

**CITY OF BALTIMORE, MARYLAND**

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

**For the Year Ended June 30, 2018**

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**JUNE 30, 2018**

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## **REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS**

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

### **Report on the Financial Statements**

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 of Baltimore, Maryland (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements.

### ***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 89% of the total assets, 88% of the net position, and 73% 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 the 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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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, and the aggregate remaining fund information of the City, as of June 30, 2018, 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***

#### ***Emphasis of Matter***

As discussed in Note 20, during the year June 30, 2018, the City adopted Government Accounting Standards Board (GASB) Statement No.75, "Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions." This adoption resulted in a restatement of the net position as of July 1, 2017. Our opinion is not modified respect to this matter.



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### *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, Schedules of the City's Proportionate Share of the Net Pension Liability: Employees' Retirement System Plan, Maryland State Retirement and Pension System – ERPS, Maryland State Retirement and Pension System – LEOPS; Schedules of Employer Contributions: Employees' Retirement System Plan, Maryland State Retirement and Pension System – ERPS, Maryland State Retirement and Pension System – LEOPS; Schedule of Changes in Net Pension Liability (Assets) and Related Ratios: Fire and Police Employees' Retirement System - Single Employer Plan, 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 – Total OPEB Plan; Schedule of the City's Proportionate Share of the Net OPEB Liability; 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, the introductory and statistical sections, and the Schedule of Expenditures of Federal Awards, as required by 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.



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The combining and individual fund financial statements and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 2018 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, 2018, including the restatement of certain 2018 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 2018 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 2018 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 March 25, 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.

Hunt Valley, Maryland  
March 25, 2019



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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***



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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 PERFORMED 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 the *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 the City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 25, 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, Baltimore Hotel Corporation, and the Pension and OPEB Trust Funds, 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 controls over financial reporting (internal controls) 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 controls. Accordingly, we do not express an opinion on the effectiveness of the City's internal controls.

A deficiency in internal controls 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 controls, 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 controls that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



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Our consideration of internal controls over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal controls over financial reporting 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 in internal controls, as described in the accompanying schedule of findings and questioned costs, which we consider to be material weaknesses as items 2018-001, 2018-002, 2018-003, 2018-004 and 2018-005.

### ***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.

Hunt Valley, Maryland  
March 25, 2019

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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, 2018. 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.

Our report includes references to other auditors who audited the Schedule of Expenditures of Federal Awards of the Baltimore City Public Schools System, 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.

### ***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 Highway Planning and Construction, Children’s Health Insurance Program, HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B), and Medical Assistance Program***

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

<u>CFDA No.</u>	<u>Program Name</u>	<u>Finding No.</u>	<u>Basis for Qualified Opinion</u>
20.205	Highway Planning and Construction	2018-011	Procurement and Suspension and Debarment
93.767	Children's Health Insurance Program	2018-026	Cash Management
		2018-027	Eligibility
		2018-029	Subrecipient Monitoring
93.917	HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	2018-030	Eligibility
		2018-032	Procurement and Suspension and Debarment
		2018-033	Reporting
		2018-034	Subrecipient Monitoring
		2018-035	Health Insurance Portability and Accountability Act of 1996
93.778	Medical Assistance Program	2018-038	Cash Management
		2018-039	Eligibility
		2018-041	Procurement and Suspension and Debarment
		2018-043	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 Highway Planning and Construction, Children’s Health Insurance Program, HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B), and Medical Assistance Program***

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 Highway Planning and Construction, Children’s Health Insurance Program, HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B), and Medical Assistance Program for the year ended June 30, 2018.





### ***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, 2018.

### ***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 2018-006 through 2018-010, 2018-012, 2018-013, 2018-015 through 2018-025, 2018-28, 2018-031, 2018-036, 2018-037, 2018-040, 2018-042, and 2018-044 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.



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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 2018-001 through 2018-005, 2018-010 through 2018-011, 2018-016, 2018-018, 2018-020, 2018-022, 2018-025 through 2018-027, 2018-029 through 2018-030, and 2018-032 through 2018-043, 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 2018-008, 2018-015, 2018-017, 2018-019, 2018-021, 2018-028, and 2018-031, 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.

Hunt Valley, Maryland  
June 21, 2019

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**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**CITY OF BALTIMORE**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE (DOA)</u></b>				
<b>Special Supplemental Nutrition Program for Women, Infants, and Children</b>				
Pass-Through Maryland Department of Health				
Women, Infants and Children Food Program (WIC) FY2016	10.557	WI 213 WIC	\$ -	\$ 28,088
Women, Infants and Children Food Program (WIC) FY2018	10.557	WI 213 WIC	-	<u>2,154,381</u>
<b>Total Special Supplemental Nutrition Program for Women, Infants, and Children</b>				<u>2,182,469</u>
Pass-Through Maryland State Department of Education				
<i>Child Nutrition Cluster</i>				
<b>Summer Food Service Program for Children</b>				
Summer Food Service Program for Children 2017	10.559	Unknown	-	580
Summer Food Service Program for Children 2018	10.559	347041	-	<u>1,448,370</u>
<b>Total Summer Food Service Program for Children</b>				<u>1,448,950</u>
<i>Total Child Nutrition Cluster</i>				
				1,448,950
<b>Urban and Community Forestry Program</b>				
FY18 Baltimore GROW Center	10.675	N/A	-	<u>786</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE (DOA)</b>			<u>-</u>	<u>3,632,205</u>
<b><u>U.S. DEPARTMENT OF COMMERCE (DOC)</u></b>				
<b>Economic Development Technical Assistance</b>				
Made in Baltimore Campaign	11.303	N/A	-	93,354
<b>Minority Business Resource Development</b>				
Minority Business Development Agency (MBDA) AMP Center Grant	11.802	N/A	-	279,635
<b>Minority Business Development Agency (MBDA) Business Center</b>				
Minority Business Development Agency (MBDA) Business Center	11.805	N/A	-	<u>410</u>
<b>TOTAL U.S. DEPARTMENT OF COMMERCE (DOC)</b>			<u>-</u>	<u>373,399</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u></b>				
<b>Multifamily Property Disposition</b>				
Uplands - Homeownership I-II - Construction Program	14.199	N/A	-	1,284,000
<i>CDBG - Entitlement Grants Cluster</i>				
<b>Community Development Block Grants/Entitlement Grants</b>				
CDBG-33	14.218	N/A	-	5,722
CDBG-35	14.218	N/A	-	417,963
CDBG-36	14.218	N/A	-	174,446
CDBG-37	14.218	N/A	-	3,325
CDBG-38	14.218	N/A	-	24,744
CDBG-39	14.218	N/A	-	(4,331)
CDBG-40	14.218	N/A	-	82,629
CDBG-41	14.218	N/A	10,000	1,750,049
CDBG-42	14.218	N/A	3,244,000	4,779,497
CDBG-43	14.218	N/A	2,710,958	<u>10,844,079</u>
<b>Total Community Development Block Grants/Entitlement Grants</b>				<u>18,078,123</u>
<i>Total CDBG - Entitlement Grants Cluster</i>				
				18,078,123

**CITY OF BALTIMORE**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) (continued)</b>				
<b>Emergency Solutions Grant - Homeless Services</b>				
Emergency Solutions Grant - Homeless Services FY2017	14.231	N/A	\$ -	\$ 128,962
Emergency Solutions Grant - Homeless Services FY2018	14.231	N/A	1,978,324	1,978,324
<b>Total Emergency Solutions Grant - Homeless Services</b>				<u>2,107,286</u>
<b>Home Investment Partnerships Program</b>				
HOME Program - Barclay Green Phase III Apts	14.239	N/A	-	50,000
HOME Program - Bon Secours New Shiloh Village Apts	14.239	N/A	-	1,125,000
HOME Program - Episcopal Housing - Argyle Apts	14.239	N/A	-	420,000
HOME Program - Franklin Lofts and Flats	14.239	N/A	-	603,827
HOME Program - Mulberry at Park Apts	14.239	N/A	-	49,836
HOME Program - Orchard Ridge Rental Phase V	14.239	N/A	-	78,003
HOME Program - TRF East Balto Historic 3	14.239	N/A	-	406,057
HOME Program - North Avenue Gateway II	14.239	N/A	-	757,946
HOME Program - L on Liberty Apartments	14.239	N/A	-	45,801
Healthy Neighborhoods	14.239	N/A	-	81,004
Home Preservation Program	14.239	N/A	-	219,184
Metro Heights at Mondawmin	14.239	N/A	-	1,000,000
HOME Program FY2010	14.239	N/A	-	(639)
HOME Program FY2018	14.239	N/A	-	478,826
<b>Total Home Investment Partnerships Program</b>				<u>5,314,845</u>
<b>Housing Opportunity for Persons with AIDS</b>				
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	1,804,390	5,669,567
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	15,979	15,979
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	962,344	1,070,509
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	1,085,259	1,085,259
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	-	415,400
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	8,656	64,232
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	-	285,985
Housing Opportunity for Persons with AIDS (HOPWA)	14.241	N/A	381,606	381,606
<b>Total Housing Opportunity for Persons with AIDS</b>				<u>8,988,537</u>
<b>Continuum of Care</b>				
Continuum of Care - FY2017	14.267	N/A	10,641,378	12,045,231
Continuum of Care - FY2018	14.267	N/A	4,389,206	4,389,206
Continuum of Care - SHP FY2015	14.267	N/A	-	1,401
Continuum of Care - SPC FY2015	14.267	N/A	-	96,611
<b>Total Continuum of Care</b>				<u>16,532,449</u>
<b>Jobs-Plus Pilot Initiative</b>				
HABC - Gilmore Homes	14.895	N/A	-	60,989

**CITY OF BALTIMORE**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) (continued)</u></b>				
<b>Lead Hazard Reduction Demonstration Grant Program</b>				
FY2018 HUD Lead Program	14.905	N/A	\$ -	\$ 1,429,317
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</b>			<u>27,232,099</u>	<u>53,795,547</u>
<b><u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u></b>				
<b>Justice Systems Response to Families</b>				
Visitation Center Continuation	16.021	N/A	-	8,819
<b>Crime Victim Assistance/Discretionary Grants</b>				
Vision 21	16.582	N/A	-	67,752
National Victim Crime Week	16.582	N/A	-	4,777
Trauma Informed Care	16.582	N/A	-	365,084
<b>Total Crime Victim Assistance/Discretionary Grants</b>				<u>437,613</u>
<b>Community-Based Violence Prevention Program</b>				
Trauma Informed Care - Youth Violence Prevention	16.123	N/A	-	(86,790)
<b>DNA Backlog Reduction Program</b>				
DNA Backlog Reduction Program FY2017	16.741	N/A	-	44,473
DNA Backlog Reduction Program [DNA Capacity Enhancement & Backlog Reduction]	16.741	N/A	-	244,229
<b>Total DNA Backlog Reduction Program</b>				<u>288,702</u>
<b>Congressionally Recommended Awards</b>				
Gang Elimination Task Force - MSP (GETF)	16.753	N/A	-	4,787
<b>Byrne Criminal Justice Innovation Program</b>				
McElderry Park Revitalization Coalition	16.817	N/A	-	(12,320)
<b>National Forum on Youth Violence Prevention</b>				
National Youth Violence Prevention Expansion Project	16.819	N/A	-	282,447
<b>Smart Prosecution Initiative</b>				
Pre-trial Evidenced-Based Risk and Needs Assessment FY2017	16.825	N/A	-	160,547
<b>Equitable Sharing Program</b>				
Equitable Sharing Program	16.922	N/A	-	267,464
<b>Edward Byrne Memorial Justice Assistance Grant</b>				
Visitation Center Continuation	16.738	N/A	-	42,084
Justice Assistance Grant (JAG XI)	16.738	N/A	146,780	231,142
Justice Assistance Grant (JAG XII)	16.738	N/A	36,524	138,710
Justice Assistance Grant (JAG II)	16.738	N/A	-	(87,718)
Justice Assistance Grant (JAG IX)	16.738	N/A	-	1,225
Justice Assistance Grant (JAG X)	16.738	N/A	133,763	207,320
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
City Corrections Investigation Unit	16.738	BJAG-2011-1201	-	60,502
Forensic Evidence Training	16.738	BJAG-2014-0041	-	675

