality Assurance Program

Repeat Finding: No

Condition:

For 1 out of 8 selections, we were unable to verify if the City was in compliance with a quality assurance program as no support was provided.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and Internal Control - Integrated Framework issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR section 200, A State DOT or LPA must have a quality assurance (QA) program, approved by FHWA, for construction projects on the NHS to ensure that materials and workmanship conform to approved plans and specifications. Verification sampling must be performed by qualified testing personnel employed by the State DOT, or by its designated agent, excluding the contractor (23 CFR sections 637.201, 637.205, and 637.207).

Cause:

The City did not provide documentation to support that projects were in compliance with a quality assurance program approved by FHWA.

Effect:

The City may not be in compliance with Uniform Guidance which requires that the City is following a quality assurance program approved by FHWA.

Questioned Costs:

None.

Recommendation:

We recommend the City establish and implement controls to ensure that a Quality Assurance program that has been approved by the FHWA is in place and adhered to.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-013 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with this finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-014

U.S. Environmental Protection Agency (EPA)

CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds

Material Weakness over Procurement and Suspension and Debarment

Repeat Finding: Yes – 2018-020

Condition:

For 3 out of 3 selections, management did not provide evidence that the City confirmed the vendor was not debarred, suspended, or otherwise excluded.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and Internal Control - Integrated Framework issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

According to 2 CFR Part 180 and 5532, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

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, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Cause:

The City did not properly adhere to the procurement and suspension and debarment requirements under Uniform Guidance. The procurement and fiscal business units within the Department of Public Works (DPW) does not have a process in place to ensure that contractors, subcontractors and individuals that enter into contractual agreements are not disbarred or suspended from doing business with the Federal government.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-014 (continued)

Effect:

The City is not in compliance with the procurement and suspension and debarment requirement for the Drinking Water State Revolving Fund.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the City establish a process within its' procurement and/or fiscal business units, to review contractors, subcontractors and individuals against the General Services Administration System for Award Management (GSA-SAM) exclusion file to ensure the companies and/or individuals are not excluded from doing business with the Federal government.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-015

U.S. Environmental Protection Agency (EPA)

CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds

Material Weakness over Loans and Loan Guarantees

Repeat Finding: Yes – 2018-022

Condition:

The City was unaware of the requirements to track loans and loan guarantees and therefore did not disclose the balances and activity in the Schedule and/or footnotes in the current and prior reporting periods.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and Internal Control - Integrated Framework issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Per CFR 200.502 (b), since the Federal Government is at risk for loans until the debt is repaid, the following guidelines must be used to calculate the value of Federal awards expended under loan programs, except as noted in paragraphs (c) and (d) of this section: (1) Value of new loans made or received during the audit period; plus (2) Beginning of the audit period balance of loans from previous years for which the Federal Government imposes continuing compliance requirements; plus (3) Any interest subsidy, cash, or administrative cost allowance received.

Cause:

The City did not report on the Schedule nor disclose amounts required for loans expended out and collected during the year or balances as of June 30, 2018 and 2019.

Effect:

The Schedule does not contain expenditures on loans disbursed or collected during the year. The footnote also does not disclose values of new loans disbursed or collected, beginning balance of loans from previous years, and any interest subsidy, cash, or administrative costs allowance received.

Questioned Costs:

None.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-015 (continued)

Recommendation:

We recommend that the City implement proper controls to track loans disbursed and collected during the year. We also recommend the City provide training to employees on the Uniform Guidance requirements regarding loans and loan guarantees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-016

U.S. Department of Health and Human Services

CFDA No. 93.569 Community Services Block Grant

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: No

Condition:

For 1 out of 40 payroll selections, we did not receive support to test that payroll charges to the program were for actual time and effort spent on the grant.

For 2 out of 40 payroll selections, the documentation shown in the time sheets does not agree to the time documented in E -time.

For 2 out of 40 payroll selections, approved documentation was not provided for the exception or overtime earned or used.

For 1 out of 40 payroll selections, the employee used 1 hour of sick time but was paid for 8 hours of regular time and an additional 1 hour of sick time. The employee should have only been paid for 7 hours of regular time.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and Internal Control - Integrated Framework issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-016 (continued)

Criteria (continued):

indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City did not have proper controls in place to ensure that payroll activities charges were based on actual work performed on the grant.

The City could not locate the support to verify the existence and approval of the expenditure.

Effect:

The City may not be in compliance with activities allowed and allowable costs (payroll) requirement for CSBG. Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the agency write procedures related to Federally funded payroll (partial and full) to ensure the charges are based on time and effort spent working on the grant and implement these procedures immediately. In addition, we recommend a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-017

U.S. Department of Health and Human Services

CFDA No. 93.569 Community Services Block Grant

Material Weakness over Eligibility

Repeat Finding: No

Condition:

In a preliminary meeting we were informed that there were several hundred participants active in the program during fiscal year 2019. Upon receipt of the population file, we noted there were only 9 participants being tracked during the year. During our testing, we noted the City did not have a system in place to track participants as evidenced by receipt of a population file that only had 9 participants for fiscal year 2019.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (the Green Book) or the *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200, the official poverty guideline as revised annually by HHS shall be used to determine eligibility. The poverty guidelines are issued each year in the *Federal Register* and on the HHS website (<http://aspe.hhs.gov/poverty/>). A State may adopt a revised poverty guideline but it may not exceed 125 percent of the HHS-determined poverty guidelines (42 USC 9902(2)).

Cause:

The City did not have adequate controls over the eligibility process, therefore recording and retention of supporting documentation was not properly adhered to in accordance with Uniform Guidance.

Effect:

The City may not be in compliance with the documentation standards of 2 CFR 200. MOCFS could risk losing funding if eligibility is not meeting minimum requirements for documentation.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-017 (continued)

Recommendation:

We recommend that the agency provide training about procedures related to the documentation of eligibility evaluations.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-018

U.S. Department of Health and Human Services

CFDA No. 93.600 Head Start

Internal Control Deficiency over Activities Allowed or Unallowed and Allowable Cost/Cost Principle (Payroll)

Repeat Finding: Yes – 2018-036

Condition:

For 1 out of 40 selections, no documentation was provided for the approval of leave.

Criteria:

In accordance with 2 CFR 200.514: (c) Internal control. (1) The compliance supplement provides guidance on internal controls over Federal programs based upon the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO requires entities to establish and maintain effective internal controls to achieve operational, reporting and compliance objectives.

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City did not have proper controls in place to ensure that the appropriate approvals were being documented for leave time being charged the grant.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-018 (continued)

Effect:

The City could not provide the documentation necessary to ensure that all payroll charges charged to the grant were approved.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the agency write procedures related to Federally funded payroll (partial and full) to ensure the charges are based on time and effort spend working on the grant and implement these procedures immediately. In addition, we recommend a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-019

U.S. Department of Health and Human Services

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

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: Yes – 2018-025

Condition:

For 1 out of 9 non-payroll selections, the expenditure was not in the approved budget as an allowed expenditure.

For 5 out of 33 payroll selections, Baltimore City Health Department (BCHD) did not provide evidence that documentation for leave time taken.

For 1 out of 33 payroll selections, BCHD provided a timesheet without evidence of supervisor approval.

For 1 out of 33 payroll selections, we did not receive support to test that payroll charges to the program were for actual time and effort spent on the grant.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and Internal Control – *Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-019 (continued)

Criteria (continued):

employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City could not provide the documentation to verify the approval of leave time taken and charged to the grant.

Effect:

Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the agency implement controls to ensure the charges are based on time and effort spent working on the grant and implement these procedures immediately. In addition, we recommend a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-020

U.S. Department of Health and Human Services

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

Material Weakness over Cash Management

Repeat Finding: Yes – 2018-026

Condition:

For 8 out of 8 selections, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement.

For 2 out of 8 the amount billed to the grant exceeded the amount recorded in the general ledger. For 6 of the 8, the amount billed to grant were less than the amount recorded in the general ledger.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and Internal Control – *Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.305, if unearned revenue balances are identified, balances must be consistent with the requirement to minimize the time between drawing and disbursing Federal funds. If advance payments are identified, verify that the non-Federal entity minimized the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity. Under the reimbursement method, ascertain if the entity paid for the costs for which reimbursement was requested prior to the date of the reimbursement request. When a program receives program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, or interest earned on such funds; ascertain if these funds were disbursed before requesting additional Federal cash draws. Review records to determine if interest in excess of \$500 per year was earned on Federal cash draws. If so, determine if it was remitted annually to the Department of Health and Human Services, Payment Management System.

Cause:

BCHD did not maintain adequate support for drawdowns, nor did the BCHD have a process in place to reconcile drawdowns to the general ledger. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-020 (continued)

Effect:

BCHD is not in compliance with the cash management requirements for the program.

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD to implement controls to ensure the reimbursement requests are consistently reconciled to the underlying accounting records.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-021

U.S. Department of Health and Human Services

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

Material Weakness over Subrecipient Monitoring

Repeat Finding: Yes – 2018-029

Condition:

For 1 out of 1 selection, we were not provided evidence that subrecipient monitoring was performed by BCHD. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient.

We also noted on the subaward contract that the FAIN was not identified and that the CFDA number identified was for another program.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Pursuant to 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h), a pass-through entity must identify the award and applicable requirements, evaluate risk, monitor, and ensure accountability of subrecipients.

Cause:

The City was unaware of the requirement included in Uniform Guidance related to procedures required for subrecipient monitoring.

Effect:

Management does not have proper controls in place to ensure that subrecipients are monitored in a timely manner, and as a result management would not be able to determine whether subrecipients were in compliance with applicable Federal requirements.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-021 (continued)

Recommendation:

We recommend the City establish and implement controls for the program, and prepare and maintain a written plan to monitor its subrecipients. Additionally, we recommend that the City provides training on the new Uniform Guidance requirements related to subrecipient monitoring.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-022

U.S. Department of Health and Human Services

CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

Material Weakness in Activities Allowed or Unallowed and Allowable Costs/Cost Principle Repeat Finding: No

Condition:

For 5 out of 60 payroll selections, the City did not provide general ledger support detailing personnel that were charged to the grant.

For 11 out of 60 payroll selections, the City did not provide evidence that charges to the grant were approved by supervisory personnel.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-022 (continued)

Cause:

BCHD did not have proper controls in place to ensure that payroll activities charged were based on actual work performed on the grant.