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<b>U.S. DEPARTMENT OF JUSTICE (DOJ) (continued)</b>				
<b>Edward Byrne Memorial Justice Assistance Grant (continued)</b>				
Career Prosecutor Course	16.738	BJAG-2014-0082	\$ -	\$ 4,527
Law Enforcement Assisted Diversion	16.738	BJAG-2015-0011	-	13,407
FY2015 Juvenile Diversion	16.738	BJAG-2011-1202	-	(107,754)
FY2017 Juvenile Diversion	16.738	BJAG-2011-1202	-	787
Mobile Data Terminals	16.738	Unknown	-	264,273
BJAG - ICJR Family Crimes Rent	16.738	Unknown	-	128,648
Sexual Assault Response II (SART)	16.738	BJAG-2010-1006/2009-1016	-	(10,939)
<b>Total Edward Byrne Memorial Justice Assistance Grant</b>				<u>886,889</u>
<b>Part E - Developing, Testing and Demonstrating Promising New Programs</b>				
Pass-Through Baltimore City Public School System				
BCPSS - Alternative High School FY2018	16.541	Unknown	-	196,812
<b>Crime Victim Assistance</b>				
Pass-Through Maryland State Department of Human Services				
Family Bereavement Center	16.575	Unknown	-	43,690
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
SART Vertical Advocacy Project II	16.575	VOCA-2014-1001	-	787
Law Enforcement Advocates	16.575	Unknown	-	59,662
Victim Witness Unit	16.575	Unknown	-	1,116,034
Homicide Victim Advocate	16.575	VOCA-2015-0001	-	79,418
SART Vertical Advocacy Project III	16.575	VOCA-2015-1201	-	258,541
SART and Human Trafficking - VOCA	16.575	VOCA-2015-0035	-	(25,155)
SART and Human Trafficking - VOCA	16.575	VOCA-2016-0035	152,359	<u>367,195</u>
<b>Total Crime Victim Assistance</b>				<u>1,900,172</u>
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
<b>Supervised Visitation, Safe Havens for Children</b>				
Supervised Visitation, Safe Havens for Children	16.527	Unknown	-	787
<b>Drug Court Discretionary Grant</b>				
Recast - Drug Court Discretionary Grant	16.585	Unknown	-	65,136
<b>Violence Against Women Formula Grants</b>				
Sexual Assault	16.588	VAWA 2017-0003	-	111,675
VAWA - Domestic Violence Victim/Witness Liaison Program	16.588	Unknown	-	(4,285)
VAWA - Domestic Violence Victim/Witness Liaison Program	16.588	Unknown	-	48,016
VAWA - Domestic Violence Victim/Witness Liaison Program	16.588	VAWA-2015-1926	-	28,067
FY2017 Violence Against Women Act (VAWA)	16.588	VAWA-2016-0046/2011-1526	-	<u>37,460</u>
<b>Total Violence Against Women Formula Grants</b>				<u>220,933</u>
<b>Project Safe Neighborhoods</b>				
Project Safe Neighborhoods	16.609	PSNM-2016-0002	-	139,115



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<b>U.S. DEPARTMENT OF JUSTICE (DOJ) (continued)</b>				
Edward Byrne Memorial Competitive Grant Program				
Technology Innovation for Public Safety - TIPS	16.751	Unknown	\$ -	\$ 368,130
Public Safety Partnership and Community Policing Grants				
COPS Hiring 2013 - Public Safety Partnership and Community Policing Grants	16.710	Unknown	-	223,085
Paul Coverdell Forensic Sciences Improvement Grant Program				
Forensic Backlog Reduction	16.742	CFSI-2015-1266	-	26,753
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program				
Domestic Violence	16.590	ICJR-2016-0001	-	107,403
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	-	246,853
<b>TOTAL U.S. DEPARTMENT OF JUSTICE (DOJ)</b>			<u>469,427</u>	<u>5,733,337</u>
<b>U.S. DEPARTMENT OF LABOR (DOL)</b>				
<i>Employment Service Cluster</i>				
<b>Employment Service/Wagner-Peyser Funded Activities</b>				
Pass-Through Maryland Department of Labor, Licensing and Regulation				
Ex-Offender - Prison to One Stop Project/Wagner Peyser	17.207	P00P64B1025-A	-	267,322
<i>Total Employment Service Cluster</i>				<u>267,322</u>
<b>Workforce Investment Act (WIA) Dislocated Worker National Reserve</b>				
<b>Demonstration Grants</b>				
One Baltimore Job Initiative Grant	17.280	P00P64B1030	1,016,551	1,184,912
<i>WIOA Cluster</i>				
<b>WIOA - Adult Program</b>				
WIOA - Adult Program	17.258	P00P64B1002/1032-A	-	213,691
WIOA - Adult Program	17.258	P00P74-BI-PY16-A	-	62,430
WIOA - Adult Program	17.258	P00P74-BI-PY17-A	195,646	2,413,984
<b>Total WIOA - Adult Program</b>				<u>2,690,105</u>
<b>WIOA - Youth Activities</b>				
WIOA - Youth Activities	17.259	P00P64B1002-B	-	2,390,407
<b>WIOA - Dislocated Worker Formula Grants</b>				
WIOA - Dislocated Worker Formula Grants	17.278	P00P64B1002/1032-C	-	1,545,215
Workforce Services for Baltimore Residents	17.278	P00P84-BCI-IMPLEM	-	5,000
Workforce Services for Baltimore Residents	17.278	P00P84-BCI-BRANDING	-	2,845
<b>Total WIOA - Dislocated Worker Formula Grants</b>				<u>1,553,060</u>
<i>Total WIOA Cluster</i>				<u>6,633,572</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR (DOL)</b>			<u>1,212,197</u>	<u>8,085,806</u>

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<b>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</b>				
<i>Federal Transit Cluster</i>				
<b>Federal Transit Capital Investment Grants</b>				
Greyhound Bus Term (Intercity/Intermodal) (FTA Grant)	20.500	N/A	\$ -	\$ 32,540
Highlandtown Transit Stop Improvements (FTA Grant)	20.500	N/A	-	<u>172,737</u>
<b>Total Federal Transit Capital Investment Grants</b>				<u>205,277</u>
<b>Federal Transit Formula Grants</b>				
Ridesharing/Commuter Assistance Grant	20.507	N/A	-	<u>128,368</u>
<i>Total Federal Transit Cluster</i>				<u>333,645</u>
<i>Highway Safety Cluster</i>				
<b>State and Community Highway Safety</b>				
Pass-Through Maryland State Department of Transportation				
Traffic Safety - SHA	20.600	Unknown	-	23,915
Traffic Safety Grant - State and Community Highway Safety	20.600	Unknown	-	78,906
Traffic Safety Grant - State and Community Highway Safety	20.600	Unknown	-	<u>26,786</u>
<b>Total State and Community Highway Safety</b>				<u>129,607</u>
<b>Safety Belt Performance Grants</b>				
Pass-Through Maryland State Department of Transportation				
Safe Route to School II (N & I)	20.609	Unknown	-	<u>105,844</u>
<i>Total Highway Safety Cluster</i>				<u>235,451</u>
<i>Highway Planning and Construction Cluster</i>				
<b>Highway Planning and Construction</b>				
Pass-Through Maryland Department of Labor, Licensing and Regulation				
DLLR - Highway/Capital Transit Construction Skills	20.205	P00P5401073	-	149,319
Pass-Through Maryland State Department of Transportation				
33rd and Loch Raven Intersection Improvement	20.205	BC420004	-	413
Annapolis Road Bridge	20.205	BC269-060-815	-	21,129
At Grade Rail Crossing Signing	20.205	400002	-	47,535
Belair Road Complete Sts #1123	20.205	410015	-	118,228
Bicycle Network Strategy	20.205	430001	-	5,280
Boston/O'Donnell Connecting Road - Phase 2	20.205	BC315-111-815	-	8,482
Bridge Replacement of Frederick Ave Bridge over Gwynns Falls	20.205	BC269-074-815/269-061-815	-	8,321
Broening Hwy Bridge over Colgate Creek & Associated Roadway Improvements	20.205	BC450006	-	774,871
Central Ave. Phase 2	20.205	BC315-075-815	-	10,509,818
Cherry Hill Light Rail Station Area Enhancement (FTA Grant)	20.205	Unknown	-	833,126
Citywide ADA and Sidewalks	20.205	319-024-815	-	1,552
Clinton Street Concrete Pavement Rehabilitation Boston - Keith Ave	20.205	BC410020	-	122,492
D.O.T. Park Circle Intersection	20.205	BC319-012-815	-	1,408,898
Downtown Bicycle Network TR13321	20.205	AX2615225	-	351,418
Druid Hill Park	20.205	BC315-067-815	-	232,013
Dundalk Ave Streetscape from Eastern Ave to Baltimore City Line	20.205	BC315-087-815	-	5,006

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<b>U.S. DEPARTMENT OF TRANSPORTATION (DOT) (continued)</b>				
<b>Highway Planning and Construction (continued)</b>				
East Baltimore Life Science Pk - 2A	20.205	BC440002	\$ -	\$ 916,571
East Baltimore Life Science Park (EBDI) - Phase 1D TR08313	20.205	BC440004	-	287,161
Edison Hwy over Amtrak Bridge Rehab	20.205	269-087-815	-	2,392
Edmondson Ave. Bridge over CSX	20.205	BC269-066-815	-	6,485,559
Fulton Avenue Bridge TR12310	20.205	420005	-	1,815,105
Fulton Avenue Streetscape	20.205	Unknown	-	28,696
Franklin St from MLK, Jr. Blvd. to Edmondson Ave	20.205	BC420008	-	2,626
Geometric Improvements at Various Locations in Baltimore City	20.205	BC410021	-	3,943
Greenmount 29th - 43rd TR14302	20.205	420002	-	46,878
Hanover Street Bridge	20.205	450002	-	345,764
Harford Road Bridge over Herring Run	20.205	BC269-067-815	-	116,574
Haven St Resurfacing/Rehab	20.205	410008	-	1,501
Hawkins Point Road Bridge/ Pennington Ave Empowerment, PE	20.205	BC269-059-815	-	60,326
I-83 Fayette & Balto City/Co	20.205	420003	-	54,933
I-83 Phase II TR13301	20.205	420006	-	1,765
Inner Harbor Water Taxi Terminal	20.205	BC440005	-	(600)
Intersection Safety Studies	20.205	410012	-	60,382
Jones Falls Trail - Phase V	20.205	BC460001	-	353,552
Jones Falls Greenway Phase V	20.205	BC460001	-	891,644
Jones Falls Trail - Phase II Lanvale Ave./ Maryland Ave to Conway St.	20.205	BC318-014-815/BC318-018-815	-	14,971
Key Highway Street Improvement	20.205	BC319-015-815	-	769,921
Liberty Heights & Druid Hill Park Improvements	20.205	BC322-002-815/318-023-815	-	6
Midtown Streetscape - Mt. Royal Avenue Improvements	20.205	BC315-101-815	-	1,854,316
MLK Blvd at Howard St Intersection Widening/Improvement	20.205	BC315-112-815/322-002-815	-	8,430
North Charles St. Reconstruction from 25th St. to University Parkway	20.205	BC315-108-815	-	32,158
Parkside Drive - Mannasota Ave - Sinclair Ln - Resurfacing	20.205	BC315-080-815	-	(4,082)
Perring Pkwy Off-Ramp Bridge Replacement	20.205	450003	-	185,449
Preston Gardens Infrastructure TR12308	20.205	AX09135125	-	1,465,840
Recons Central Ave. & Storm Drain Eastern Ave. to N Madison St.	20.205	BC320-001-815	-	708,489
Reconstruction East North Avenue from Aisquith St. to Wolf St.	20.205	BC315-079-815	-	4,140,983
Rehabilitate Roadways around East Baltimore Life Science Park	20.205	BC318-013-815	-	74
Reisterstown Rd Streetscape from Northern Pkwy to Balt. City Line	20.205	BC315-089-815	-	1,011
Remington Ave Bridge/Stoney Run	20.205	450004	-	236,591
Replacement. Annapolis Rd over Balt/Wash Pkwy (MD 295)	20.205	BC269-077-815	-	526
Resurfacing Northwest - Sector II TR 13305	20.205	410002	-	13,698
Resurfacing Southwest - Sector III TR 13306	20.205	410003	-	90,386
Resurfacing Various Locations, Northeast Sector I	20.205	410001	-	6,127