Effect:

BCHD is may not be in compliance with activities allowed and allowable costs (payroll) requirement. Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD to establish and implement monitoring controls for activities allowed and allowable costs for the program.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-023

U.S. Department of Health and Human Services

CFDA No 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

Material Weakness over Cash Management

Repeat Finding: Yes – 2018-026

Condition:

For 1 out of 1 selection, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement. The amount per the general ledger exceeded the amount requested for reimbursement.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and Internal Control – *Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.305, if unearned revenue balances are identified, balances must be consistent with the requirement to minimize the time between drawing and disbursing Federal funds. If advance payments are identified, verify that the non-Federal entity minimized the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity. Under the reimbursement method, ascertain if the entity paid for the costs for which reimbursement was requested prior to the date of the reimbursement request. When a program receives program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, or interest earned on such funds; ascertain if these funds were disbursed before requesting additional Federal cash draws. Review records to determine if interest in excess of \$500 per year was earned on Federal cash draws. If so, determine if it was remitted annually to the Department of Health and Human Services, Payment Management System.

Cause:

BCHD did not maintain adequate support for drawdowns, nor did the BCHD have a process in place to reconcile drawdowns to the general ledger. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-023 (continued)

Effect:

BCHD is not in compliance with the cash management requirements for the program.

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD to implement controls to ensure the reimbursement requests are consistently reconciled to the underlying accounting records.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-024

U.S. Department of Health and Human Services

CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health

Material Weakness over Eligibility

Repeat Finding: Yes – 2018-030

Condition:

For 7 out of 60 selections, the support provided was not sufficient to confirm the participants fulfilled all requirements to be eligible to receive services.

For 9 out of 60 selections, support was not provided to confirm the participants were eligible. Required support includes a confirmed HIV diagnosis, support confirming they are low income, resident of the State, and uninsured or underinsured.

For 1 out of 60 selections, the documentation provided did not support that the participant was eligible in accordance with the income requirements.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200, to be eligible to receive assistance in the form of therapeutics, an individual must have a medical diagnosis of HIV/AIDS and be (a) a low-income individual, (b) a resident of the State, and (c) uninsured or underinsured, as defined by the State (42 USC 300ff-26(b)).

Cause:

BCHD did not have adequate controls over the eligibility process, therefore recording and retention of supporting documentation was not properly adhered to in accordance with Uniform Guidance.

Effect:

BCHD is not in compliance with the documentation standards of 2 CFR 200. BCHD could risk losing funding if eligibility is not meeting minimum requirements for documentation.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-024 (continued)

Questioned Costs:

None.

Recommendation:

We recommend that the agency ensure all participants meet the Federal eligibility requirements and they provide training about procedures related to the documentation of eligibility evaluations.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-025

U.S. Department of Health and Human Services

**CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health**

Material Weakness over Period of Performance

Repeat Finding: Yes – 2018 - 031

Condition:

For 10 out of 11 selections, the service occurred during fiscal year 2018; however, the expense was incorrectly recorded by BCHD to the fiscal year 2019 grant project code. This is not in compliance with the period of performance requirements.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

According to 2 CFR section 200.309, a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Cause:

Expenses were incurred outside the allowable period of performance. The City did not have controls in place to prevent costs incurred outside of the period of performance being charged to a grant.

Effect:

BCHD is not in compliance with the period of performance requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs:

Unknown.

Recommendation:

We recommend the BCHD establish and implement controls to allow only costs within a period of performance to be charged to a grant and ensure adequate reviews are in place to monitor the control.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-025 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-026

U.S. Department of Health and Human Services

CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health

Material Weakness over Reporting

Repeat Finding: Yes– 2018 - 033

Condition:

For 1 out of 1 selection, we were unable to agree the expenditures reported in the annual Form 440 to the amount recorded in the general ledger.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.302: Financial management. (a) Each State must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause:

The City could not support the Annal Report Form 440, for the year ended June 30, 2019, as required. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

Effect:

The City may have incorrectly reported expenditures and not identified it. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs:

None.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-026 (continued)

Recommendation:

We recommend the City to establish and implement controls to maintain compliance with reporting requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-027

U.S. Department of Health and Human Services

**CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health**

Material Weakness over Subrecipient Monitoring

Repeat Finding: Yes– 2018 - 034

Condition:

For 3 out of 3 selections, we did not see evidence that subrecipient monitoring was performed. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient. We also did not note the FAIN identified on the subaward agreements.

For 1 of the 3 selections, over \$750,000 was awarded and there was no documentation provided by the Department that a review of the Single Audit was performed.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Pursuant to 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h), a pass-through entity must identify the award and applicable requirements, evaluate risk, monitor, and ensure accountability of subrecipients.

Cause:

BCHD was unaware of the new requirements included in Uniform guidance related to additional procedures required for subrecipient monitoring.

Effect:

Management does not have proper controls in place to ensure that subrecipients are monitored in a timely manner, and as a result management would not be able to determine whether subrecipients are in compliance with applicable Federal requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-027 (continued)

Recommendation:

We recommend the City to establish and implement monitoring controls for the Ryan White program and prepare and maintain a written plan to monitor its subrecipients. Additionally, we recommend that BCHD provides training on the new Uniform Guidance requirements related to subrecipient monitoring.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-028

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: Yes– 2018 - 037

Condition:

For 4 out of 60 non-payroll selections, we were unable to verify the allowable cost because no evidence was provided to determine the services and authorizations of services received.

For 1 out of 60 non-payroll selections, documentation of approval of the payment was not provided.

For 17 out of 40 payroll selections, we were unable to verify the allowable cost because Finance and BCHD were unable to provide the payroll general ledger detail.

For 2 out of 40 payroll selections, the timesheet documentation provided did not reconcile to the amounts recorded in the payroll system.

For 1 out of 40 payroll selections, the timesheet documentation provided did not show evidence of supervisor approval.

Criteria:

In accordance with 2 CFR 200.514: (c) Internal co. (1) The compliance supplement provides guidance on internal controls over Federal programs based upon the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO requires entities to establish and maintain effective internal controls to achieve operational, reporting and compliance objectives.

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-028 (continued)

Criteria: (continued)

indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City did not have proper controls in place to ensure that payroll activity charges were based on actual work performed on the grant.

The City could not locate the support to verify the existence and approval of the expenditure.

Effect:

BCHD is not in compliance with activities allowed and allowable costs (payroll) requirement. Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the agency write procedures related to Federally funded payroll (partial and full) to ensure the charges are based on time and effort spent working on the grant and implement these procedures immediately. In addition, we recommend a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-029

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Cash Management

Repeat Finding: Yes – 2018-038

Condition:

For 8 out of 8 selections, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement.

For 4 out of 8 selections, the amounts billed to the grant exceeded the amount recorded in the general ledger. For 4 of the 8 selections, the amount billed to grant were less than the amount recorded in the general ledger.

For 2 out of 8 selections, BCHD did not provide documentation of the report transmittal letter to determine the timing and approval of the draw request.

Criteria:

In accordance with 2 CFR 200.514: (c) Internal control. (1) The compliance supplement provides guidance on internal controls over Federal programs based upon the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the Internal Control - *Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO requires entities to establish and maintain effective internal controls to achieve operational, reporting and compliance objectives.

In accordance with 2 CFR 200.305, if unearned revenue balances are identified, balances must be consistent with the requirement to minimize the time between drawing and disbursing Federal funds. If advance payments are identified, verify that the non-Federal entity minimized the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity. Under the reimbursement method, ascertain if the entity paid for the costs for which reimbursement was requested prior to the date of the reimbursement request. When a program receives program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, or interest earned on such funds; ascertain if these funds were disbursed before requesting additional Federal cash draws. Review records to determine if interest in excess of \$500 per year was earned on Federal cash draws. If so, determine if it was remitted annually to the Department of Health and Human Services, Payment Management System.

Cause:

BCHD did not maintain adequate support for drawdowns, nor did the BCHD have a process in place to reconcile drawdowns to the general ledger. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-029 (continued)

Effect:

BCHD is not in compliance with the cash management requirement for the Medical Assistance Program (Medicaid; Title XIX).

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD to implement controls to ensure the reimbursement requests are consistently reconciled to the underlying accounting records.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditors Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-030

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Eligibility

Repeat Finding: Yes – 2018-039

Condition:

For 25 out of 60 selections, support was not provided to confirm if the participant was eligible for services.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200, Medicaid record keeping regulations at 42 CFR 435.914 and 431.17 also require states to include the basis of eligibility and facts to support the agency's decision on an application in each applicant's case record or electronic account, as well as require the maintenance of records that include facts essential to the determination of initial and continuing eligibility.

Cause:

BCHD did not have adequate controls over the eligibility process, therefore recording and retention of supporting documentation was not properly adhered to in accordance with Uniform Guidance.

Effect:

BCHD is not in compliance with the documentation standards of 2 CFR 200. BCHD could risk losing funding if eligibility is not meeting minimum requirements for documentation.

Questioned Costs:

None.

Recommendation:

We recommend that the agency provide training about procedures related to the documentation of eligibility evaluations.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-030 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-031

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Period of Performance

Repeat Finding: Yes – 2018-040

Condition:

For 26 out of 60 selections, no supporting documentation was provided by BCHD to confirm if the beneficiary was eligible at the date of service.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

According to 2 CFR section 200.309, a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Cause:

Expenses were incurred outside the allowable period of performance. The City did not have controls in place to prevent costs incurred outside of the period of performance being charged to a grant.

Effect:

BCHD is not in compliance with the period of performance requirements. Failure to comply with grant award requirements could jeopardize future funding.

Questioned Costs:

Unknown.

Recommendation:

We recommend the BCHD establish and implement controls to allow only costs within a period of performance to be charged to a grant and ensure adequate reviews are in place to monitor the control.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-031 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-032

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Procurement and Suspension and Debarment

Repeat Finding: Yes – 2018-041

Condition:

For 2 out of 2 selections, BCHD is not in compliance with suspension and debarment requirements. The Procurement Department and BCHD did not ensure for the selections that the contractors that entered into the contractual agreements were not debarred or suspended from doing business with the Federal government.

For 1 out of 2 selections, the contract term was expired and subsequently renewed without full and open competition or other justification.

Criteria:

According to 2 CFR Part 180 and 5532, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

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, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Cause:

The Procurement Department and BCHD did not keep documentation of the suspension and debarment search. The Procurement Department did not consistently follow its procurement process for entering into contractual agreements for services.