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<b><u>U.S. DEPARTMENT OF TRANSPORTATION (DOT) (continued)</u></b>				
<b>Highway Planning and Construction (continued)</b>				
Resurfacing Various Locations, Southeast Sector IV	20.205	Unknown	\$ -	\$ 563
Resurfacing Various Locations in SW Sector III	20.205	BC315-093-815	-	(1,600)
Roland Park Complete Sts.	20.205	410007	-	8,912
Russell Street Concrete Pave Rehab	20.205	410014	-	16,842
Russell Street & Monroe Street Ramp to Russell Street over CSXT	20.205	BC269-084-815	-	349,285
Safe Routes to School Infrastructure Projects	20.205	AX933B52	-	3,453
Sisson Street over CSX	20.205	269-086-815	-	73,331
Traffic Safety Project	20.205	410013	-	8,778
West North Ave at Pennsylvania Ave	20.205	Unknown	-	196,175
WIC - Infrastructure	20.205	Unknown	-	134,148
Wilkens Ave. Bridge over Gwynns Falls	20.205	BC269-071-815	-	116,185
<b>Total Highway Planning and Construction</b>				<u>36,503,639</u>
<i>Total Highway Planning and Construction Cluster</i>				36,503,639
<b>High-Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants</b>				
Amtrak Baltimore and Potomac RR Tunnel	20.319	Unknown	-	9,136
<b>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research</b>				
Pass-Through Baltimore Metropolitan Council				
Unified Planning Work Program	20.505	Unknown	-	1,570
Unified Planning Work Program	20.505	Unknown	-	<u>60,231</u>
<b>Total Metropolitan Transportation Planning and State and Non-Metropolitan P&amp;R</b>				61,801
<b>Interagency Hazardous Materials Public Sector Training and Planning Grants</b>				
Pass-Through Maryland Emergency Management Agency				
Hazardous Materials Emergency Preparedness	20.703	Unknown	-	<u>9,409</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION (DOT)</b>			<u>-</u>	<u>37,153,081</u>
<b><u>ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>				
<i>Clean Water State Revolving Fund Cluster</i>				
<b>Capitalization Grants for Clean Water State Revolving Funds</b>				
Pass-Through Maryland Department of the Environment				
Various Sewershed Improvements	66.458	Unknown	-	<u>10,223,464</u>
<i>Total Clean Water State Revolving Fund Cluster</i>				10,223,464
<i>Drinking Water State Revolving Fund Cluster</i>				
<b>Capitalization Grants for Drinking Water State Revolving Funds</b>				
Drinking Water Program - Druid Lake Water Tanks	66.468	Unknown	-	<u>6,509,638</u>
<i>Total Drinking Water State Revolving Fund Cluster</i>				6,509,638
<b>Brownfields Assessment and Cleanup Cooperative Agreements</b>				
Brownfields Assessment Community-Wide	66.818	N/A	-	<u>22,196</u>
<b>TOTAL ENVIRONMENTAL PROTECTION AGENCY (EPA)</b>			<u>-</u>	<u>16,755,298</u>

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<b><u>U.S. DEPARTMENT OF ENERGY (DOE)</u></b>				
<b>Weatherization Assistance for Low-Income Persons</b>				
Pass-Through Maryland State Department of Housing and Community Development				
DOE Weatherization	81.042	R340649	\$ -	\$ 223,246
<b>TOTAL U.S. DEPARTMENT OF ENERGY (DOE)</b>			<u>-</u>	<u>223,246</u>
<b><u>U.S. DEPARTMENT OF EDUCATION (ED)</u></b>				
<i>Special Education Cluster (IDEA)</i>				
<b>Special Education Grants to States</b>				
Pass-Through Maryland State Department of Education				
Special Education Grants to States	84.027	Unknown	-	1,889,678
<i>Total Special Education Cluster (IDEA)</i>				<u>1,889,678</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION (ED)</b>			<u>-</u>	<u>1,889,678</u>
<b><u>INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)</u></b>				
<b>Grants to States</b>				
Pass-Through Maryland State Department of Education				
Ask Us Now - MD Ask Us Now	45.310	Unknown	-	96,915
<b>TOTAL INSTITUTE OF MUSEUM AND LIBRARY SERVICES (IMLS)</b>			<u>-</u>	<u>96,915</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u></b>				
<b>Project Grants and Cooperative Agreements for Tuberculosis Control Programs</b>				
Tuberculosis Elimination and Laboratory	93.116	N/A	-	36,400
Tuberculosis Elimination and Laboratory	93.116	N/A	-	(8)
<b>Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs</b>				<u>36,392</u>
<b>Accountable Health Communities</b>				
Reservoir Hill Improvement	93.650	N/A	-	88,291
<b>Injury Prevention and Control Research and State and Community Based Programs</b>				
Operation Safe Kids	93.136	N/A	-	327,028
Operation Safe Kids	93.136	N/A	-	9,869
<b>Total Injury Prevention and Control Research and State and Community Based Programs</b>				<u>336,897</u>
<b>Substance Abuse and Mental Health Services Projects of Regional and National Significance</b>				
ReCAST W Balto Empower Comm-Maternal and Child Health-HCAM	93.243	N/A	-	551,248
<b>Teenage Pregnancy Prevention Program</b>				
Office of Adolescent Health Teen Pregnancy Prevention (TPPP)	93.297	N/A	-	(20,629)
Office of Adolescent Health Teen Pregnancy Prevention (TPPP)	93.297	N/A	-	82,053
Office of Adolescent Health Teen Pregnancy Prevention (TPPP)	93.297	N/A	1,033,665	1,567,820
<b>Total Teenage Pregnancy Prevention Program</b>				<u>1,629,244</u>
<b>Head Start</b>				
CAA Children's Services - Head Start FY2018	93.600	N/A	7,064,486	7,957,727

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<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)</b>				
<b>Head Start (continued)</b>				
Early Head Start	93.600	N/A	\$ -	\$ 599,836
<b>Total Head Start</b>				<u>8,557,563</u>
<b>HIV Emergency Relief Project Grants</b>				
HIV Emergency	93.914	N/A	13,604,425	16,288,090
Ryan White II - A - Minority AIDS	93.914	N/A	1,436,970	<u>1,557,814</u>
<b>Total HIV Emergency Relief Project Grants</b>				<u>17,845,904</u>
<b>HIV Prevention Activities_Health Department Based</b>				
Comprehensive HIV Prevention Project	93.940	N/A	-	6,382
Comprehensive HIV Prevention Project	93.940	N/A	2,149,663	4,733,798
HIV Infections for MSM and Transgender	93.940	N/A	3,052,754	3,267,252
HIV Infections for MSM and Transgender	93.940	N/A	-	289,555
HIV Infections for MSM of Color	93.940	N/A	1,519,248	1,929,486
Pass-Through Maryland Department of Health Partnership for Care	93.940	AD 714 PFC	-	<u>(168,186)</u>
<b>Total HIV Prevention Activities_Health Department Based</b>				<u>10,058,287</u>
<b>Family Planning_Service Delivery Improvement Research Grants</b>				
Family Planning Research	93.974	N/A	-	1,001,151
<b>Preventive Health Services_Sexually Transmitted Diseases Control Grants</b>				
Sexually Transmitted Disease Control Program	93.977	N/A	623,413	1,310,309
Sexually Transmitted Disease Surveillance Network	93.977	N/A	193,432	197,282
Sexually Transmitted Disease Surveillance Network	93.977	N/A	-	(449)
Pass-Through Maryland State Department of Health Sexually Transmitted Disease/HIV Partner Counseling & Referral Services (PCRS)	93.977	CH 051 STD	203,886	<u>485,944</u>
<b>Total Preventive Health Services_Sexually Transmitted Diseases Control Grants</b>				<u>1,993,086</u>
<b>Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants</b>				
Community Approaches Reducing STDs	93.978	N/A	57,064	57,153
Community Approaches Reducing STDs	93.978	N/A	-	<u>322,546</u>
<b>Total Preventive Health Services_Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants</b>				<u>379,699</u>
<b>Special Programs for the Aging_Title VII, Chapter 2_Long Term Care</b>				
<b>Ombudsman Services for Older Individuals</b>				
Pass-Through Maryland State Department of Aging Title VII Older Americans Act Ombudsman/Elder Abuse FY2018	93.042	AAA-3-24-003	-	54,247
<b>Special Programs for the Aging_Title III, Part D_Disease Prevention and Health Promotion Services</b>				
Title IIID Disease Prevention and Health Promotion Services	93.043	AAA-3-24-003	-	48,462

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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
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)</b>				
<i>Aging Cluster</i>				
<b>Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers</b>				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AAA-3-24-003	\$ 443,247	\$ 935,203
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	AAA-3-24-003	-	172,077
<b>Total Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers</b>				<u>1,107,280</u>
<b>Special Programs for the Aging, Title III, Part C, Nutrition Services</b>				
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003	-	12,960
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003	-	1,343,615
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003	-	404,665
<b>Total Special Programs for the Aging, Title III, Part C, Nutrition Services</b>				<u>1,761,240</u>
<b>Nutrition Services Incentive Program (NSIP)</b>				
Nutrition Services Incentive Program (NSIP)	93.053	AAA-3-24-003	-	646,572
<i>Total Aging Cluster</i>				<u>3,515,093</u>
<b>Special Programs for the Aging, Title IV, and Title II, Discretionary Projects</b>				
Senior Medicare Patrol	93.048	Unknown	-	27,121
<b>National Family Caregiver Support, Title III, Part E</b>				
Older Americans Act Title IIIE FY2018	93.052	AAA-3-24-003	24,400	457,176
<b>State Health Insurance Program (SHIP)</b>				
Senior Health Insurance Program (SHIP) FY2015	93.324	Unknown	-	5,814
Senior Health Insurance Program (SHIP) FY2016	93.324	ST-2515-003	-	(9,132)
Senior Health Insurance Program (SHIP) FY2017	93.324	ST-2515-003	-	29,276
<b>Total State Health Insurance Program (SHIP)</b>				<u>25,958</u>
<b>Public Health Emergency Preparedness</b>				
Pass-Through Maryland State Department of Health				
Public Health Emergency Preparedness (PHER) Zika Supplemental	93.069	PR 075 PHP	-	16,033
Public Health Emergency Preparedness (PHER)	93.069	Unknown	-	4,831
Public Health Emergency Preparedness (PHER)	93.069	CH 831 PHP	68,843	339,413
<b>Total Public Health Emergency Preparedness</b>				<u>360,277</u>
<b>Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements</b>				
PHEP Ebola Supplemental	93.074	PR 051 PHP	-	313
<b>Affordable Care Act (ACA) - Personal Responsibility Education Program</b>				
ACA - Personal Responsibility Education Program	93.092	FHB 66 PRE	-	(29,895)
ACA - Personal Responsibility Education Program	93.092	FHB 66 PRE	202,423	443,118
<b>Total Affordable Care Act (ACA) - Personal Responsibility Education Program</b>				<u>413,223</u>

CITY OF BALTIMORE

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)</b>				
<b>Family Planning Services</b>				
Enhance Quality Family Planning	93.217	FHF 14 EPP	\$ -	\$ 18,528
Reproductive Health/Family Planning	93.217	Unknown	-	578,902
Reproductive Health/Family Planning	93.217	FH 201 FFP	-	(1,079)
Routine HIV Testing	93.217	FHD 12 HIV	-	(84,206)
<b>Total Family Planning Services</b>				512,145
<b>ACA - Abstinence Education Program</b>				
ACA - Abstinence Education Program	93.235	FHE 41 ABS	-	(30,469)
ACA - Abstinence Education Program	93.235	FH 807 ABS	58,448	232,186
<b>Total ACA - Abstinence Education Program</b>				201,717
<b>Immunization Cooperative Agreements</b>				
Baltimore City Immunization Program FY2016	93.268	CH 054 IMM	-	(219,746)
Baltimore City Immunization Program FY2018	93.268	CH 054 IMM	-	752,427
Immunization - Hepatitis B FY2016	93.268	CH 350 IMM	-	189,537
Immunization - Hepatitis B FY2018	93.268	CH 350 IMM	-	(29,857)
<b>Total Immunization Cooperative Agreements</b>				692,361
<b>Adult Viral Hepatitis Prevention and Control</b>				
Community Based Program to Test & Cure Hepatitis C	93.270	AD 712 HCV	32,809	156,800
<i>Maternal, Infant, and Early Childhood Home Visiting Cluster</i>				
<b>ACA Maternal, Infant, and Early Childhood Home Visiting Program</b>				
Home Visiting Planning	93.505	FHB 64 HVP	-	1,789,876
MIEC Intake Expansion Grant	93.505	FHC 69 CHS	228,057	1,029,347
<b>Total ACA Maternal, Infant, and Early Childhood Home Visiting Program</b>				2,819,223
<i>Total Maternal, Infant, and Early Childhood Home Visiting Cluster</i>				
				2,819,223
<b>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)</b>				
Actions to Prevent Obesity, Diabetes, Heart Disease	93.757	FHC 25 ODH	63,252	536,708
<b>Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)</b>				
Maryland Million Hearts Initiative	93.758	FHD 19 MMH	-	(5,337)
<b>Children's Health Insurance Program</b>				
Administrative Care Coordination	93.767	MA 005 EPS	1,248,100	1,480,246
Administrative Care Coordination	93.767	MA 005 EPS	-	40,169
Administrative Care Coordination	93.767	MA 005 EPS	-	(18,615)
PWC Eligibility	93.767	MA 157 ACM	2,020,755	2,086,938
<b>Total Children's Health Insurance Program</b>				3,588,738