Effect:

BCHD is not in compliance with the procurement requirement.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-032 (continued)

Recommendation:

We recommend the Procurement Department and BCHD establish internal controls to ensure they maintain adequate documentation to support that the Federal laws and procedures were followed for procurement, suspension and debarment.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-033

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Reporting

Repeat Finding: Yes – 2018-042

Condition:

For 2 out of 2 selections, BCHD was unable to provide expenditure details from the general ledger to substantiate the information reported in the Form 440 was complete, accurate and prepared in accordance with required accounting basis.

Criteria:

In accordance with 2 CFR 200.303: Internal control. The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the Internal Control - *Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.302: Financial management. (a) Each State must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause:

The City did not reconcile information reported in the Form 440 to the underlying records. Finance and BCHD use different parameters for running reports and neither department reconciled the other reporting completed.

Effect:

The City could not support the Annual Report Form 440, for the year ended June 30, 2019, as required by the State and the expenditures reported to the Federal government could be inaccurate.

Questioned Costs:

None.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-033 (continued)

Recommendation:

We recommend the City establish and implement controls to maintain compliance with reporting requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditee Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-034

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Subrecipient Monitoring

Repeat Finding: Yes – 2018-043

Condition:

For 1 out of 1 selection, we did not see evidence that subrecipient monitoring was performed by BCHD. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient. We also did not note the FAIN identified on the subaward agreement.

Criteria:

In accordance with 2 CFR 200.303: Internal control. The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Pursuant to 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h), a pass-through entity must identify the award and applicable requirements, evaluate risk, monitor, and ensure accountability of for-profit subrecipients.

Cause:

The City was unaware of the requirement included in Uniform Guidance related to procedures required for subrecipient monitoring.

Effect:

Management does not have proper controls in place to ensure that subrecipients are monitored in a timely manner, and as a result management would not be able to determine whether subrecipients were in compliance.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-034 (continued)

Recommendation:

We recommend the City establish and implement controls for the Medicaid program, and prepare and maintain a written plan to monitor its subrecipients. Additionally, we recommend that the City provides training on the new Uniform Guidance requirements related to subrecipient monitoring.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditee Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-035

U.S. Department of Health and Human Services

CFDA No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: No

Condition:

For 1 out of 40 non-payroll selections, we were unable to verify the allowable cost because no evidence was provided to determine the services and authorizations of services received.

For 3 out of 40 payroll selections, we did not receive support to test that the payroll charges to the program were for actual time and effort spent on the grant.

For 1 out of 40 payroll selections, timesheets were not approved by supervisor.

For 1 out of 40 payroll selections, discrepancies were noted between overtime paid and underlying records.

For 1 out of 40 payroll selections, an unallowable cost of grievance pay was charged to the grant, in the amount of \$40,000.

Criteria:

In accordance with 2 CFR 200.514: (c) Internal control. (1) The compliance supplement provides guidance on internal controls over Federal programs based upon the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO requires entities to establish and maintain effective internal controls to achieve operational, reporting and compliance objectives.

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-035 (continued)

Criteria (continued):

distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City did not have proper controls in place to ensure that payroll activities charges were based on actual work performed on the grant.

The City could not locate the support to verify the existence and approval of the expenditure.

Effect:

BCHD is not in compliance with activities allowed and allowable costs (payroll) requirement. Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown. There is \$40,000 of cost related to a particular charge discussed above.

Recommendation:

We recommend that the agency write procedures related to Federally funded payroll (partial and full) to ensure the charges are based on time and effort spend working on the grant and implement these procedures immediately. In addition, we recommend a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-036

U.S. Department of Health and Human Services

CFDA No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness over Cash Management

Repeat Finding: No

Condition:

For 4 out of 4 selections, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement.

Criteria:

In accordance with 2 CFR 200.303: Internal control. The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.305, if unearned revenue balances are identified, balances must be consistent with the requirement to minimize the time between drawing and disbursing Federal funds. If advance payments are identified, verify that the non-Federal entity minimized the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity. Under the reimbursement method, ascertain if the entity paid for the costs for which reimbursement was requested prior to the date of the reimbursement request. When a program receives program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, or interest earned on such funds; ascertain if these funds were disbursed before requesting additional Federal cash draws. Review records to determine if interest in excess of \$500 per year was earned on Federal cash draws. If so, determine if it was remitted annually to the Department of Health and Human Services, Payment Management System.

Cause:

The City did not have proper controls in place to adhere to the cash management requirements under Uniform Guidance. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

Effect:

The City is not in compliance with the cash management requirement for HIV Prevention.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-036 (continued)

Recommendation:

We recommend BCHD to implement controls to ensure the reimbursement requests are consistently reconciled to the underlying accounting records.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-037

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

Significant Deficiency over Period of Performance

Repeat Finding: No

Condition:

For 2 out of 40 selections, we noted that the service dates occurred prior to current grant period.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (the Green Book) or *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

According to 2 CFR section 200.309, a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Cause:

Expenses were incurred outside the allowable period of performance. The City did not have controls in place to prevent costs incurred outside of the period of performance from being charged to a grant.

Effect:

The City is not in compliance with the period of performance requirements.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to allow only costs within a period of performance to be charged to a grant and ensure adequate reviews are in place to monitor the control.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-037(continued)

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-038

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

**Material Weakness over Procurement and Suspension and Debarment
Repeat Finding: No**

Condition:

For 4 out of 4 selections, the City did not provide evidence that it was in compliance with suspension and debarment requirements.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (the Green Book) or *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

According to 2 CFR Part 180 and 5532, non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. "Covered transactions" include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215.

Cause:

BCHD did not keep documentation of the suspension and debarment search.

Effect:

BCHD is not in compliance with the suspension and debarment requirement.

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD establish internal controls to ensure they maintain adequate documentation to support that the Federal laws and procedures were followed for procurement, suspension and debarment.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-038 (continued)

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-039

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

Material Weakness over Reporting

Repeat Finding: No

Condition:

For 1 out of 2 selections, BCHD was unable to provide expenditure details from the general ledger to substantiate the information reported in the Federal Financial Report was complete, accurate and prepared in accordance with required accounting basis.

Criteria:

In accordance with 2 CFR 200.303: Internal control. The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.302: Financial management. (a) Each State must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause:

The City does not have procedures in place to ensure that reports are properly documented. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

Effect:

The City could not support the Annal Report for the year ended June 30, 2019, as required by the State. The expenditures reported to the Federal government could be inaccurate.

Questioned Costs:

None.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-039 (continued)

Recommendation:

We recommend the City establish and implement controls to maintain compliance with reporting requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-040

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

Material Weakness over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 2 out of 2 selections, we did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient. We also did not note the FAIN identified on the subaward agreements.

For 1 of the 2 selections, we did not see that the Federal award period was disclosed on the agreement.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (the Green Book) or *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

Pursuant to 31 USC 7502(f)(2) (Single Audit Act Amendments of 1996 (Pub. L. No. 104-156)), 2 CFR sections 200.330, .331, and .501(h), a pass-through entity must identify the award and applicable requirements, evaluate risk, monitor, and ensure accountability of for-profit subrecipients.

Cause:

The City was unaware of the requirement included in Uniform Guidance related to procedures required for subrecipient monitoring.

Effect:

Management does not have proper controls in place to ensure that subrecipients are monitored in a timely manner, and as a result management would not be able to determine whether subrecipients were in compliance.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-040 (continued)

Recommendation:

We recommend the City establish and implement controls for the HIV Prevention program, and prepare and maintain a written plan to assess risk prior to award and monitor its subrecipients. Additionally, we recommend that the City provides training on the new Uniform Guidance requirements related to subrecipient monitoring.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-041

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: No

Condition:

For 5 out of 40 payroll selections, we did not receive support to test that the payroll charges to the program were for actual time and effort spent on the grant.

Criteria:

In accordance with 2 CFR 200.514: (c) Internal control. (1) The compliance supplement provides guidance on internal controls over Federal programs based upon the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the *Internal Control - Integrated Framework*, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). COSO requires entities to establish and maintain effective internal controls to achieve operational, reporting and compliance objectives.

In accordance with 2 CFR 200.430: (i) Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities; (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vi) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity.

Cause:

The City did not have proper controls in place to ensure that payroll activities charges were based on actual work performed on the grant.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-041 (continued)

Effect:

The City is not in compliance with activities allowed and allowable costs (payroll) requirement. Unallowed payroll costs could be charged to the grant.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the agency write procedures related to Federally funded payroll (partial and full) to ensure the charges are based on time and effort spend working on the grant and implement these procedures immediately. In addition, we recommend a formal review of personnel charged to the grant to ensure they are active and correct City employees.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

Schedule of Findings and Questioned Costs Year Ended June 30, 2019

Finding 2019-042

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Material Weakness over Cash Management

Repeat Finding: No

Condition:

For 4 out of 4 selections, we were unable to agree the drawdown amount to the general ledger to ensure funds were being expended prior to requesting for reimbursement.

Criteria:

In accordance with 2 CFR 200.303: Internal control. The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.305, if unearned revenue balances are identified, balances must be consistent with the requirement to minimize the time between drawing and disbursing Federal funds. If advance payments are identified, verify that the non-Federal entity minimized the time elapsing between the transfer of funds from the U.S. Treasury or pass-through entity and disbursement by the non-Federal entity. Under the reimbursement method, ascertain if the entity paid for the costs for which reimbursement was requested prior to the date of the reimbursement request. When a program receives program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, or interest earned on such funds; ascertain if these funds were disbursed before requesting additional Federal cash draws. Review records to determine if interest in excess of \$500 per year was earned on Federal cash draws. If so, determine if it was remitted annually to the Department of Health and Human Services, Payment Management System.

Cause:

The City did not have proper controls in place to adhere to the cash management requirements under Uniform Guidance. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

Effect:

The City is not in compliance with the cash management requirement for HIV Prevention.

Questioned Costs:

Unknown.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-042 (continued)

Recommendation:

We recommend BCHD to implement controls to ensure the reimbursement requests are consistently reconciled to the underlying accounting records.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-043

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Significant Deficiency in Compliance and Internal Control over Period of Performance

Repeat Finding: No

Condition:

For 3 out of 40 selections, we noted that the service dates occurred prior to current grant period.

Criteria:

In accordance with 2 CFR §200.303: The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with the guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States (the Green Book) or *Internal Control - Integrated Framework* issued by the Committee of Sponsor Organizations of the Treadway Commission (COSO).

According to 2 CFR section 200.309, a non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity.

Cause:

Expenses were incurred outside the allowable period of performance. The City did not have controls in place to prevent costs incurred outside of the period of performance being charged to a grant.

Effect:

The City is not in compliance with the period of performance requirements.

Questioned Costs:

Unknown.

Recommendation:

We recommend the City establish and implement controls to allow only costs within a period of performance to be charged to a grant and ensure adequate reviews are in place to monitor the control.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-043 (continued)

Auditor's Conclusion:

Finding remains as stated.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-044

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Material Weakness over Reporting

Repeat Finding: No

Condition:

For 5 out of 5 quarterly reports, we were unable to reconcile the BAPS account to the Department of Health.

Criteria:

In accordance with 2 CFR 200.303: Internal control. The non-Federal entity must: (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in Standards for Internal Control in the Federal Government issued by the Comptroller General of the United States and the Internal Control - Integrated Framework, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR 200.302: Financial management. (a) Each State must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award.

Cause:

The City did not maintain general ledger documentation to support the information in the financial reports. Finance and BCHD use different parameters for running reports and neither department reconciled their underlying data to that of the other department.

Effect:

The City may have incorrectly reported expenditures on the reports submitted.

Questioned Costs:

None.

CITY OF BALTIMORE

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2019**

Finding 2019-044 (continued)

Recommendation:

We recommend the City establish and implement controls to maintain compliance with reporting requirements.

Auditee Response and Corrective Action Plan:

Management agrees with the finding. Refer to the corrective action plan on current findings in Part V of this report.

Auditor's Conclusion:

Finding remains as stated.

SECTION IV – SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

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CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-001

Material Weakness over Grant Accounting Function

Repeat Finding: Yes – 2017-001

Condition:

Due to lack of formal procedures and accountability at various departments, the City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts. There is a lack of communication between the departments that receive grants and the Baltimore City Department of Finance (Finance) that consolidates information received from the various departments and uses it to assemble financial statements. Grant revenues and expenditures are often allocated to incorrect general ledger accounts which could result in overcharging certain grant accounts, overstating deferred revenues for other grant accounts, and improper billings of certain grants.

2019 Status:

Finding remains as stated. See current year 2019-001 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-002

Material Weakness over Financial Reporting Function

Repeat Finding: Yes – 2017-002

Condition:

Finance reports financial information based on the information provided and maintained by various departments that process property tax activities, water and sewer activities, capital asset activity, and internal fund balance/transfer activity. Finance does not have the authority to enforce timely preparation and reconciliation of activity and account balances from departments. The City's general ledger software, City Dynamics, makes it difficult to properly track property tax receivables, water billings, capital assets, and certain internal fund balances. Finance does not have staff dedicated to review these transactions throughout the year and rather relies on department personnel to process transactions and Finance performs manual post-closing reviews of such balances and related activity. Due to the voluminous amount of activity in these accounts, it is difficult to perform a thorough post-closing review and detect all material errors. Additionally, because of the number of errors detected, information provided throughout the year may be materially incorrect.

Finance does not have the staff or resources to conduct a thorough review of the transactions that underlie and support the financial statements. In addition, the City does not have adequate financial reporting software that can generate financial statements for a governmental entity and requires significant manual manipulation of data to create the financial statements.

2019 Status:

Finding remains as stated. See current year 2019-002 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-003

Material Weakness over Payroll Timekeeping Function

Repeat Finding: Yes – 2017-003

Condition:

Various departments within the City are responsible for proper timekeeping and storage of timekeeping information. The City does not have a system that ensures proper approval and storage of timekeeping information among different departments. In addition, the timekeeping system that is currently used by some departments does not have the capability to maintain timekeeping records within the compliance guidelines of certain union agreements of the City.

2019 Status:

Finding remains as stated. See current year 2019-003 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-004

Material Weakness over Water and Waste Water Billing Function

Repeat Finding: Yes – 2017-004

Condition:

Department of Public Works (DPW) is responsible for accurate and timely billing for water and wastewater utilities. In fiscal year 2017, the City changed its billing rate model and implemented a new UMAX billing system for billing of City residents. Due to poor training with the new system, a significant number of accounts have not been billed since the system has been implemented and a significant number of accounts have been billed inconsistently. An error in billing was discovered in the last quarter of fiscal year 2018 and the Bureau of Payroll and Accounting Services with the help of DPW had to make an estimate of revenue earned in fiscal year 2018 and not billed. Further, as of December 2018, the City had not fully billed nor fully reconciled activity for all accounts related to fiscal year 2018.

2019 Status:

Finding remains as stated. See current year 2019-004 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-005

Material Weakness over Fixed Assets Accounting

Repeat Finding: No

Condition:

The City double booked construction in progress expenditures, as additions to both construction in progress and to buildings and improvements.

2019 Status:

Finding remains as stated. See current year 2019-005 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-006

Compliance and Internal Control Deficiency over Schedule of Expenditures of Federal Awards (the Schedule) Reporting

Repeat Finding: Yes – 2017-005

Condition:

During our fiscal year 2018 audit, we noted the detail expenditure information in the accounting software differed from the expenditures reported by various City departments. We were not able to determine if we had a complete listing of the Federal expenditures and subrecipient payments for all grants from the City.

Finance is responsible for preparing the Schedule based upon grant information obtained from the financial accounting records and other information provided by each department or agency. Per discussion with Finance, we determined that grant information is not maintained by Finance. Grant documents are necessary for Finance to obtain required information for the SEFA, such as CFDA titles and numbers, pass through identification information and subrecipient information.

2019 Status:

Finding remains as stated. See current year 2019-007 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-007

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnerships Program (HOME)**

Internal Control Deficiency over Eligibility

Repeat Finding: Yes

Condition:

For 16 out of 40 selections, the participant's annual income reported in the Baltimore City Department of Housing & Community Development (DHCD) internal tracking report did not match what was calculated on the application. The participants would still be considered eligible based on both annual incomes reported, but the inaccurate annual income data reported in the internal tracking report could affect management oversight of the program.

2019 Status:

Finding remains as stated. See current year 2019-008 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-008

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnerships Program (HOME)**

**Significant Deficiency in Compliance and Internal Control over Period of Performance
Repeat Finding: No**

Condition:

For 5 out of 40 selections, the service occurred during fiscal year 2017, however, the expense was incorrectly recorded by DHCD to the fiscal year 2018 grant project code. This is not in compliance with period of performance requirements.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-009

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnership Program (HOME)**

**Compliance and Internal Control Deficiency over Reporting
Repeat Finding: Yes**

Condition:

HUD Form 60002 was not submitted in a timely manner by DHCD. HUD requires the report be submitted by the 10th of January every year. The report provided was submitted on March 22, 2019. No waiver was provided from HUD extending the deadline.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-010

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnerships Program (HOME)**

Material Weakness over Loans and Loan Guarantees

Repeat Finding: Yes

Condition:

The City was unaware of the requirements to track loans and loan guarantees and therefore did not disclose the balances and activity in the Schedule and/or footnotes in the current and prior reporting periods.

2019 Status:

Finding remains as stated. See current year 2019-009 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-011

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)**

**Material Weakness over Procurement and Suspension and Debarment
Repeat Finding: Yes**

Condition:

During our audit of the program's procurement compliance requirements, of the 7 selections, we noted the following issues in the Baltimore City Department of Transportation (BC DOT):

- Four instances we did not see evidence showing that the agency verified that the contractor/subcontractor is not debarred, suspended, or otherwise excluded.
- For 3 out of 7 selections, we were unable to verify if the projects' contract of force account work was initiated after the date of FHWA's project agreement.
- One instance we were unable to verify if contract files contain history of the procurement including the rationale for the method of procurement, selection of contract type, basis for contractor selection, and the basis for the contract price. Support was not provided.
- One instance we were unable to verify if the procurement method used was appropriate based on the dollar amount and conditions specified in 2 CFR section 200.320. No supporting documentation was provided.
- One instance we were unable to verify if the City provide a full and open competition. No supporting documentation was provided.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-012

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)**

**Compliance and Internal Control Deficiency over Special Test – Project Approvals
Repeat Finding: Yes**

Condition:

For 3 out of 7 selections, we were unable to verify if the projects were advertised and contract of force account work was initiated after the date of Federal Highway Administration's (FHWA) authorized project agreement. BC DOT did not provide the supporting documentation.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-013

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)**

**Compliance and Internal Control Deficiency over Special Test – Wage Rate Requirements
Repeat Finding: Yes**

Condition:

We selected 4 projects and noted that each project had multiple contractors. In total, we tested 19 contractors. For 1 out of 19 contractors, the contractor was not on the approved contractor list. Management did not identify this unapproved vendor upon reviewing the certified payroll report.

2019 Status:

Finding remains as stated. See current year 2019-012 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-014

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction (Federal-Aid Highway Program)
Pass-through: Maryland State Department of Transportation**

**Compliance and Internal Control Deficiency over Special Test – Administration of
Engineering and Design-Related Service Contracts**

Repeat Finding: Yes

Condition:

We were unable to verify if the Engineering and Design-Related Service Contracts procurement policy and procedures were approved by either FHWA or Maryland State Department of Transportation.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-015

**U.S. Environmental Protection Agency (EPA)
Clean Water State Revolving Fund Cluster
CFDA No. 66.458 Capitalization Grant for Clean Water State Revolving Funds**

**Significant Deficiency in Compliance and Internal Control over Period of Performance
Repeat Finding: No**

Condition:

For 4 out of 22 selections, we noted through comparison of invoice date and activities included on the invoice to audit period/award term that the transactions did not occur within the allowable period, or the period of performance.

2019 Status:

Per review of the Schedule, grant agreements, and discussions with management, this grant was not operating in FY19. Finding resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-016

**U.S. Environmental Protection Agency (EPA)
Clean Water State Revolving Fund Cluster
CFDA No. 66.458 Capitalization Grant for Clean Water State Revolving Funds**

**Material Weakness over Procurement and Suspension and Debarment
Repeat Finding: No**

Condition:

For 3 out of 3 selections, we did not see evidence that the City confirmed the vendor was not debarred, suspended, or otherwise excluded.

For 1 out of 3 samples selected, DPW did not provide any supporting documentation about the evaluation of criteria used when selecting the two contractors; therefore, we were unable to determine whether the City provided a full and open competition for vendors applying for city contracts.