CITY OF BALTIMORE

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)</b>				
<i>Medicaid Cluster</i>				
<b>Medical Assistance Program</b>				
Administrative Care Coordination	93.778	MA 005 EPS	\$ -	\$ 166
General Transportation Services	93.778	MA 365 GTS	-	10,726,211
General Transportation Services	93.778	MA 365 GTS	-	146
H2H Money Follows The Person	93.778	Unknown	-	28,129
Healthy Start Program - Expanded ACC	93.778	MA 411 HSP	810,106	846,219
PWC Eligibility	93.778	MA 157 ACM	-	(417)
<b>Total Medical Assistance Program</b>				<u>11,600,454</u>
<i>Total Medicaid Cluster</i>				11,600,454
<b>Opioid STR</b>				
Opioid Rapid Response	93.788	Unknown	-	386,148
<b>HIV Care Formula Grants</b>				
Ryan White B - Consortia Services	93.917	AD 419 RWS	3,201,886	3,400,328
<b>Maternal and Child Health Services Block Grant to the States</b>				
CORE Public Health Services	93.994	CH 560 CFT	-	608,511
Improved Pregnancy Outcome FY2017	93.994	FH 892 IPO	-	(29,139)
Improved Pregnancy Outcome FY2018	93.994	FH 892 IPO	-	247,618
MCH - Lead Hazard Reduction Program	93.994	FHC 84 LPO	-	442,604
Medical Home Project	93.994	CH 929 MHP	-	25,000
Healthy Homes	93.994	Unknown	-	125
Surveillance and Quality Improvement	93.994	FHD 62 SQI	-	<u>60,022</u>
<b>Total Maternal and Child Health Services Block Grant to the States</b>				1,354,741
<b>Childhood Lead Poisoning Prevention Projects State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children</b>				
Pass-Through Maryland State Department of the Environment Community Based Childhood Lead Poisoning	93.197	Unknown	-	441,031
<i>TANF Cluster</i>				
<b>Temporary Assistance for Needy Families (TANF)</b>				
Pass-Through Maryland State Department of Human Services Workforce Services for TANF Recipients/Family Investment	93.558	Unknown	-	2,632,212
DSS - Summer Youth Employment Program	93.558	Unknown	-	<u>2,215,771</u>
<b>Total Temporary Assistance for Needy Families (TANF)</b>				<u>4,847,983</u>
<i>Total TANF Cluster</i>				
<b>Refugee and Entrant Assistance Targeted Assistance Grants</b>				
Pass-Through Maryland State Department of Human Services Refugee Targeted Assistance	93.584	Unknown	-	520
Refugee Targeted Assistance	93.584	Unknown	-	<u>81,743</u>
<b>Total Refugee and Entrant Assistance Targeted Assistance Grants</b>				82,263
<b>Child Support Enforcement</b>				
Pass-Through Maryland State Department of Human Services Cooperative Reimbursement - Child Support Enforcement	93.563	Unknown	-	208,404

**CITY OF BALTIMORE**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS) (continued)</u></b>				
<b>Low-Income Home Energy Assistance</b>				
Pass-Through Maryland State Department of Human Services				
OHEP - MEAP FY2016	93.568	CSA/EA-07/04-30	-	311
OHEP - MEAP FY2017	93.568	CSA/EA-07/04-30	-	200,683
OHEP - MEAP FY2018	93.568	CSA/EA-07/04-30	-	1,625,110
<b>Total Low-Income Home Energy Assistance</b>				1,826,104
<b>Community Services Block Grant</b>				
Pass-Through Maryland State Department of Housing and Community Development				
Community Services Block Grant FY2010	93.569	Unknown	\$ -	\$ 207
Community Services Block Grant FY2018	93.569	Unknown	-	2,561,448
<b>Total Community Services Block Grant</b>				2,561,655
<b>Block Grants for Prevention and Treatment of Substance Abuse</b>				
Pass-Through Behavioral Health Systems Baltimore				
Alcohol Assessment Unit FY2018	93.959	Unknown	-	473,282
Forensic Alternative Services Team (FAST)	93.959	Unknown	-	621,119
Pass-Through Maryland State Department of Health				
Overdose Educational Naloxone Distribution Program	93.959	AS 402 ODN	-	33,159
<b>Total Block Grants for Prevention and Treatment of Substance Abuse</b>				1,127,560
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</b>			39,341,331	83,718,657
<b><u>CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE (CNCS)</u></b>				
<b>Retired and Senior Volunteer Program</b>				
Retired and Senior Volunteer Program FY2017	94.002	N/A	-	(1,021)
Retired and Senior Volunteer Program FY2018	94.002	N/A	-	58,123
<b>Total Retired and Senior Volunteer Program</b>				57,102
<i>Foster Grandparent/Senior Companion Cluster</i>				
<b>Senior Companion Program</b>				
Senior Companion Program FY2018	94.016	N/A	-	158,946
<i>Total Foster Grandparent/Senior Companion Cluster</i>				158,946
<b>TOTAL CORPORATION FOR NATIONAL &amp; COMMUNITY SERVICE (CNCS)</b>			-	216,048
<b><u>EXECUTIVE OFFICE OF THE PRESIDENT (EOP)</u></b>				
<b>High Intensity Drug Trafficking Areas Program (HIDTA)</b>				
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	N/A	-	70,744
High Intensity Drug Trafficking Areas Program (HIDTA)	95.001	N/A	-	140,770
<b>Total High Intensity Drug Trafficking Areas Program (HIDTA)</b>				211,514
<b>TOTAL EXECUTIVE OFFICE OF THE PRESIDENT (EOP)</b>			-	211,514
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u></b>				
<b>Staffing for Adequate Fire and Emergency Response Grant</b>				
Staffing for Adequate Fire and Emergency Response Grant	97.083	N/A	-	1,905,129
<b>Homeland Security Grant Program</b>				
FY18 Active Assailant Grant	97.067	N/A	-	34,790

**CITY OF BALTIMORE**

**Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2018**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS) (continued)</b>				
<b>Homeland Security Grant Program (continued)</b>				
Pass-Through Maryland Emergency Management Agency				
FY2013 Urban Area Security Initiative (UASI)	97.067	Unknown	\$ -	\$ (4,368)
FY2015 Urban Area Security Initiative (UASI)	97.067	Unknown	-	561,631
FY2016 State Homeland Security Grant Program	97.067	Unknown	-	181,615
FY2016 Urban Area Security Initiative (UASI)	97.067	Unknown	-	299,816
Homeland Security FY2015	97.067	Unknown	-	117,019
Homeland Security Grant Program	97.067	Unknown	-	8,320
Homeland Security Grant Program	97.067	Unknown	-	26,573
Homeland Security Grant Program	97.067	Unknown	-	787
Homeland Security Grant Program	97.067	Unknown	-	34,522
<b>Total Homeland Security Grant Program</b>				<b>1,260,705</b>
Pass-Through Maryland Emergency Management Agency				
<b>Non-Profit Security Program</b>				
Urban Area Security Initiative (UASI)	97.008	Unknown	-	106
Urban Area Security Initiative (UASI)	97.008	Unknown	-	(177)
<b>Total Non-Profit Security Program</b>				<b>(71)</b>
<b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</b>			<b>-</b>	<b>3,165,763</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 68,255,054</b>	<b>\$ 215,050,493</b>

## **CITY OF BALTIMORE**

### **Notes to the Schedule of Expenditures of Federal Awards Year Ended June 30, 2018**

#### **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, 2018. 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, 2018

### 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

Highway Planning and Construction Qualified

Children's Health Insurance Program Qualified

HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B) Qualified

Medical Assistance Program 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, 2018**

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

**Identification of Major Programs**

<u>Name of Federal Major Programs</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
<b>US Department of Housing and Urban Development</b>		
Home Investment Partnerships Program	14.239	\$ 5,314,846
<b>US Department of Transportation</b>		
Highway Planning and Construction	20.205	36,503,638
<b>US Environmental Protection Agency</b>		
Capitalization Grants for Clean Water State Revolving Funds	66.458	10,223,464
Capitalization Grants for Drinking Water State Revolving Funds	66.468	6,509,638
<b>US Department of Health and Human Services</b>		
Temporary Assistance for Needy Families (TANF)	93.558	4,847,983
Head Start	93.600	8,557,563
Children's Health Insurance Program (CHIP)	93.767	3,588,738
HIV Care Formula Grants (Ryan White HIV/AIDS Program Part B)	93.917	3,400,328
Medical Assistance Program (Medicaid Cluster)	93.778	11,600,454
Low-Income Home Energy Assistance	93.568	1,826,104
<b>Total</b>		<b><u>\$ 92,372,756</u></b>

**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 2018-001 through 2018-005

**Section III                 Federal Awards Findings and Questioned Costs**  
See findings 2018-006 through 2018-044

**Section IV                 Summary Schedule of Prior Year Findings**  
See findings 2017-001 through 2017-023  
See finding 2016-017



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**SECTION II – FINANCIAL STATEMENT FINDINGS**

# CITY OF BALTIMORE

## Schedule of Findings and Questioned Costs Year Ended June 30, 2018

<b>Finding No.</b>	<b>CFDA No.</b>	<b>Funding Department</b>	<b>Title of Finding</b>
<b>Financial Statement Findings:</b>			
<b>Material Weaknesses:</b>			
2018-001	All	All	Material Weakness over Grant Accounting Function
2018-002	All	All	Material Weakness over Financial Reporting Function
2018-003	All	All	Material Weakness over Payroll Timekeeping Function
2018-004	All	All	Material Weakness over Water and Wastewater Billing Function
2018-005	All	All	Material Weakness over Fixed Assets Accounting
<b>Findings and Questioned Costs:</b>			
<b>Material Weaknesses:</b>			
2018-010	14.239	U.S. Department of Housing and Urban Development	Material Weakness over Loans and Loan Guarantees
2018-011	20.205	U.S. Department of Transportation	Material Weakness over Procurement and Suspension and Debarment
2018-016	66.458	U.S. Environmental Protection Agency	Material Weakness over Procurement and Suspension and Debarment
2018-018	66.458	U.S. Environmental Protection Agency	Material Weakness over Loans and Loan Guarantees
2018-020	66.468	U.S. Environmental Protection Agency	Material Weakness over Procurement and Suspension and Debarment
2018-022	66.468	U.S. Environmental Protection Agency	Material Weakness over Loans and Loan Guarantees
2018-025	93.767	U.S. Department of Health and Human Services	Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)
2018-026	93.767	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2018-027	93.767	U.S. Department of Health and Human Services	Material Weakness over Eligibility
2018-029	93.767	U.S. Department of Health and Human Services	Material Weakness over Subrecipient Monitoring
2018-030	93.917	U.S. Department of Health and Human Services	Material Weakness over Eligibility
2018-032	93.917	U.S. Department of Health and Human Services	Material Weakness over Procurement and Suspension and Debarment
2018-033	93.917	U.S. Department of Health and Human Services	Material Weakness over Reporting
2018-034	93.917	U.S. Department of Health and Human Services	Material Weakness over Subrecipient Monitoring
2018-035	93.917	U.S. Department of Health and Human Services	Material Weakness over Health Insurance Portability and Accountability Act of 1996 (HIPAA)
2018-036	93.600	U.S. Department of Health and Human Services	Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle (Payroll)
2018-037	93.778	U.S. Department of Health and Human Services	Material Weakness over Activities Allowed or Unallowed and Allowable Costs/Cost Principle
2018-038	93.778	U.S. Department of Health and Human Services	Material Weakness over Cash Management
2018-039	93.778	U.S. Department of Health and Human Services	Material Weakness over Eligibility
2018-040	93.778	U.S. Department of Health and Human Services	Material Weakness over Period of Performance
2018-041	93.778	U.S. Department of Health and Human Services	Material Weakness over Procurement and Suspension and Debarment
2018-042	93.778	U.S. Department of Health and Human Services	Material Weakness over Reporting
2018-043	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, 2018

<u>Finding No.</u>	<u>CFDA No.</u>	<u>Funding Department</u>	<u>Title of Finding</u>
<b>Findings and Questioned Costs:</b> (continued)			
<b>Significant Deficiencies:</b>			
2018-008	14.239	U.S. Department of Housing and Urban Development	Significant Deficiency in Compliance and Internal Control over Period of Performance
2018-015	66.458	U.S. Environmental Protection Agency	Significant Deficiency in Compliance and Internal Control over Period of Performance
2018-017	66.458	U.S. Environmental Protection Agency	Significant Deficiency in Compliance and Internal Control over Special Test – American Iron and Steel
2018-019	66.468	U.S. Environmental Protection Agency	Significant Deficiency in Compliance and Internal Control over Period of Performance
2018-021	66.468	U.S. Environmental Protection Agency	Significant Deficiency in Compliance and Internal Control over Special Test – American Iron and Steel
2018-028	93.767	U.S. Department of Health and Human Services	Significant Deficiency in Compliance and Internal Control over Reporting
2018-031	93.917	U.S. Department of Health and Human Services	Significant Deficiency in Compliance and Internal Control over Period of Performance
<b>Control Deficiencies:</b>			
2018-006	All	All	Compliance and Internal Control Deficiency over Schedule of Expenditures of Federal Awards (SEFA) Reporting
2018-007	14.239	U.S. Department of Housing and Urban Development	Internal Control Deficiency over Eligibility
2018-009	14.239	U.S. Department of Housing and Urban Development	Compliance and Internal Control Deficiency over Reporting
2018-012	20.205	U.S. Department of Transportation	Compliance and Internal Control Deficiency over Special Test - Project Approvals
2018-013	20.205	U.S. Department of Transportation	Compliance and Internal Control Deficiency over Special Test - Wage Rate Requirements
2018-014	20.205	U.S. Department of Transportation	Compliance and Internal Control Deficiency over Special Test – Administration of Engineering and Design-Related Service Contrac
2018-023	93.568	U.S. Department of Health and Human Services	Compliance and Internal Control Deficiency over Cash Management
2018-024	93.568	U.S. Department of Health and Human Services	Significant Deficiency in Compliance and Internal Control over Eligibility
2018-044	All	All	Compliance and Internal Control Deficiency over Reporting of Data Collection Form

# CITY OF BALTIMORE

## Schedule of Findings and Questioned Costs Year Ended June 30, 2018

### Finding 2018-001

**Programs:** All

### 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.

***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.

***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, 2018**

**Finding 2018-001** (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, 2018**

#### **Finding 2018-002**

**Programs:** All

#### **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.

##### ***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 2018 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, 2018.