2019 Status:

Per review of the Schedule, grant agreements, and discussions with management, this grant was not operating in FY19. Finding resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-017

**U.S. Environmental Protection Agency (EPA)
Clean Water State Revolving Fund Cluster
CFDA No. 66.458 Capitalization Grant for Clean Water State Revolving Funds**

**Significant Deficiency in Compliance and Internal Control over Special Test – American
Iron and Steel**

Repeat Finding: No

Condition:

For 7 out of 22 samples selected, we were unable to verify the steel and iron used for the project was produced in the United States. DPW did not provide supporting documentation.

2019 Status:

Per review of the Schedule, grant agreements, and discussions with management, this grant was not operating in FY19. Finding resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-018

**U.S. Environmental Protection Agency (EPA)
Clean Water State Revolving Fund Cluster
CFDA No. 66.458 Capitalization Grant for Clean Water State Revolving Funds**

Material Weakness over Loans and Loan Guarantees

Repeat Finding: No

Condition:

The City was unaware of the requirements to track loans and loan guarantees and therefore did not disclose the balances and activity in the Schedule and/or footnotes in the current and prior reporting periods.

2019 Status:

Per review of the Schedule, grant agreements, and discussions with management, this grant was not operating in FY19. Finding resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-019

**U.S. Environmental Protection Agency (EPA)
Drinking Water State Revolving Fund Cluster
CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds**

**Significant Deficiency in Compliance and Internal Control over Period of Performance
Repeat Finding: No**

Condition:

For 4 out of 22 selections, we noted through comparison of invoice date and activities included on the invoice to audit period/award term that the transactions did not occur within the allowable period, or the period of performance.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-020

**U.S. Environmental Protection Agency
Drinking Water State Revolving Fund Cluster
CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds**

**Material Weakness over Procurement and Suspension and Debarment
Repeat Finding: Yes**

Condition:

For 3 out of 3 selections, we did not see evidence that the City confirmed the vendor was not debarred, suspended, or otherwise excluded.

For 1 out of 3 samples selected, DPW did not provide any supporting documentation about the evaluation of criteria used when selecting the two contractors; therefore, we were unable to determine whether the City provided a full and open competition for vendors applying for city contracts.

2019 Status:

Finding remains as stated. See current year 2019-015 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-021

**U.S. Environmental Protection Agency (EPA)
Drinking Water State Revolving Fund Cluster
CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds**

Significant Deficiency in Compliance and Internal Control over Special Test – American Iron and Steel

Repeat Finding: No

Condition:

For 7 out of 22 samples selected, we were unable to verify the steel and iron used for the project was produced in the United States. DPW did not provide supporting documentation.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

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CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-022

**U.S. Environmental Protection Agency (EPA)
Clean Water State Revolving Fund Cluster
CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds**

Material Weakness over Loans and Loan Guarantees

Repeat Finding: Yes

Condition:

The City was unaware of the requirements to track loans and loan guarantees and therefore did not disclose the balances and activity in the Schedule and/or footnotes in the current and prior reporting periods.

2019 Status:

Finding remains as stated. See current year 2019-016 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-023

**U.S. Department of Health and Human Services
CFDA No. 93.568 Low-Income Home Energy Assistance Program (LIHEAP)**

Compliance and Internal Control Deficiency over Cash Management

Repeat Finding: No

Condition:

We noted that the Mayor's Office of Human Services (MOHS) does not keep separate tracking of interest by program. Therefore, no interest earned on the program's surplus of cash was returned.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-024

**U.S. Department of Health and Human Services
CFDA No. 93.568 Low-Income Home Energy Assistance Program (LIHEAP)**

Deficiency in Internal Control over Eligibility

Repeat Finding: No

Condition:

For 2 out of 40 selections, the application for the participant was not approved by the supervisor at MOHS.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-025

**U.S. Department of Health and Human Services
CFDA No. 93.767 Children's Health Insurance Program (CHIP)**

**Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost
Principle (Payroll)**

Repeat Finding: No

Condition:

For 4 out of 25 selections, the City did not provide evidence that time sheets charged to the grant were approved.

For 4 out of 25 selections, the City did not provide general ledger support detailing the personnel that were charged to the grant.

2019 Status:

Finding remains as stated. See current year 2019-020 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-026

**U.S. Department of Health and Human Services
CFDA No. 93.767 Children's Health Insurance Program (CHIP)**

Material Weakness over Cash Management

Repeat Finding: No

Condition:

For 6 out of 8 selections, we did not receive the interim Form 437 from BCHD. For 8 out of 8 selections, we were unable to tie expenditures to the general ledger detail to ensure funds were expended prior to the request for reimbursement.

2019 Status:

Finding remains as stated. See current year 2019-021 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-027

**U.S. Department of Health and Human Services
CFDA No. 93.767 Children's Health Insurance Program (CHIP)**

Material Weakness over Eligibility

Repeat Finding: No

Condition:

For 11 out of 40 selections, the participants were under coverage code A02, which is for participants in the age range 19 to 65 years old. This age range is not eligible for CHIP.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-028

**U.S. Department of Health and Human Services
CFDA No. 93.767 Children's Health Insurance Program (CHIP)**

Significant Deficiency in Compliance and Internal Control over Reporting

Repeat Finding: No

Condition:

For 2 out of 2 selections, BCHD was unable to provide expenditure details from the general ledger to substantiate that information reported in the Form 440 was complete, accurate, and prepared in accordance with required accounting basis.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-029

**U.S. Department of Health and Human Services
CFDA No. 93.767 Children's Health Insurance Program (CHIP)**

Material Weakness over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 1 out of 1 selection, we did not see evidence that subrecipient monitoring was performed by BCHD. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient. This subrecipient received \$810,105.80 in fiscal year 2018.

2019 Status:

Finding remains as stated. See current year 2019-022 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-030

**U.S. Department of Health and Human Services
CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)**

Material Weakness over Eligibility

Repeat Finding: No

Condition:

For 40 out of 40 selections, support was not provided to confirm the participants were eligible to receive services.

2019 Status:

Finding remains as stated. See current year 2019-025 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-031

**U.S. Department of Health and Human Services
CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)**

**Significant Deficiency in Compliance and Internal Control over Period of Performance
Repeat Finding: No**

Condition:

For 8 out of 14 selections, we noted that the service dates occurred prior to current grant period.

2019 Status:

Finding remains as stated. See current year 2019-026 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-032

**U.S. Department of Health and Human Services
CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)**

Material Weakness over Procurement and Suspension and Debarment

Repeat Finding: No

Condition:

For 3 out of 3 selections, BCHD was unable to provide verification that vendors were not on the excluded parties list.

2019 Status:

Based on testing performed in 2019, there were no vendors that received over \$25,000 and thus no further procedures were performed. Finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-033

**U.S. Department of Health and Human Services
CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)**

Material Weakness over Reporting

Repeat Finding: No

Condition:

BCHD did not submit the Form 440. This form is used to report expenditures to the State, which are then reported to the Federal government.

2019 Status:

Finding remains as stated. See current year 2019-027 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-034

**U.S. Department of Health and Human Services
CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)**

Material Weakness over Subrecipient Monitoring

Repeat Finding: No

Condition:

For 3 out of 3 selections, we did not see evidence that subrecipient monitoring was performed by BCHD. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient.

2019 Status:

Finding remains as stated. See current year 2019-028 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-035

U.S. Department of Health and Human Services

CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

Pass-through: Maryland Department of Health

Material Weakness over Health Insurance Portability and Accountability Act of 1996 (HIPAA)

Repeat Finding: No

Condition:

In response to our request for support documentation to test eligibility, the Law Department provided unredacted information which contained both personally identifiable information (PII) and HIPAA protected information through a publicly available file transfer site.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-036

**U.S. Department of Health and Human Services
CFDA No. 93.600 Head Start**

**Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost
Principle (Payroll)**

Repeat Finding: No

Condition:

For 12 out of 25 payroll selections, we did not receive support to test that payroll charges to the Head Start program were for actual time and effort spent on the grant.

2019 Status:

Finding remains as stated. See current year 2019-019 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-037

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle

Repeat Finding: No

Condition:

For 7 out of 40 non-payroll selections, we were unable to verify the allowable cost because no evidence was provided to determine the services and authorizations of services received.

For 4 out of 25 payroll selections, the City was unable to substantiate payroll general ledger expenditures. We did not receive support to test that payroll charges to the Medicaid Program were for actual time and effort spent on the program.

For 1 out of 25 payroll selections, the City was unable to provide evidence to support time charged to the grant. Employee's signed timesheet was not provided for the selected period.

2019 Status:

Finding remains as stated. See current year 2019-029 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-038

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

Material Weakness over Cash Management

Repeat Finding: Yes – 2017-009

Condition:

For 2 out of 4 drawdowns, the City did not provide support for drawdown request amount. For 4 out of 4, we were unable to tie the drawdown amount to the general ledger to ensure funds were expended prior to requesting for reimbursement.

2019 Status:

Finding remains as stated. See current year 2019-030 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-039

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

Material Weakness over Eligibility

Repeat Finding: No

Condition:

For 6 out of 40 selections, BCHD was unable to provide redetermination support confirming the participant remained eligible to receive benefits in fiscal year 2018. For 6 out of 40 selections, BCHD was unable to provide support confirming the participant was eligible to participate in the program. For 4 out of 40 selections, BCHD provided support confirming the participant was eligible for fiscal year 2019, but was unable to confirm if the participant was eligible in fiscal year 2018, the period services were received by the participants.

For 36 out of 40 selections, BCHD did not have access to the web-based EVS/IVR and rather relied on the phone system to confirm eligibility. Therefore, BCHD could only provide confirmation numbers and not specific documentation of eligibility. A confirmation number is given out anytime BCHD makes a call, whether an individual is eligible or not, and therefore, cannot be used to prove eligibility.

2019 Status:

Finding remains as stated. See current year 2019-031 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-040

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

Material Weakness over Period of Performance

Repeat Finding: No

Condition:

For 13 out of 40 non-payroll selections, we noted the transactions were outside of the period of performance of June 6, 2017 through June 30, 2018, per the grant agreement.

2019 Status:

Finding remains as stated. See current year 2019-032 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-041

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

**Material Weakness over Procurement and Suspension and Debarment
Repeat Finding: No**

Condition:

For 3 out of 3 selections, BCHD was unable to provide verification that vendors were not on the excluded parties list.

2019 Status:

Finding remains as stated. See current year 2019-033 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-042

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

**Material Weakness over Reporting
Repeat Finding: Yes – 2017-010**

Condition:

For 1 out of 2 selections, BCHD was unable to provide expenditure details from the general ledger to substantiate that information reported in the Form 440 was complete, accurate, and prepared in accordance with required accounting basis.

2019 Status:

Finding remains as stated. See current year 2019-034 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-043

**U.S. Department of Health and Human Services
Medicaid Cluster
CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)**

**Material Weakness over Subrecipient Monitoring
Repeat Finding: No**

Condition:

For 1 out of 1 selection, we did not see evidence that subrecipient monitoring was performed by BCHD. We did not see that risk was assessed of noncompliance against allowable costs, eligibility, period of performance, and equipment compliance requirements. Without monitoring support, we were unable to identify if a corrective action plan was needed for the subrecipient.

2019 Status:

Finding remains as stated. See current year 2019-035 finding.

Updated Management Response:

Management agrees with the finding.

CITY OF BALTIMORE

**Summary Schedule of Prior Year Findings
Year Ended June 30, 2019**

Finding 2018-044

Compliance and Internal Control Deficiency over Reporting of Data Collection Form

Repeat Finding: Yes – 2016-017

Condition:

The City of Baltimore, Department of Finance (Finance) did not file the data collection form reporting package within nine months of its year end, June 30, 2018.

2019 Status:

Based on testing performed in 2019, finding is resolved.

Updated Management Response:

Management agrees with the finding.

SECTION V – CORRECTIVE ACTION PLANS

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CITY OF BALTIMORE

BERNARD C. "JACK" YOUNG, Mayor



DEPARTMENT OF FINANCE

HENRY J. RAYMOND
CHIEF FINANCIAL OFFICER

100 N. Holliday Street
Room 454, City Hall
Baltimore, Maryland 21202

March 27, 2020

Mr. William Seymour
SB & Company, LLC
Certified Public Accountants
200 International Circle Suite 5500
Hunt Valley, MD 21030

Dear Mr. Seymour:

The following represents the City's responses and associated corrective action plans for the findings identified in the 2019 Single Audit.

Sincerely,

A handwritten signature in blue ink that reads "H. Raymond".

Henry J. Raymond

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-001

Material Weakness over Grant Accounting Function

Repeat Finding: Yes – 2018-001

Auditee's Corrective Action Plan:

We concur with the finding. The City has purchased Workday, an Enterprise Resource Planning (ERP) system, and is in the process of configuring and implementing the software with the assistance of Sierra Cedar/Accenture. The new system will feature a robust grants management module with streamlined workflow processes for grant approval, grant budget tracking, and invoice scheduling.

In addition, the Department of Finance is continuing to review our grants policies to determine what adjustments can be made to consolidate and enforce controls. Since 2017, nine grant policies have been written, approved and are in place. Additional grant policies are currently under review which will provide additional guidance.

Contact Person:

Henry Raymond, Chief Financial Officer, Baltimore City

Completion Date:

June 2021

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-002

Material Weakness over Financial Reporting Function

Repeat Finding: Yes – 2018-002

Auditee's Corrective Action Plan:

We concur with the finding. The City has purchased Workday, an Enterprise Resource Planning (ERP) system, and is in the process of configuring and implementing the software with the assistance of Sierra Cedar/Accenture. The new system includes improved financial reporting and functionality. In addition, the Finance Department will continue to emphasize to agencies with stand-alone systems that they must monitor, reconcile, and validate their monthly activity to the general ledger. We expect the combination of these initiatives to improve our financial reporting functions.

Contact Person:

Henry Raymond, Chief Financial Officer, Baltimore City

Completion Date:

June 2021

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-003

Material Weakness over Payroll Timekeeping Function

Repeat Finding: Yes – 2018-003

Auditee's Corrective Action Plan:

We concur with the finding. The City has purchased Workday, an Enterprise Resource Planning (ERP) system, and is in the process of configuring and implementing the software with the assistance of Sierra Cedar/Accenture. Workday's timekeeping solution requires employees to enter their own time and Supervisor's approve for accountability. In addition to earned time, Workday will also contain workflow processing for various leave type approvals. Human Resources and payroll are in the first phase of Workday implementation, which is expected to go live in October 2020.

Contact Person:

Henry Raymond, Chief Financial Officer, Baltimore City

Completion Date:

October 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-004

Material Weakness over Water and Waste Water Billing Function

Repeat Finding: Yes – 2018-004

Auditee's Corrective Action Plan:

The Department of Public Works took initial steps to engage a third party to conduct an audit, providing a scope of work to a prospective vendor. Unfortunately, external factors (ransomware) imposed both technical and operational challenges that interfered with the Department's routine meter to cash operations for several months, resulting in an unexpected delay. Subsequently, leadership and management structure changes in the division responsible for meter, billing and call center operations, prompted the Department to shift its strategy in conducting the review. Specifically, two initiatives are currently underway: 1) the Administration, led by the Deputy Mayor for Operations, has undertaken a focused review of unbilled and certain other accounts, and 2) Baltimore City and Baltimore County have agreed to undertake a joint review. An RFP for an audit was issued in Fall 2019. A consultant was selected, and the award of a contract for this engagement is pending.

Contact Person:

Henry Raymond, Chief Financial Officer, Baltimore City

Completion Date:

December 2021

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-005

Material Weakness over Fixed Assets Accounting

Repeat Finding: Yes – 2018-005

Auditee's Corrective Action Plan:

We concur with this finding. The City has purchased Workday, an Enterprise Resource Planning (ERP) system, and is in the process of configuring and implementing the software with the assistance of Sierra Cedar/Accenture. Workday has a separate module for business assets which will allow assets to be identified during the purchase process, ensuring proper posting to the general ledger. Once projects are completed, corresponding construction assets will also be properly reported. Current asset records are anticipated to be uploaded and depreciated by Workday respectively by class type.

Contact Person:

Henry Raymond, Chief Financial Officer, Baltimore City

Completion Date:

June 2021

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-006

Material Weakness over Information Technology Security

Repeat Finding: **No**

Auditee's Corrective Action Plan:

We concur with this finding.

Baltimore City IT has developed and is in the process of executing its plan to improve the overall IT security posture for Baltimore City. This plan includes:

- Implementing security awareness training for all Baltimore City employees and contractors
- Replacing aging and unsupported equipment and software
- Upgrading security and infrastructure related tools and processes
- Improving backup and recovery tools and processes, and
- Adding infrastructure and security staff and leadership

Contact Person:

Todd Carter, CIO/CDO Baltimore City

Completion Date:

June 2021

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-007

Material Weakness over Schedule of Expenditures of Federal Awards (SEFA) Reporting

Repeat Finding: Yes – 2018-006

Auditee's Corrective Action Plan:

We concur with the finding. The City has purchased Workday, an Enterprise Resource Planning (ERP) system, and is in the process of configuring and implementing the software with the assistance of Sierra Cedar/Accenture. The new system will feature a robust grants management module with streamlined workflow processes for grant approval, grant budget tracking, and invoice scheduling. Upon Workday implementation, the grant funding source must be defined prior to grant approval activity. City records will simultaneously match required federal grant compliance.

In addition, the Department of Finance is continuing to review our grants policies to determine what adjustments can be made to consolidate and enforce controls. Since 2017, nine grant policies have been written, approved and are in place. Additional grant policies are currently under review which will provide additional guidance.

Contact Person:

Henry Raymond, Chief Financial Officer, Baltimore City

Completion Date:

June 2021

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-008

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnerships Program (HOME)**

**Significant Deficiency in Compliance and Internal Control over Eligibility
Repeat Finding: Yes – 2018-007**

Auditee's Corrective Action Plan:

The Agency concurs with this finding and has instituted the following controls to address future processing of participant eligibility determination using an internal tracking report.

- The current internal tracking mechanism did not result in ineligible participants receiving Federal benefits but did have small differences due to what was calculated on the tenant's application. The internal tracking documentation used to validate eligibility will undergo enhanced review by the responsible DHCD staff person to ensure the information is reconciled with all other documentation for consistency and will be addressed with additional staff training
- The enhanced review process will include limiting input to a small population of Agency staff personnel for additional controls to reduce input errors.

Contact Person:

Jim Majors, Assistant Commissioner

Completion Date:

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-009

**U.S. Department of Housing and Urban Development (HUD)
CFDA No. 14.239 Home Investment Partnership Program (HOME)**

Material Weakness over Loans and Loan Guarantees

Repeat Finding: Yes – 2018-010

Auditee's Corrective Action Plan:

The Agency concurs with this finding. The Department of Housing and Community Development (DHCD) understands that the City of Baltimore's Department of Finance is responsible for the disclosure of loan balances and activity in the Schedule and/or footnotes in the current and prior reporting periods and that the operational efforts of the Finance Department will result in a shared finding with all City Departments who receive and or have outstanding loan balances. Therefore, DHCD will work with the Department of Finance to ensure that adequate documentation and disclosure is maintained.

Contact Person:

Elaine Harder, CFO

Completion Date:

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-010

U.S. Department of Labor

WIOA Cluster

CFDA No. 17.258 Adult Program

CFDA No. 17.259 Youth Activities

CFDA No. 17.278 Dislocated Worker Formula Grants

Internal Control Deficiency over Subrecipient Monitoring

Repeat Finding: No

Auditee's Corrective Action Plan:

MOED has trained staff to complete Exhibit C –Contract and Grant Funding Identification form that is a supplement to sub-recipient agreements. The Contracts Manager reviews the form for completion prior to BOE submission. US Department of Labor reported this finding during an August 2019 monitoring visit, and MOED immediately executed staff training to resolve any further noncompliance.

Contact Person:

Terri Parker, Assistant Director / Comptroller, MOED

Completion Date:

September 2019

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-011

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction**

Significant Deficiency in Compliance and Internal Control over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)

Repeat Finding: No

Auditee's Corrective Action Plan:

The actual payroll charges occurred in FY 11 through FY 13 during construction and as a part of the final audit of the construction project DOT reviews all charges at the time of the final audit of the projects to ensure that all the charges are applied correctly. The inspection cost noted in this payroll finding is an allowable cost associated with federally funded projects provided by the Transportation Engineering and Construction and Divisions (TEC), Therefore based on this principle the review of payroll charges was done and were corrected accordingly in FY 2019 during the final audit. The available report from the Accounting system was provided to identify the employees involved in those transactions but since the transactions occurred in FY 11 through 13 so some of the documents were missing. In the last three years the recap documents are being retained until the completion of the final audit.