##### ***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.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-002 (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, 2018**

**Finding 2018-003**

**Programs:** All

**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.

***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 program may not be maintained and approved.

***Recommendation:***

We strongly recommend the City to develop a formal written procedure to develop timekeeping procedures that would ensure proper approval and storage of timekeeping information. We also suggest that City to 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, 2018**

#### **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.

***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.

***Recommendation:***

We strongly recommend the City to 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, 2018**

#### **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.

***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 \$86 million adjustment to reduce capital assets being depreciated for the year ended June 30, 2018.

***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.

**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, 2018**

**Finding 2018-006**

**Programs:** All

**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.

***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, 2018

#### Finding 2018-006 (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 2018 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, 2018**

**Finding 2018-006 (continued)**

***Recommendation:***

We recommend that Finance establishes 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, 2018**

**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: No**

***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.

***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).

***Cause:***

The City did not reconcile amounts reported in the internal tracking report to the underlying participants' application.

***Effect:***

Participant's application is not reviewed for accuracy before being entered into the internal tracking report, which increases risk of inaccurate information in the report for eligibility determination and management oversight.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City provide training to employees to emphasize the importance of adequate documentation and consistency of information being tracked of the applications review and approval or denial of the participant.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-007 (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, 2018**

**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.

***Criteria:***

The Uniform Guidance 2 CFR 200 (section 3.2-H-1), requires that a non-Federal entity charges services to the correct period of performance.

Per the Uniform Guidance:

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 (2 CFR section 200.309).

Unless the Federal awarding agency or pass-through entity authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award (2 CFR section 200.343(b)). When used in connection with a non-Federal entity's utilization of funds under a Federal award, "obligations" means orders placed for property and services, contracts and subawards made, and similar transactions during a given period that require payment by the non-Federal entity during the same or a future period (2 CFR section 200.71).

***Cause:***

The City did not have proper controls in place to ensure that invoices were recorded to the correct fiscal year and period of performance for the services performed.

***Effects:***

The City is not in compliance with Federal requirements for the HOME program.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-008** (continued)

***Questioned Costs:***

Unknown. The cost of the 5 exceptions totaled \$4,433.14.

***Recommendation:***

We recommend that management incorporate controls to ensure that the City charges services to the correct period of performance.

***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, 2018**

**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: No**

***Condition:***

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

***Criteria:***

The Uniform Guidance and 24 CFR sections 135.3(a)(1) and 135.90 require each recipient that administers covered public and Indian housing assistance, regardless of the amount expended, and each recipient that administers covered housing and community development assistance in excess of \$200,000 in a program year, must submit HUD 60002 information using the automated Section 3 Performance Evaluation and Registry System (SPEARS).

***Cause:***

The City does not have procedures in place to ensure that Form HUD 60002 is completed and submitted timely in accordance with Federal reporting requirements.

***Effect:***

The City did not file the Form HUD 60002 for the year ended June 30, 2018 within the required time frame. Timely submission of this report is a requirement.

***Questioned Costs:***

None.

***Recommendation:***

We recommend DHCD establish and implement controls to submit the reports timely.

***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, 2018**

**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: 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.

***Criteria:***

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, 2017 and 2018.

***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:***

Unknown.

***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, 2018**

**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: No**

***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.

***Criteria:***

In accordance with 2 CFR section 200.317 management is supposed to have policies and procedures in place to be able to ascertain if the State's laws and procedures were followed and that the policies and procedures used were the same as for non-Federal funds. In addition, per 2 CFR section 200.318(c) and 48 CFR sections 52.203-13 and 52.303-16, management is supposed to have written standards of conduct that cover conflicts of interest and govern the performance of its employees engaged in the selection, award, and administration of contracts.

***Cause:***

The City did not have controls in place to sufficiently maintain proper documentation to verify that procurement was completed in accordance with requirements of the grant.

***Effect:***

The City is not in compliance with the procurement requirements.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-011 (continued)**

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the City establish and implement controls to maintain compliance with procurement requirements, and provide training to employees on the Federal procurement requirements.

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

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

***Auditor's Conclusion:***

Department of Transportation did not provide documentation for items discussed in the corrective action plan. Finding remains as stated.



**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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: No**

***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.

***Criteria:***

In accordance with 2 CFR section 200, FHWA project approval/authorization to proceed is required before costs are incurred for all phases or projects, except for certain property acquisition costs permitted under 23 USC 108, certain emergency repair work under 23 USC 125, and preliminary engineering under Section 1440 of the FAST Act (23 USC 121 note). Based on the Stewardship and Oversight agreement between the State DOT and the FHWA Division office, projects may be authorized under the authority in 23 USC 106(c), which allows the State DOT to assume responsibilities for designs, plans, specifications, estimates, contract awards, and inspection of progress. When FHWA authorizes a construction project or phase in a project agreement, the State DOT may incur costs, i.e., advertise for bids or use force account work (23 CFR sections 630.205(c), 635.112(a), 635.204, and 635.309).

***Cause:***

The City did not provide documentation to support that project activities were started after required Federal approvals.

***Effect:***

The City did not comply with Uniform Guidance which requires projects financed with this grant must be approved by the FHWA before costs are incurred for all phases or projects, except for certain property.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City implement proper controls to obtain and maintain FHWA's approval for all projects before advertising and contract of force work costs are incurred.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-012** (continued)

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

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

***Auditor's Conclusion:***

Management did not have documentation of the justification for these projects not needing authorization. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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: No**

***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.

***Criteria:***

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).

***Cause:***

The City did not have proper controls in place to ensure that certified payroll was signed by authorized personnel and that overtime was being paid correctly by contractors. Additionally, the City did not have proper controls in place to identify unapproved subcontractors were being used.

***Effect:***

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

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-013** (continued)

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City implement a proper control 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, 2018

#### 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: No

##### *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.

##### *Criteria:*

According to the Uniform Guidance, Special test and Provision, Quality Assurance Compliance, generally, State DOTs and LPAs must use qualifications-based selection procedures (Brooks Act) when acting as contracting agencies to procure engineering and design-related services from consultants and sub-consultants for projects using Federal-aid highway funds (23 USC 112(b)(2); 23 CFR part 172). Requirements applicable to engineering and design-related services contracts include:

- a. Contracting agencies (State DOTs and LPAs) must have written policies and procedures for each method of procurement used to procure engineering and design services. State DOT policies and procedures, or recipient LPA policies and procedures, must be approved by FHWA. LPAs that are subrecipients may adopt written policies and procedures prescribed by the awarding State DOT or prepare and maintain their own written policies and procedures approved by the State DOT (23 CFR section 172.5(c)).
- b. Contracting agencies (State DOTs and LPAs) are required to accept the indirect cost rates for consultants and sub-consultants that have been established by a cognizant agency in accordance with the Federal Acquisition Regulation (48 CFR part 31) for 1-year applicable accounting periods, if such rates are not currently under dispute. Consultants and sub-consultants providing engineering and design-related services contracts must certify to contracting agencies that costs used to establish indirect cost rates are in compliance with the applicable cost principles contained in the Federal Acquisition Regulation (48 CFR part 31) by submitting a “Certificate of Final Indirect Costs” (23 USC 112(b)(2)(C); 23 CFR section 172.11).
- c. Contracts for a consultant to act in a management support role on behalf of a contracting agency or subrecipient for engineering or design related services must be approved by FHWA before the consultant is hired, unless an alternative approval procedure has been approved by FHWA (23 CFR section 172.7(b)(5)).

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-014 (continued)**

***Cause:***

The City was unable to provide documentation to support that the procurement policy was approved by FHWA or Maryland State Department of Transportation.

***Effect:***

The City failed to comply with Uniform Guidance, Special Test and Provision requirement Section 9, Administration of Engineering and Design-Related Service Contracts.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend management to implement controls to ensure all the Uniform Guidance requirements outlined for this grant are met and proper documentation is retained.

***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, 2018**

**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.

***Criteria:***

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:***

The City did not have proper controls in place to ensure that transactions were recorded to the correct fiscal year and period of performance for the services performed.

***Effect:***

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

***Questioned Costs:***

Unknown. The 4 selections made totaled \$3,530,000.

***Recommendation:***

We recommend the City establish and implement controls to maintain compliance with period of performance compliance requirements.

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

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

***Auditor's Conclusion:***

The transactions occurred outside of the period of the Schedule. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***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 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, 2018**

**Finding 2018-016 (continued)**

***Effect:***

The City is not in compliance with the procurement and suspension and debarment requirement for the Clean 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. We also recommend that the City develops policies and procedures to ensure adequate and consistent documentation of advertising and evaluation of criteria is maintained.

***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, 2018**

**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.

***Criteria:***

Pursuant to Pub. L. No. 113-76, Consolidated Appropriations Act, 2014, Section 436, requires that, unless exempted by the Administrator of the Environmental Protection Agency, all iron and steel products used for a Clean Water State Revolving Fund (CWSRF) project for the construction, alteration, maintenance or repair of treatment work are produced in the United States.

***Cause:***

The City did not provide nor maintain documentation to support whether all iron and steel products used for the CWSRF projects, including the construction, alteration, maintenance or repair of treatment work, were produced in the United States.

***Effect:***

The City is not in compliance with the EPA's American Iron and Steel special testing requirements.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the City establish and implement monitoring to ensure that all contractors provide a documentation to support the iron and steel products used for the CWSRF projects are produced in the United States.

***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, 2018**

**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.

***Criteria:***

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, 2017 and 2018.

***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:***

Unknown.

***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.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-018 (continued)**

***Auditor's Conclusion:***

Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***Criteria:***

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:***

The City did not have proper controls in place to ensure that transactions were recorded to the correct fiscal year and period of performance for the services performed.

***Effect:***

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

***Questioned Costs:***

Unknown. The 4 selections made totaled \$3,530,000.

***Recommendation:***

We recommend the City establish and implement controls to maintain compliance with period of performance compliance requirements.

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

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

***Auditor's Conclusion:***

The transactions occurred outside of the period of the Schedule. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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: 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.

***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 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, 2018**

**Finding 2018-020 (continued)**

***Effect:***

The City is not in compliance with the procurement and suspension and debarment requirement for the Clean 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. We also recommend that the City develops policies and procedures to ensure adequate and consistent documentation of advertising and evaluation of criteria is maintained.

***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, 2018**

**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.

***Criteria:***

Pursuant to Pub. L. No. 113-76, Consolidated Appropriations Act, 2014, Section 436, requires that, unless exempted by the Administrator of the Environmental Protection Agency, all iron and steel products used for a Clean Water State Revolving Fund (CWSRF) project for the construction, alteration, maintenance or repair of treatment work are produced in the United States.

***Cause:***

The City did not provide nor maintain documentation to support whether all iron and steel products used for the CWSRF projects, including the construction, alteration, maintenance or repair of treatment work, were produced in the United States.

***Effect:***

The City is not in compliance with the EPA's American Iron and Steel special testing requirements.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the City establish and implement monitoring to ensure that all contractors provide a documentation to support the iron and steel products used for the CWSRF projects are produced in the United States.

***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, 2018**

**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: 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.

***Criteria:***

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, 2017 and 2018.

***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:***

Unknown.

***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.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-022 (continued)**

***Auditor's Conclusion:***

Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***Criteria:***

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 to adhere to the cash management requirements under Uniform Guidance.

***Effect:***

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

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City comply with financial reporting requirements including those related to the cash management and drawdown requests.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-023** (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, 2018**

**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.

***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).

***Cause:***

The City misplaced support documentation and did not have backup process to ensure all applications are approved.

***Effect:***

The City is not in compliance with the documentation standards for eligibility under Uniform Guidance.

***Questioned Costs:***

Unknown.