The pay periods end every alternate Friday so normally re-cap sheets are signed around Wednesday of the pay period ending week to make the re-cap sheet available in time for posting payroll and the Department will like to follow the same process in future also, which will be communicated to all the supervisors. The inspectors assigned to any construction project are retained throughout the construction phase of the project to be fully aware of the intricacies of the project for better management of the project.

An employee of Transportation Engineering and Construction Division spent two days working on the Harford Road Bridge project for the biweekly pay period ending 11/16/2018 but in error his time was charged to the Edmondson Avenue Bridge project, both are Federally funded projects regulated under CFDA # 20.205. Therefore, there is no overall impact to the Departments federal aid program administered under CFDA # 20.205 but it will be corrected by moving the charges to the correct project and also going forward the Department will carefully review all project payroll charges to avoid and/or minimize errors.

The employee of the Department spent 29.32 hours in the pay period ending 03/25/2016 in the assigned project but by mistake 35.11 hours was charged into the project. The Department will prepare a journal entry for \$296.29 to correct the position.

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2019

HRIS is the official payroll record of the City and not Open Baltimore, as the information in Open Baltimore is captured only once during the fiscal year and does not account for possible wage increase or decrease as a result of a step increase, cost of living increase or other related reduction or additional (overtime) payroll changes.

Lastly, The Department of Transportation has sufficient control measure in place to ensure that charges are booked correctly in the projects and to minimize and/or avoid any error and it continuously looks for the way improve the control measure. It also reviews the charges at the time of close out on completion of the project to ensure that charges are booked correctly.

Contact Person:

Dhirendra K Sinha, Fiscal Division Chief, BCDOT

Completion Date:

July 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-012

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction**

**Material Weakness over Special Test – Wage Rate Requirements Repeat Finding: No
Repeat Finding Yes – 2018-013**

Auditee’s Corrective Action Plan:

The 4 projects out of the 5 cited here are the projects that The Department of Transportation is responsible for pre-award activities associated with all Recreation and Parks Federal-aid contracts and will continue to make them aware of the wage certification requirements during post award.

In one project “Harford Road Bridge” the contractor submitted the payroll certificate and also was verified by the assigned employee of the Department but the employee failed to complete the proper form. The Department periodically provides training to full Construction Inspection team to avoid these type of oversight and will continue to do so in order to ensure this error is minimized or avoided.

Contact Person:

Dhirendra K Sinha, Fiscal Division Chief, BCDOT

Completion Date:

June 30, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-013

**U.S. Department of Transportation
Highway Planning and Construction Cluster
CFDA No. 20.205 Highway Planning and Construction**

Compliance and Internal Control Deficiency over Special Test – Quality Assurance Program

Repeat Finding: No

Auditee's Corrective Action Plan:

The project cited in this instance is a Recreation and Parks project. The Department of Transportation is responsible for pre-award activities associated with all Recreation and Parks Federal-aid contracts and will continue to make them aware of the material clearance requirements during post award.

Contact Person:

Dhirendra K Sinha, Fiscal Division Chief, BCDOT

Completion Date:

June 30, 2020

CITY OF BALTIMORE

Corrective Action Plans Year Ended June 30, 2019

Finding 2019-014

U.S. Environmental Protection Agency (EPA)

CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds

Material Weakness over Procurement and Suspension and Debarment

Repeat Finding: Yes – 2018-020

Auditee's Corrective Action Plan:

The Department of Public Works (DPW) currently queries a national data base, (the General Services Administration System for Award Management (GSA-SAM)), as well as other local databases to determine whether a firm has been suspended or debarred from participating in government contracts. The Department uses a two-step process to identify a firm's eligibility to be awarded a Baltimore City contract.

The First Step: The Office of Boards and Commissions (OBC)

- The Administrative office Chartered under the City of Baltimore is responsible for the prequalification of Consultant and Contracting Firms who provide Design and or Construction services in an excess of \$50,000 verifies suspension and debarment via the General Services Administration System for Award Management (GSA-SAM) database.

The Second Step: The Office of Contract Administration (OCA)

- The Contract Administrative Office is responsible for the processing of design and construction agreements and other related documents, advertisements of DPW's construction projects, analyzing bids, and managing the process of awarding contracts. Prior to the award of all design and construction contracts, a Contract Administration representative checks a local website and the General Services Administration System for Award Management (GSA-SAM), to determine if a vendor is suspended or disbarred.

The City of Baltimore, including the Department of Public Works, requires any such firm to meet specific requirements prior to the submission of bids in order to compete for the award of a contract through either a sole source or competitive bid process prior to the actual award of a contract.

In order to strengthen the existing structured approach, the Department will implement a modification to the City of Baltimore's Prequalification process that will require disclosure and self-certification by firms seeking participation in City contracts.

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-015 (continued)

Contact Person:

Troy Brogden, CPA, Chief of Fiscal, DPW

Completion Date:

July 1, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-015

U.S. Environmental Protection Agency (EPA)

CFDA No. 66.468 Capitalization Grants for Drinking Water State Revolving Funds

Material Weakness over Loans and Loan Guarantees

Repeat Finding: Yes – 2018-020

Auditee's Corrective Action Plan:

The Department of Public Works (DPW) understands that the City of Baltimore's Department of Finance is responsible for the disclosure of loan balances and activity in the Schedule and/or footnotes in the current and prior reporting periods and that the operational efforts of the Finance Department will result in a shared finding with all City Departments who receive and or have outstanding loan balances. Therefore, DPW will work with the Department of Finance to ensure that adequate documentation and disclosure is maintained.

Contact Person:

Troy Brogden, CPA, Chief of Fiscal, DPW

Completion Date:

July 1, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-016

U.S. Department of Health and Human Services

CFDA No. 93.569 Community Services Block Grant

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: No

Auditee's Corrective Action Plan:

Standard Operating Procedures have been developed and implementation has begun to provide the appropriate oversight and review of timesheets; to provide guidance and steps to employees completing timesheets, and for timekeepers to accurately enter time into the ADP (E-Time) application system. The Mayor Office of Children and Family Success Fiscal Office will conduct periodic reviews of timesheet data and payroll allocations to ensure compliance with the SOP.

Contact Person:

Denatra Green-Stroman, PhD
Acting Director
Baltimore City Community Action Partnership
Mayor's Office of Children and Family Success
1731 East Chase Street
Baltimore, Maryland 21213
Phone: 410-545-3013

Completion Date:

March 30, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-017

U.S. Department of Health and Human Services

CFDA No. 93.569 Community Services Block Grant

Material Weakness over Eligibility

Repeat Finding: No

Auditee's Corrective Action Plan:

In Fiscal 2020, Baltimore was realigned under the new created Mayor's Office of Children and Family Success (MOCFS). MOCFS is agreement with the recommendation of the FY19 Single Audit Finding Draft for 93.569. The new administration is currently revising eligibility implementation through paper and electronic documentation to ensure the proper technology, resources and contracting vehicles are in place to adhere to federal, state and city policies and regulation.

The following action will be taken to resolve the audit finding for CFDA Number 93.569 Community Service Block Grant

Mayor's Office of Children and Family Success CFDA Number 93.569 Community Service Block Grant Corrective Action Plan	
Action Plan Milestones(s)	Date
Develop and communicate a Standard Operations Procedure (SOP) for documenting eligibility, data entry, and reporting for all BCCAP employees including managers.	April 30, 2020
Systems Engineering Manager will ensure Adsystech database is fully operational and resolve system issues as they occur.	April 30, 2020
Human Services Workers will document client's entitlement based upon the current Health and Human Services poverty guidelines when assessing income eligibility and number persons in the household. This will be through the electronic database and paper file.	May 1, 2020
Run monthly reports ensuring eligibility criteria is met and client data is entered into Adsystech	May 29, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-017 (continued)

Contact Person:

Dr. Denatra Green-Stroman, BCCAP Acting Director

Completion Date:

Implementation date and milestones included in the above chart

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-018

U.S. Department of Health and Human Services

CFDA No. 93.600 Head Start

Internal Control Deficiency over Activities Allowed or Unallowed and Allowable Cost/Cost Principle (Payroll)

Repeat Finding: Yes – 2018-036

Auditee's Corrective Action Plan:

Baltimore City Head Start has controls to ensure that all payroll activity charges are in place for actual work performed on the grant. Baltimore City Head Start has three sources of documentation related to time and attendance. In this instance related to this finding, one out of three documents was unable to be located for personal leave that was requested by the employee and approved by the supervisor. Going forward, a system will be put into place that the supervisor, at the time of signing the timesheet, will initial all changes on the timesheet. The initials will indicate that all source documents match. The supervisor will then proceed to staple them together for filing. The timekeeper will also initial these changes indicating that all of the paperwork is accounted for during the pay period. The Mayor's Office of Children and Family Success Fiscal Office will conduct period reviews of Head Start time sheets and payroll allocations to ensure adherence to the system.

Contact Person:

Shannon Burroughs-Campbell
Executive Director
Baltimore City Head Start
1800 Washington Blvd, Ste. 340
Baltimore, MD 21230
(443)413-5549

Completion Date:

March 30, 2019

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-019

U.S. Department of Health and Human Services

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

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: Yes – 2018-025

Auditee's Corrective Action Plan:

BCHD will develop internal policies to ensure grant related cost are charged to grant accounts appropriately, in addition to standard operating procedures for maintaining supporting documentation.

BCHD will develop internal policies for time keeping and record retention of supporting documentation. BCHD will also develop standard operating procedures surrounding the Work Day implementation.

BCHD will develop time and effort policies to ensure grant related cost are charged to grant accounts appropriately. Currently, we are piloting an application titled-Harvest, in addition to working on the architect for time and effort tracking for Workday implementation.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

October, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-020

U.S. Department of Health and Human Services

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

Material Weakness over Cash Management

Repeat Finding: Yes – 2018-026

Auditee's Corrective Action Plan:

BCHD will update its policies and procedures to incorporate quarterly cash draw down requirements for all of its grants in addition to developing a process to reconcile drawdowns to the general ledger. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-021

U.S. Department of Health and Human Services

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

Material Weakness over Subrecipient Monitoring

Repeat Finding: Yes – 2018-029

Auditee's Corrective Action Plan:

BCHD will develop a policy and schedule for subrecipients monitoring and risk assessments to ensure compliance with applicable Federal requirements. The policy will also include guidelines for review and documentation that a Single Audit was performed for providers awarded over \$750k. BCHD has recently hired an Audit & Compliance Manager who's responsibility is to conduct sub-recipient monitoring.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-022

U.S. Department of Health and Human Services

CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

**Material Weakness in Activities Allowed or Unallowed and Allowable Costs/Cost Principle
Repeat Finding: No**

Auditee's Corrective Action Plan:

BCHD was unable to provide support for these selections because these were payroll accruals posted by the Bureau for Accounting and Payroll Services (BAPS). These accruals are estimates and are not determined by BCHD. BCHD will develop a plan to work with BAPS to obtain documentation for these accrual calculations.

BCHD will develop internal policies for time keeping and record retention of supporting documentation. BCHD will also develop standard operating procedures surrounding the Work Day implementation.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

October, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-022

U.S. Department of Health and Human Services

CFDA No 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)

Material Weakness over Cash Management

Repeat Finding: Yes – 2018-026

Auditee's Corrective Action Plan:

BCHD will update its policies and procedures to incorporate quarterly cash draw down requirements for all of its grants in addition to developing a process to reconcile drawdowns to the general ledger. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-024

U.S. Department of Health and Human Services

**CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health**

Material Weakness over Eligibility

Repeat Finding: Yes – 2018-030

Auditee's Corrective Action Plan:

BCHD will revise current policies and practices regarding controls over the eligibility process to ensure compliance with documentation standards of 2 CFR 200.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-025

U.S. Department of Health and Human Services

**CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health**

Material Weakness over Period of Performance

Repeat Finding: Yes – 2018 - 031

Auditee's Corrective Action Plan:

BCHD will revise current policies and procedures regarding grant accounting and financial reporting. Accounting staff will reconcile revenues and expenses per these policies, collect reports from sub-grantees, use city accounting records as the basis for preparation of fiscal reports, make necessary adjustments, liquidate encumbrances, freeze account balances with BAPS to prevent unauthorized transactions, and submit reports timely to funding sources. Supervisory staff will review the work to ensure compliance. BCHD will continue enforcing a multi-tier approval process where the Supervisory & Chief of Finance & Administration will review and approve the work to ensure compliance.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-026

U.S. Department of Health and Human Services

**CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health**

Material Weakness over Reporting

Repeat Finding: Yes-2018-033

Auditee's Corrective Action Plan:

BCHD has developed policies and procedures regarding grant accounting and financial reporting with which accountants will comply. The accountant will follow the policies and procedures outlined and the supervisor will review the work to ensure compliance and proper documentation is maintained. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-027

U.S. Department of Health and Human Services

**CFDA No. 93.917 HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)
Pass-through: Maryland Department of Health**

Material Weakness over Subrecipient Monitoring

Repeat Finding: Yes

Auditee's Corrective Action Plan:

BCHD will develop a policy and schedule for subrecipients monitoring and risk assessments to ensure compliance with applicable Federal requirements. The policy will also include guidelines for review and documentation that a Single Audit was performed for providers awarded over \$750k. BCHD has recently hired an Audit & Compliance Manager who's responsibility is to conduct sub-recipient monitoring.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-028

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: Yes

Auditee's Corrective Action Plan:

BCHD was unable to provide support for these selections because these were accruals posted by the Bureau for Accounting and Payroll Services (BAPS). These accruals are estimates and are not determined by BCHD. BCHD will develop a plan to work with BAPS to obtain documentation for these accrual calculations.

BCHD will develop internal policies for time keeping and record retention of supporting documentation. BCHD will also develop standard operating procedures surrounding the Work Day implementation.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

October, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-029

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Cash Management

Repeat Finding: Yes – 2018-038

Auditee's Corrective Action Plan:

BCHD will update its policies and procedures to incorporate quarterly cash draw down requirements for all of its grants in addition to developing a process to reconcile drawdowns to the general ledger. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

BCHD will update its policies and procedures to ensure adequate documentation is maintained for drawdowns.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-030

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Eligibility

Repeat Finding: Yes – 2018-039

Auditee's Corrective Action Plan:

BCHD will revise current policies and procedures regarding grant accounting and financial reporting. Accounting staff will reconcile revenues and expenses per these policies, collect reports from sub-grantees, use city accounting records as the basis for preparation of fiscal reports, make necessary adjustments, liquidate encumbrances, freeze account balances with BAPS to prevent unauthorized transactions, and submit reports timely to funding sources. Supervisory staff will review the work to ensure compliance. BCHD will continue enforcing a multi-tier approval process where the Supervisory & Chief of Finance & Administration will review and approve the work to ensure compliance.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-031

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Period of Performance

Repeat Finding: Yes – 2018-040

Auditee's Corrective Action Plan:

BCHD will revise current policies and procedures regarding grant accounting and financial reporting. Accounting staff will reconcile revenues and expenses per these policies, collect reports from sub-grantees, use city accounting records as the basis for preparation of fiscal reports, make necessary adjustments, liquidate encumbrances, freeze account balances with BAPS to prevent unauthorized transactions, and submit reports timely to funding sources. Supervisory staff will review the work to ensure compliance. BCHD will continue enforcing a multi-tier approval process where the Supervisory & Chief of Finance & Administration will review and approve the work to ensure compliance.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-032

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Procurement and Suspension and Debarment

Repeat Finding: Yes – 2018-041

Auditee's Corrective Action Plan:

BCHD will revise its policies to include verification of debarment through SAMS.GOV as part of its vetting process. However, BCHD does not have control over the City's procurement process particularly documentation for vendors the City already has Master Contracts. This is a City wide issue and not exclusive to BCHD.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-033

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Reporting

Repeat Finding: Yes – 2018-042

Auditee's Corrective Action Plan:

BCHD has developed policies and procedures regarding grant accounting and financial reporting with which accountants will comply. The accountant will follow the policies and procedures outlined and the supervisor will review the work to ensure compliance and proper documentation is maintained. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-034

U.S. Department of Health and Human Services

CFDA No. 93.778 Medical Assistance Program (Medicaid; Title XIX)

Material Weakness over Subrecipient Monitoring

Repeat Finding: Yes – 2018-043

Auditee's Corrective Action Plan:

BCHD will develop a policy and schedule for subrecipients monitoring and risk assessments to ensure compliance with applicable Federal requirements. The policy will also include guidelines for review and documentation that a Single Audit was performed for providers awarded over \$750k. BCHD has recently hired an Audit & Compliance Manager whose responsibility is to conduct sub-recipient monitoring.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-035

U.S. Department of Health and Human Services

CFDA No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: Yes

Auditee's Corrective Action Plan:

BCHD was unable to provide support for these selections because these were accruals posted by the Bureau for Accounting and Payroll Services (BAPS). These accruals are estimates and are not determined by BCHD. BCHD will develop a plan to work with BAPS to obtain documentation for these accrual calculations.

BCHD will develop internal policies for time keeping and record retention of supporting documentation. BCHD will also develop standard operating procedures surrounding the Work Day implementation.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

October, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-036

U.S. Department of Health and Human Services

CFDA No. 93.940 HIV Prevention Activities Health Department Based

Material Weakness over Cash Management

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD will update its policies and procedures to incorporate quarterly cash draw down requirements for all of its grants in addition to developing a process to reconcile drawdowns to the general ledger. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-037

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

Significant Deficiency over Period of Performance

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD will revise current policies and procedures regarding grant accounting and financial reporting. Accounting staff will reconcile revenues and expenses per these policies, collect reports from sub-grantees, use city accounting records as the basis for preparation of fiscal reports, make necessary adjustments, liquidate encumbrances, freeze account balances with BAPS to prevent unauthorized transactions, and submit reports timely to funding sources. Supervisory staff will review the work to ensure compliance. BCHD will continue enforcing a multi-tier approval process where the Supervisory & Chief of Finance & Administration will review and approve the work to ensure compliance.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-038

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

**Material Weakness over Procurement and Suspension and Debarment
Repeat Finding: No**

Auditee's Corrective Action Plan:

BCHD will revise its policies to include verification of debarment through SAMS.GOV as part of its vetting process. However, BCHD does not have control over the City's procurement process particularly documentation for vendors the City already has Master Contracts. This is a City wide issue and not exclusive to BCHD.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-039

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

Material Weakness over Reporting

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD has developed policies and procedures regarding grant accounting and financial reporting with which accountants will comply. The accountant will follow the policies and procedures outlined and the supervisor will review the work to ensure compliance and proper documentation is maintained. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-040

**U.S. Department of Health and Human Services
CFDA No. 93.940 HIV Prevention Activities Health Department Based**

**Material Weakness over Subrecipient Monitoring
Repeat Finding: No**

Auditee's Corrective Action Plan:

BCHD will develop a policy and schedule for subrecipients monitoring and risk assessments to ensure compliance with applicable Federal requirements. The policy will also include guidelines for review and documentation that a Single Audit was performed for providers awarded over \$750k. BCHD has recently hired an Audit & Compliance Manager whose responsibility is to conduct sub-recipient monitoring.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-041

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Material Weakness over Activities Allowed or Unallowed and Allowable Cost/Cost Principle

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD will develop internal policies to ensure grant related cost are charged to grant accounts appropriately, in addition to standard operating procedures for maintaining supporting documentation.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-042

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Material Weakness over Cash Management

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD will update its policies and procedures to incorporate quarterly cash draw down requirements for all of its grants in addition to developing a process to reconcile drawdowns to the general ledger. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-043

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Significant Deficiency in Compliance and Internal Control over Period of Performance

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD will revise current policies and procedures regarding grant accounting and financial reporting. Accounting staff will reconcile revenues and expenses per these policies, collect reports from sub-grantees, use city accounting records as the basis for preparation of fiscal reports, make necessary adjustments, liquidate encumbrances, freeze account balances with BAPS to prevent unauthorized transactions, and submit reports timely to funding sources. Supervisory staff will review the work to ensure compliance. BCHD will continue enforcing a multi-tier approval process where the Supervisory & Chief of Finance & Administration will review and approve the work to ensure compliance.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

CITY OF BALTIMORE

**Corrective Action Plans
Year Ended June 30, 2019**

Finding 2019-044

U.S. Department of Health and Human Services

CFDA No. 93.994 Maternal and Child Health Services Block Grant to the States

Material Weakness over Reporting

Repeat Finding: No

Auditee's Corrective Action Plan:

BCHD has developed policies and procedures regarding grant accounting and financial reporting with which accountants will comply. The accountant will follow the policies and procedures outlined and the supervisor will review the work to ensure compliance and proper documentation is maintained. BCHD will coordinate with the BAPS to establish a process to ensure better communication between BCHD and BAPS when the SEFA is prepared.

Contact Person:

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

Completion Date:

December 31, 2020

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