***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, 2018**

**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 GL support detailing the personnel that were charged to 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 charged were based on actual work performed on the grant.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-025 (continued)**

***Effect:***

The City is not in compliance with the activities allowed and allowable costs (payroll) requirement for CHIP. 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, 2018

#### 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.

#### *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:*

The City was unable to provide documentation to support that they are in compliance with cash management requirements.

#### *Effect:*

The City is not in compliance with cash management requirements.



**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-026** (continued)

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend management to implement controls to ensure general ledger detail to support costs included in the reimbursement requests are consistently retained in their records.

***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, 2018**

**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.

***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 42 U.S. Code § 1397jj the term child means an individual under 19 years of age.

***Cause:***

The City did not have adequate controls over the eligibility process, therefore participants outside the eligible age range were given coverage.

***Effect:***

The City is not in compliance with the eligibility requirements for CHIP.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City implement controls over the eligibility process and provide training to employees on the eligibility requirements for CHIP.

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

Management disagrees 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, 2018**

**Finding 2018-027 (continued)**

***Auditor's Conclusion:***

BCHD did not provide documentation from the Federal government supporting the claim concerning the expansion of the program. Finding remains as stated.

## **CITY OF BALTIMORE**

### **Schedule of Findings and Questioned Costs Year Ended June 30, 2018**

#### **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.

***Criteria:***

The Omni Circular and 45 CFR Part 75 require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements.

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

***Cause:***

The City did not maintain general ledger documentation to support the information reported in the Form 440.

***Effect:***

The City may have incorrectly reported expenditures on the Form.

***Questioned Costs:***

None.

***Recommendation:***

We recommend the City establish and implement controls to maintain adequate documentation to support expenditures included in all financial reports.

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

Management disagrees 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, 2018**

**Finding 2018-028** (continued)

***Auditor's Conclusion:***

BCHD provided general ledger detail that did not agree to the amounts reported in the Form 440. No reconciliation was provided so it could not be determined that the Form 440s were complete, accurate, and prepared in accordance with required accounting basis. Finding remains as stated.

## CITY OF BALTIMORE

### Schedule of Findings and Questioned Costs Year Ended June 30, 2018

#### 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.

##### **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 requirements included in Uniform Guidance related to procedures required for subrecipients 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.

##### **Questioned Costs:**

Unknown.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-029** (continued)

***Recommendation:***

We recommend the City establish and implement monitoring controls for CHIP 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 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, 2018**

**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.

***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:***

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 is not in compliance with the documentation standards of 2 CFR 200 and ineligible participants may have received services under this program.

***Questioned Costs:***

None.

***Recommendation:***

We recommend that the City implement procedures related to documentation retention for eligibility determinations.



**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-030** (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, 2018**

**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.

***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:***

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.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-031 (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, 2018**

**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.

***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.

***Cause:***

The City did not have proper controls to maintain documentation of the suspension and debarment search.

***Effect:***

The City is not in compliance with the procurement requirement for the HIV Care Formula Grants program.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City establish internal controls to ensure they maintain adequate documentation to support that the Federal laws and procedures were followed for procurement and 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, 2018**

**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 has not submitted Report 440. This form is used to report expenditures to the State, which are then reported to the Federal government.

***Criteria:***

The Omni Circular and 45 CFR Part 75 require that non-Federal entities receiving Federal awards establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The characteristics of internal control are presented in the context of the components of internal control discussed in *Internal Control-Integrated Framework* (COSO Report), published by the Committee of Sponsoring Organizations of the Treadway Commission. The COSO Report provides a framework for organizations to design, implement, and evaluate control that will facilitate compliance with the requirements of Federal laws, regulations, and program compliance requirements

***Cause:***

The City does not have procedures in place to ensure that Form 440 is completed and submitted timely.

***Effect:***

The City failed to report expenditures, which may have resulted in inaccurate information reported in the federal report.

***Questioned Costs:***

None.

***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, 2018**

**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.

***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 requirements included in Uniform Guidance related to procedures required for subrecipients 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.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the City establish and implement monitoring controls and prepare and maintain a written plan to monitor its subrecipients.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-034** (continued)

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

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

***Auditor's Conclusion:***

BCHD did not provide documentation that the State was taking responsibility for subrecipient monitoring. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***Criteria:***

Per 45 CFR Part 164.306 (a), covered entities and business associates must do the following: (1) Ensure the confidentiality, integrity, and availability of all electronic protected health information the covered entity or business associate creates, receives, maintains, or transmits; (2) Protect against any reasonably anticipated threats or hazards to the security or integrity of such information; (3) Protect against any reasonably anticipated uses or disclosures of such information that are not permitted or required under subpart E of this part; and (4) Ensure compliance with this subpart by its workforce.

***Cause:***

The Law Department received supporting documentation from BCHD and did not redact PII and HIPPA protected information prior to providing it through the file transfer site. The information was provided unredacted to multiple members of management and to the auditors. The City did not have documentation of the security controls surrounding the file transfer site. It is unclear whether the members of management who received the information would be otherwise authorized to review. The City did not require the auditors to sign non-disclosure agreements or other restrictive requirements to review the information.

***Effect:***

The Law Department did not ensure the confidentiality, integrity, and availability of participants' electronic protected health information.

***Questioned Costs:***

None.

***Recommendation:***

We recommend that the City complies with 45 CFR 164.306(a).



**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-035 (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, 2018**

**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.

***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 charged were based on actual work performed on the grant.

***Effect:***

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

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-036 (continued)**

***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, 2018**

**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 signed timesheet was not provided for the selected period.

***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.

## **CITY OF BALTIMORE**

### **Schedule of Findings and Questioned Costs Year Ended June 30, 2018**

#### **Finding 2018-037 (continued)**

***Cause:***

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

***Effect:***

The City is not in compliance with the activities allowed and allowable costs requirement for the Medicaid program. 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 findings. 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, 2018

#### 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.

***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:***

The City did not maintain adequate support for drawdowns, nor did the City have a process in place to reconcile drawdowns to the general ledger.

***Effect:***

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

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-038** (continued)

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend management to implement controls to ensure the general ledger detail to support costs included in the reimbursement request are consistently retained in their 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, 2018**

**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.

***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).

***Cause:***

The City did not have adequate controls over the eligibility process. The City did not have access to the web-based EVS/IVR system.

***Effect:***

The City is not in compliance with eligibility requirements.

***Questioned Costs:***

Unknown.



**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-039** (continued)

***Recommendation:***

We recommend that the City update the controls over the eligibility process and provide training to employees on the underlying eligibility requirements. We recommend that the City utilize the web-based EVS system and print screenshots when eligibility is confirmed.

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

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

***Auditor's Conclusion:***

The State telephonic system gives a confirmation number for either approvals or denials. No additional documentation was provided to support approvals. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***Criteria:***

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 and recorded in fiscal year 2018.

***Effect:***

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

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend the City to establish and implement controls to maintain compliance with period of performance compliance requirements.

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

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

***Auditor's Conclusion:***

The transactions were related to a prior contract period but charged to current year contract with no explanatory documentation. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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 is not in compliance with suspension and debarment requirements. BCHD does not have a process in place to ensure that contractors, subcontractors and individuals that enter into contractual agreements are not debarred or suspended from doing business with the Federal government.

***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.

***Cause:***

The City did not keep documentation of the suspension and debarment search.

***Effect:***

The City is not in compliance with the procurement requirement.

***Questioned Costs:***

Unknown.

***Recommendation:***

We recommend that the City 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.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-041 (continued)**

***Auditor's Conclusion:***

Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***Criteria:***

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.

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).

***Cause:***

The City did not reconcile information reported in the Form 440 to the underlying records.

***Effect:***

The City could not support the Annual Report Form 440, for the year ended June 30, 2018, as required by the State and the expenditures reported to the Federal government could be inaccurate.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-042 (continued)**

***Questioned Costs:***

None.

***Recommendation:***

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

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

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

***Auditor's Conclusion:***

BCHD provided general ledger detail that did not agree to the amounts reported in the Form 440. No reconciliation was provided so it could not be determined that the Form 440s were complete, accurate, and prepared in accordance with required accounting basis. Finding remains as stated.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**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.

***Criteria:***

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 requirements included in Uniform Guidance related to procedures required for subrecipients 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.

***Recommendation:***

We recommend the City to establish and implement monitoring 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.

**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-044**

**Programs:** All

**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.

***Criteria:***

Per 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 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).

Per 2 CFR 200.512: Report Submission. (a) General. (1) The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section must be submitted within the earlier of 30 calendar days after receipt of the auditor’s report(s), or nine months after the end of the audit period. If the due date falls on a Saturday, Sunday, or Federal holiday, the reporting package is due the next business day. (2) Unless restricted by Federal statutes or regulations, the auditee must make copies available for public inspection. Auditees and auditors must ensure that their respective parts of the reporting package do not include protected personally identifiable information.

***Cause:***

The City’s fiscal year 2018, Comprehensive Annual Financial Report (CAFR), a component of the Single Audit was not completed until March 25, 2019. The City did not have the policies and resources in place to complete to single audit timely.

***Effect:***

Finance was not in compliance with Uniform Guidance reporting requirements.

***Questioned Costs:***

None.



**CITY OF BALTIMORE**

**Schedule of Findings and Questioned Costs  
Year Ended June 30, 2018**

**Finding 2018-044 (continued)**

***Recommendation:***

We recommend that Finance creates policies and procedures to ensure that audits are started and completed in a timely fashion so the reporting package submission to the Federal government can be made in accordance with Federal guidelines.

***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.

**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, 2018**

**Finding 2017–001**

**Material Weakness over Grant Accounting Function**

**Repeat Finding: Yes 2016-001**

***Condition:***

Due to lack of formal procedures and accountability at various City 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 departments that receive grants and finance that consolidate information received from various departments and use it to assemble financial statements. Grants expenditures and grant receipts are often allocated to wrong general ledger accounts which could lead to overcharging certain grant accounts, overstating deferred revenues for other grant accounts, and improper billings of certain grants.

***2018 Status:***

Finding remains as stated. See current year 2018-001 finding.

***Updated Management Response:***

We concur with the finding. Earlier this month the City Board of Estimates approved two Enterprise Resource Planning (ERP) system contracts with Workday and Sierra Cedar. Both vendors have successful track records in implementing such systems for local governments. The new system includes an improved grant module with improved grant reporting and functionality.

In addition, the Department of Finance is reviewing our grant management policies to determine what adjustments can be made to consolidate and enforce controls established in the previously written and approved policies. We expect the update will include additional guidance on reconciliations, timing for draw downs and overall best grant management practices. We expect these two initiatives in combination with our current practices will improve our grant accounting function.

## **CITY OF BALTIMORE**

### **Summary Schedule of Prior Year Findings Year Ended June 30, 2018**

#### **Finding 2017–002**

#### **Material Weakness over Financial Reporting Function**

**Repeat Finding: 2016-002**

##### ***Condition:***

Baltimore City Finance Department (Finance) reports financial information based on the information provided and maintained by various City 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 errors. Additionally, because of the number of errors detected, information provided throughout the year may be materially incorrect.

Finance does not have the staffing 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.

##### ***2018 Status:***

Finding remains as stated. See current year 2018-002 finding.

##### ***Updated Management Response:***

We concur with the finding. As mentioned above, the City Board of Estimates approved two Enterprise Resource Planning (ERP) system contracts with Workday and Sierra Cedar. Both vendors have successful track records in implementing such systems for local governments. The new system includes improved financial reporting and functionality. In addition, the Finance Department will continue to emphasize to agencies with stand-alone financial systems that they must reconcile their monthly activity to the general ledger. We expect the combination of these two initiatives shall improve our financial reporting function.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–003**

**Material Weakness over Payroll Timekeeping Function**

**Repeat Finding: No**

***Condition:***

Various departments within City of Baltimore are responsible for proper timekeeping and storage of timekeeping information. Baltimore 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 within the compliance guidelines of certain union agreements of the City.

***2018 Status:***

Finding remains as stated. See current year 2018-003 finding.

***Updated Management Response:***

We concur with this finding. In conjunction with the implementation of the new ERP system, the City will utilize Workday's time keeping and human resources model. The Workday solution has excellent time keeping records as well as documentation approvals for all transactions types. This module will standardize the multiple time processes currently utilized by City agencies. This new system is expected to be implemented by December 2020.

## CITY OF BALTIMORE

### Summary Schedule of Prior Year Findings Year Ended June 30, 2018

#### Finding 2017–004

##### Material Weakness over Water and Wastewater Billing Function

Repeat Finding: No

##### *Condition:*

Department of Public Works is responsible for accurate and timely billing for water and wastewater utilities. In fiscal year 2017, the City has changed a billing rate model and implemented a new UMAX billing system for billing of Baltimore 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 has been discovered in the last quarter of fiscal year 2017, and Bureau of Payroll and Accounting Services with the help of Department of Public Works had to make an estimate of revenue earned in fiscal year 2017, and not billed. Further, as of December 2017, the City had not fully billed nor fully reconciled activity for all accounts related to fiscal year 2017.

##### *2018 Status:*

Finding remains as stated. See current year 2018-004 finding.

##### *Updated Management Response:*

The Department of Public Works Customer Support and Services Division has performed intensive workflow and billing process reviews to improve and enhance our account billing function. The Division, under new leadership, continues to evaluate the business processes and workflows, standard operating procedures and the related training functions. Part of that effort involves developing the billing and financial output reports associated with the new billing system. This activity is expected to generate data supporting process improvements and performance outcomes. These reports and adopting robust industry performance metrics will also support stronger management and accountability across the meter-to-cash data management platform as well as the staff operations.

As noted, the Department implemented a program that involved a complete meter replacement program, installation of automated meters and related network systems, a new customer information system and monthly billing. This initiative has been in production since 2017. As a consequence, the Department determined that it has reached a point in the life-cycle of these new programs wherein a comprehensive review of the Division functions, beginning with billing operations, is in order. The Department announced the plan to conduct such an independent review earlier this year. It is anticipated that once completed, the analysis and recommendations from this review will be instrumental in addressing any remaining challenges with regard to the billing operations.

## **CITY OF BALTIMORE**

### **Summary Schedule of Prior Year Findings Year Ended June 30, 2018**

#### **Finding 2017–005**

#### **Material Weakness over Schedule of Expenditures of Federal Awards Reporting**

**Repeat Finding: Yes – 2016-001**

#### ***Condition:***

During our fiscal year 2017 audit, Department of Audits (DOA) prepared the Schedule for the City of Baltimore. DOA obtained information from the City's accounting software, City Dynamics. Many times expenditure information in the accounting software differed from the expenditures reported by various City agencies. DOA was not able to clearly identify which amounts were accurate, so they used expenditure amounts from the accounting software. In addition, they were not able to test the Schedule as required by Uniform Guidance because much of the required information needed to be tested was not provided to the auditors, including CFDA numbers, grant award letters and budgets. In addition, DOA was not able to determine if we have a complete listing of the Federal expenditures and subrecipient payments for all grants from the City of Baltimore.

The City of Baltimore, Department of Finance (DOF) 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 the DOF, we determined that grant information is not maintained by the DOF. Grant documents are necessary for the DOF to obtain required information for the Schedule, such as CFDA titles and numbers, pass through identification information and subrecipient information.

#### ***2018 Status:***

Finding remains as stated. See current year 2018-006 finding.

#### ***Updated Management Response:***

We concur with the finding. The City's financial reporting system Dynamics GP does not have a subsidiary ledger for fixed assets and we thus implemented a manual workaround that relies on Excel spreadsheets. As a result a mistake was made during the June 30, 2018 closeout. Our ERP solution (Workday) includes an accounting module for fixed assets, subsidiary ledgers and other system controls which will help prevent posting errors. We expect to have this in place by July 2021.



**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–006**

**Baltimore City Health Department (BCHD)**

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

**Aging Cluster**

**CFDA No. 93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Service and Senior Centers**

**CFDA No. 93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services**

**CFDA No. 93.053 Nutrition Services Incentive Program**

**Pass-Through: Maryland Department of Aging**

**Compliance and Internal Control Deficiency over Reporting**

**Repeat Finding: Yes – 2016-008, 2015-002**

***Condition:***

During our 2017 audit of the Aging program’s financial reporting compliance requirement, we tested the final financial report for fiscal year 2016 and noted that the items reported in the report could not be reconciled to the City’s accounting records. We noted that expenditures on the final report were understated by \$744,141, from the City’s accounting records.

***2018 Status:***

Based on follow-up with BCHD, corrective action plan was not implemented. Finding remains as stated.

***Updated Management Response:***

BCHD developed and began implementing policies and procedures regarding grant accounting and financial reporting in FY17. The accounting staff will be retrained on reconciling 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. BCHD will continue enforcing a multi-tier approval process where the Supervisory, Director of Finance, & Chief of Finance & Administration will review and approval the work to ensure compliance.

BCHD also is taking steps to conduct a comprehensive review of prior year grant awards that includes reconciliation and freezing of those accounts.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–007**

**Baltimore City Health Department (BCHD)**

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

**Aging Cluster**

**CFDA No. 93.044 Special Programs for the Aging - Title III, Part B - Grants for Supportive Service and Senior Centers**

**CFDA No. 93.045 Special Programs for the Aging - Title III, Part C - Nutrition Services**

**CFDA No. 93.053 Nutrition Services Incentive Program**

**Pass-Through: Maryland Department of Aging**

**Compliance and Internal Control Deficiency over Subrecipient Monitoring**

**Repeat Finding: Yes – 2016-002**

***Condition:***

During our audit, management within the Baltimore City Health Department (BCHD) could not identify or provide support for subrecipient monitoring performed during 2017, related to the Aging program. In addition, management did not maintain a written plan specifying its basis for monitoring its subrecipients.

***2018 Status:***

Based on follow-up with BCHD, corrective action plan was not implemented. Finding remains as stated.

***Updated Management Response:***

BCHD will perform monitoring on subrecipients in accordance with 2 CFR 200. Additionally, BCHD will develop a written subrecipient monitoring policy that will contain provisions for verification of current federal requirements and the development of a written subrecipient monitoring plan.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–008**

**Baltimore City Health Department (BCHD)**

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

**Aging Cluster**

**CFDA No. 93.044      Special Programs for the Aging - Title III, Part B - Grants for Supportive Service and Senior Centers**

**CFDA No. 93.045      Special Programs for the Aging - Title III, Part C - Nutrition Services**

**CFDA No. 93.053      Nutrition Services Incentive Program**

**Pass-Through:        Maryland Department of Aging**

**Compliance and Internal Control Deficiency over Earmarking**

**Repeat Finding:      Yes – 2016-019, 2015-008**

***Condition:***

During our fiscal year 2017 audit, we noted that the Baltimore City Health Department (BCHD) commingled funds for both In-Home Services and Access Services.

***2018 Status:***

Based on follow-up with BCHD, corrective action plan was not implemented. Finding remains as stated.

***Updated Management Response:***

BCHD developed and began implementing policies and procedures regarding grant accounting and financial reporting in FY 2017. BCHD has conducted numerous trainings on these policies with all accounting staff and supervisors to ensure knowledge and compliance.

BCHD will segment earmarking requirements using separate account numbers in the future.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–009**

**Baltimore City Health Department (BCHD)**

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

**Medicaid Cluster**

**CFDA No. 93.778      Medical Assistance Program**

**Pass-Through:      Maryland Department of Health and Mental Hygiene**

**Compliance and Internal Control Deficiency over Cash Management**

**Repeat Finding:      No**

***Condition:***

During our fiscal year 2017 audit of the Medical Assistance Program (MAP), we reviewed the quarterly drawdown requests submitted to DHMH in order to test the Baltimore City Health Department's (BCHD) compliance with cash management requirements. We noted that the BCHD submitted two of their fiscal year 2017 drawdown requests for the Transportation segment of this program after the required submission dates. Expenditure reimbursement requests for the two quarters of July 1, 2016 through September 30, 2016 and October 1, 2016 through December 31, 2016, were both submitted on February 15, 2017. This submittal date did not comply with the submission requirements for this program.

***2018 Status:***

Finding remains as stated. See current year 2018-036 finding.

***Updated Management Response:***

BCHD will update its policies/procedures to incorporate quarterly cash draw down requirements for all of its grants. Accounting staff will be trained on the policy and best practices to draw down funds quarterly to ensure compliance with cash management requirements.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–010**

**Baltimore City Health Department (BCHD)**

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

**CFDA No. 93.778      Medical Assistance Program**

**Pass-Through:      Maryland Department of Health and Mental Hygiene**

**Compliance and Internal Control Deficiency over Reporting**

**Repeat Finding:      Yes – 2016-016**

***Condition:***

During our fiscal year 2017 audit of the Medical Assistance Program (MAP), we selected the three final financial reports for the three components of the MAP program administered by the Baltimore City Health Department (BCHD) to test the reporting compliance requirement. For two of the reports (Annual Report DHMH 440), we could not determine whether the reported amounts were supported by the City’s accounting records because BCHD did not provide sufficient reconciliations between their reports and the City’s accounting records. The MAP components for which sufficient reconciliations were not provided were the Administrative Care Coordination program and the Transportation program.

***2018 Status:***

Finding remains as stated. See current year 2018-040 finding.

***Updated Management Response:***

BCHD developed and began implementing policies and procedures regarding grant accounting and financial reporting in FY17. The accounting staff will be retrained on reconciling 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. BCHD will continue enforcing a multi-tier approval process where the Supervisory, Director of Finance, & Chief of Finance & Administration will review and approval the work to ensure compliance.

BCHD also is taking steps to conduct a comprehensive review of prior year grant awards that includes reconciliation and freezing of those accounts.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–011**

**Baltimore City Health Department (BCHD)**

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

**CFDA No. 93.914 HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Subrecipient Monitoring**

**Repeat Finding: No**

***Condition:***

During our audit, we noted BCHD subawards did not contain all the required information in accordance with 2 CFR 200.331(a). The subawards did not include the Federal award identification number, Federal award project description (as required to be responsive to the Federal Funding Accountability and Transparency Act), Catalog of Federal Domestic Assistance (CFDA) number and name, identification of whether the award is research and development (R&D), and indirect cost rate for the Federal award (including if the de minimis rate is charged as per 2 CFR 200.414).

***2018 Status:***

Based on follow-up with BCHD, corrective action plan was not implemented. Finding remains as stated.

***Updated Management Response:***

BCHD will perform monitoring on subrecipients in accordance with 2 CFR 200. Additionally, BCHD will develop a written subrecipient monitoring policy that will contain provisions for verification of current federal requirements and the development of a written subrecipient monitoring plan.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–012**

**Baltimore City Health Department (BCHD)**

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

**CFDA No. 93.914 HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Earmarking**

**Repeat Finding: No**

***Condition:***

During our audit, we noted BCHD did not meet the earmarking requirement that the calculated percentages of total expenditures for women, youth, infants, and children living with HIV must equal or exceed Center for Disease Control’s (CDC) estimated percent of living HIV/AIDS cases for each such priority population.

***2018 Status:***

Based on follow-up with/ BCHD, they have a waiver from Health Resources and Services Administration. Finding has been resolved.

## **CITY OF BALTIMORE**

### **Summary Schedule of Prior Year Findings Year Ended June 30, 2018**

#### **Finding 2017–013**

##### **Mayor’s Office of Human Services (MOHS)**

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

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

**Pass-Through: Maryland Department of Human Resources**

##### **Compliance and Internal Control Deficiency over Eligibility**

**Repeat Finding: Yes – 2016-004, 2015-003**

##### ***Condition:***

During our audit of the program’s eligibility compliance requirements for the LIHEAP program administered by the Mayor’s Office of Human Services (MOHS), of the 114 systematically selected participants, we noted numerous inaccuracies and discrepancies. The issues identified include:

- Twelve participant applications requested were not provided for testing
- Twenty instances of missing required documentation, proof of residency, copy of identification missing, proof of household income and/or utility/heating fuel bill
- Three hundred six (306) instances of duplicate payments in the system
- Eighteen instances of certifier and/or intake signatures missing
- Thirty instances where MEAP award was incorrect or not listed on the application
- Fifty-six instances of a break in quality control
- One instance a participant was wrongly denied benefit for over income
- Thirty-six instances benefits were awarded but not listed on the application

##### ***2018 Status:***

Finding remains as stated. See current finding 2018-024.

##### ***Updated Management Response:***

Management agrees with findings. Since the audit in 2018, the City has put greater internal controls in place to ensure that participants are awarded the Federal grants that they are eligible for. Applications are data entered into the OHEP Data Management System and processed for eligibility by data entry workers. An experienced and approved certifier reviews the application for accuracy prior to approval and payment. The Quality Assurance Analyst conducts an internal periodic audit of files to ensure applications are complete and accurate on paper and in the OHEP system. The City has moved from a batching file system in FY2018 to an alpha file system in FY2019 that is more accurate and efficient, allowing files to be found and pulled more quickly.

The OHEP program has been dramatically understaffed in comparison to the volume of customers served over the past few years. The City has hired additional staff in FY2019 through a grant increase in administrative funds of \$3M. The City also has a different OHEP Director from when these findings occurred.

As a result of these improvements, the number of findings from the 2017 audit to the 2018 audit has drastically decreased.



**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–014**

**Mayor’s Office of Human Services (MOHS)**

**U.S. Department of Health and Human Services (DHHS)  
CFDA No. 93.568    Low-Income Home Energy Assistance Program (LIHEAP)  
Pass-Through:    Maryland Department of Human Resources**

**Material Weakness over Activities Allowed and Allowable Costs (Payroll)**

**Repeat Finding:    Yes – 2016-005**

***Condition:***

During our audit, we systematically selected 51 payroll transactions to test the Activities Allowed and Allowable Costs compliance requirement. We noted that MOHS did not have the required written policy on compensation in accordance with Uniform Guidance. In addition, we noted the following during our testing of payroll:

- Six instances where employee names and/or positions were not noted in the program budget,
- Three hundred thirty instances where the employees did not sign in and/or out,
- Thirteen employee summary sheets did not match employee time sheets,
- Thirty-eight instances where employees took exception time without documentation,
- Four instances of missing employee time sheets and biweekly summaries, and
- Six instances where employee compensatory time were not properly documented.

***2018 Status:***

Based on testing performed in fiscal year 2018, finding is resolved.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–015**

**Mayor’s Office of Human Services (MOHS)**

**U.S. Department of Health and Human Services (DHHS)  
CFDA No. 93.568    Low-Income Home Energy Assistance Program (LIHEAP)  
Pass-Through:    Maryland Department of Human Resources**

**Compliance and Internal Control Deficiency over Reporting  
Repeat Finding:    Yes – 2016-006**

***Condition:***

During our audit of the program’s financial reporting compliance requirements for the LIHEAP program administered by the Mayor’s Office of Human Services (MOHS), we noted that the monthly expense report was not filed by the 15th of the following month as required by the Office of Home Energy Programs (OHEP) operations manual as follows:

- Four instances of late filing of the monthly Administrative reports
- Six instances of late filing of the monthly Benefits reports

***2018 Status:***

Based on testing performed in fiscal year 2018, finding is resolved.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–016**

**Baltimore City Department of Housing and Community Development (DHCD)**

**U.S. Department of Housing and Urban Development  
CFDA No. 14.218 Community Development Block Grant (CDBG)  
Pass-Through: None**

**Compliance and Internal Control Deficiency over Activities Allowed and Allowable Costs (Payroll)**

**Repeat Finding: No**

***Condition:***

During our audit, we systematically selected nine payroll transactions to test the Activities Allowed and Allowable Costs compliance requirement. We noted that DHCD did not have the required written policy on compensation in accordance with Uniform Guidance. In addition, we noted the following during our testing of payroll:

- Two instances where the employee(s) did not sign in and/or out
- Two employee bi-weekly summaries did not match the HRIS information

***2018 Status:***

Based on follow-up testing performed in fiscal year 2018, there were instances of non-compliance. Finding remains as stated.

***Updated Management Response:***

DHCD will memorialize in writing CDBG payroll policies and procedures consistent with the Uniform Guide and inform all staff paid with CDBG funds of these procedures. We will also consult with the Baltimore HUD Office with whom we have developed payroll procedures, particularly as regards cost objectives and cost allocation plans, to ensure that the new procedures are consistent with agreed upon long-standing practices.

Once the above referenced payroll policies and procedures are written they will be distributed to all DHCD employees paid with CDBG funds who will also be reminded of the importance of diligently using the daily attendance record to sign in and out of the office and the necessity of management to review the daily attendance record to ensure that this requirement is adhered to.

The above referenced payroll policies and procedures, once written, will discuss the importance of maintaining consistency between bi-weekly time distribution forms and HRIS, guarding against data entry error and the need for management staff to carefully review payroll documents for consistency and accuracy. In the short term, management in the CDBG office will contact DHCD managers with staff that are paid with CDBG funds and request that they be particularly diligent in reviewing payroll relative to the above identified issues.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–017**

**Mayor’s Office of Human Services (MOHS) – Baltimore Homeless Services (BHS)**

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

**CFDA No. 14.267 Continuum of Care**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Cash Management**

**Repeat Finding: No**

***Condition:***

During our fiscal year 2017 audit, the Department of Audits tested sixty final drawdown requests from the Mayor’s Office of Human Services – Baltimore Homeless Services (MOHS-BHS). The Department of Audits discovered that MOHS-BHS filed eight of the drawdown requests two and three months after the drawdown approval date.

***2018 Status:***

Based on follow-up testing performed in fiscal year 2018, the finding is resolved.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–018**

**Mayor’s Office of Human Services (MOHS) – Baltimore Homeless Services (BHS)**

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

**CFDA No. 14.241 Housing Opportunities for People with AIDS (HOPWA)**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Eligibility**

**Repeat Finding: No**

***Condition:***

During our audit of eligibility for the HOPWA program at the Mayor’s Office of Human Services (MOHS), of the 30 systematically selected participants in the HOPWA program, we noted numerous inaccuracies and discrepancies for 10 of the 30 files audited. The staff at MOHS-BHS could not provide any documentation for the current audit period on an individual we selected. Lastly, there were three occurrences of where the agency did not determine if the rent paid was deemed reasonable as evidenced by a Rent-O-Meter within the eligible individual’s file.

***2018 Status:***

Based on follow-up testing performed in fiscal year 2018, there were instances of non-compliance. Finding remains as stated.

***Updated Management Response:***

MOHS does perform controls over its eligibility process. MOHS’ controls implementation includes a sample hard file review and a monthly electronic review of each participants’ eligibility. During the sample hard file review, household composition, income, unit criteria (bedroom size, utility configuration, contract rent) and owner qualifications are assessed for programmatic requirements. MOHS will establish an adequate percentage for its sample hard file review and update its Grants Administrative Manual to include this as one its methods for examining eligibility. The monthly electronic participant eligibility review involves an assessment of the household eligibility, unit qualifications, and the owner’s adherence to program requirements. MOHS will update its Grants Manual to include this review as another method of examining eligibility.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–019**

**Mayor’s Office of Human Services (MOHS) – Baltimore Homeless Services (BHS)**

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

**CFDA No. 14.241 Housing Opportunities for People with AIDS (HOPWA)**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Earmarking**

**Repeat Finding: No**

***Condition:***

During our 2017 audit, the Department of Audits requested and made several attempts to test the earmarking compliance requirements for the Mayor’s Office of Human Services (MOHS) – Baltimore Homeless Services (BHS), however, the MOHS-BHS could not provide sufficient support.

***2018 Status:***

Based on follow-up with MOHS, the corrective action plan was not implemented. Finding remains as stated.

***Updated Management Response:***

Mayor’s Office of Human Services (MOHS) will diligently continue to strengthen its control over HOPWA Earmarking.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–020**

**Mayor’s Office of Human Services (MOHS) – Baltimore Homeless Services (BHS)**

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

**CFDA No. 14.241 Housing Opportunities for People with AIDS (HOPWA)**

**CFDA No. 14.267 Continuum of Care (CoC)**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Activities Allowed and Allowable Costs**

**Repeat Finding: No**

***Condition:***

During our audit, we systematically selected 11 payroll transactions for HOPWA and 15 payroll transactions for CoC to test the Activities Allowed and Allowable Costs compliance requirement. We noted that MOHS did not have the required written policy on compensation in accordance with Uniform Guidance. In addition, we noted the following during our testing of payroll:

- One instance under HOPWA where an employee’s timesheet was not approved by a supervisor,
- One instance under CoC where an employee’s timesheet was not approved by a supervisor,
- An executive employee that works on several Federal programs did not properly allocate their applicable salaries and wages for the audit period and,
- One instance of a bi-weekly summary not matching the City of Baltimore’s Human Resources Information System (HRIS) payroll.

***2018 Status:***

Based on follow-up with MOHS, the corrective action plan was not implemented. Finding remains as stated.

***Updated Management Response:***

Mayor’s Office of Human Services (MOHS) has recently in cooperation with and guidance from the Department of Human Resources further instituted new policies and control standards to strengthen its payroll process. MOHS will continue to exert diligence over its payroll accounting control.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–021**

**Mayor’s Office of Human Services (MOHS) – Baltimore Homeless Services (BHS)**

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

**CFDA No. 14.241 Housing Opportunities for People with AIDS (HOPWA)**

**Pass-Through: None**

**Compliance and Internal Control Deficiency over Special Tests and Provisions**

**Repeat Finding: No**

***Condition:***

During our audit, we systematically selected 25 tenants for the Special Tests and Provisions compliance requirement. We noted the following during our testing:

- The Annual Recertification checklists were missing signatures by the Homeless Services Program Supervisor for eight of the 25 tenant files selected for compliance.
- Two of the 25 tenant files selected for compliance were missing the required housing quality inspections.

***2018 Status:***

Based on follow-up testing performed in fiscal year 2018, there were instances of non-compliance. Finding remains as stated.

***Updated Management Response:***

MOHS does perform adequate controls over the eligibility process. The HAP Supervisor performs monthly eligibility examinations in the Housing Pro system. During the review before the monthly payment export is released, the eligibility of the household (recertification compliance, household composition and adherence to income limitations), unit (HQS compliance, bedroom size, rent reasonableness), and the owner (property rental requirements and taxation compliance) is assessed electronically in the database. MOHS will update its Grants Administrative Manual to include this examination as part of its eligibility determination process. In addition, MOHS will implement a signature process for this procedure before the end of the fiscal year.



**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–022**

**Baltimore City Department of Transportation**

**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 Department of Transportation**

**Compliance and Internal Control Deficiency over Program Income**

**Repeat Finding: Yes – 2016-003, 2015-017**

***Condition:***

During our audit, we systematically selected three vendors for program income testing. Monthly rental payments received during fiscal year 2017, for two vendor leases did not agree to the required rent amounts in accordance with the lease agreements.

***2018 Status:***

The City no longer generates income in this program. Finding no longer applicable.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2017–023**

**Baltimore City Department of Transportation**

**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 Department of Transportation**

**Compliance and Internal Control Deficiency over Activities Allowed and Allowable Costs (Payroll)**

**Repeat Finding: No**

***Condition:***

During our audit, we selected 22 payroll transactions to test the Activities Allowed and Allowable Costs compliance requirement. We noted that payroll costs in the amount of \$2,364.54, for seven Baltimore City Department of Transportation (BC DOT) employees were charged to Highway projects for leave time that was not an allowable program cost.

***2018 Status:***

Finding remains as stated.

***Updated Management Response:***

The point has been noted and it has been discussed with the Transportation and Engineering Division to avoid the re occurrence of this type of mistake in the future. The amount of \$2,364.54 will be moved to non-participating cost in those projects so that it will not be funded by the Federal Funds.

**CITY OF BALTIMORE**

**Summary Schedule of Prior Year Findings  
Year Ended June 30, 2018**

**Finding 2016-017**

**Compliance and Internal Controls Deficiency over Reporting of Data Collection Form**

**Repeat Finding:** No

***Condition:***

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

***2018 Status:***

Resolved in 2017. Finding required to be listed two for years. See current year finding 2018-044.

***Updated Management Response:***

We concur with the finding. Finance was not able to complete the fiscal year Comprehensive Annual Financial Report (CAFR), a component of the Single Audit until March 25, 2019. The main reason for the delay was the resignation of the City Auditor that occurred in February 2019. In addition, it was later discovered that many areas required additional testing and time to complete the audit.

Once the single audit process began certain departments of the City were slow to respond to the auditor's follow up questions about programs in departmental control. This was further complicated by a Ransomware attack that occurred on May 7, 2019.

Based upon the above and other minor factors, the compliance date for the Single Audit was missed. We have amended our processes to ensure a more timely completion of the CAFR which will cause the SEF A to be issued earlier. However, we have not yet completed a full forensic review of the Ransomware attack, and the impact it may have on our 2019 CAFR delivery schedule.

**SECTION V – CORRECTIVE ACTION PLANS**

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**INSERT COVER LETTER FROM CITY**

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-001**

**Material Weakness over Grant Accounting Function**

**Repeat Finding: Yes – 2017-001**

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

We concur with the finding. Earlier this month the City Board of Estimates approved two Enterprise Resource Planning (ERP) system contracts with Workday and Sierra Cedar. Both vendors have successful track records in implementing such systems for local governments. The new system includes an improved grant module with improved grant reporting and functionality.

In addition, the Department of Finance is reviewing our grant management policies to determine what adjustments can be made to consolidate and enforce controls established in the previously written and approved policies. We expect the update will include additional guidance on reconciliations, timing for draw downs and overall best grant management practices. We expect these two initiatives in combination with our current practices will improve our grant accounting function.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-002**

**Material Weakness over Financial Reporting Function**

**Repeat Finding: Yes – 2017-002**

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

We concur with the finding. As mentioned above, the City Board of Estimates approved two Enterprise Resource Planning (ERP) system contracts with Workday and Sierra Cedar. Both vendors have successful track records in implementing such systems for local governments. The new system includes improved financial reporting and functionality. In addition, the Finance Department will continue to emphasize to agencies with stand-alone financial systems that they must reconcile their monthly activity to the general ledger. We expect the combination of these two initiatives shall improve our financial reporting function.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019



**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-003**

**Material Weakness over Payroll Timekeeping Function**

**Repeat Finding: Yes – 2017-003**

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

We concur with this finding. In conjunction with the implementation of the new ERP system, the City will utilize Workday's time keeping and human resources model. The Workday solution has excellent time keeping records as well as documentation approvals for all transactions types. This module will standardize the multiple time processes currently utilized by City agencies. This new system is expected to be implemented by December 2020.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2020

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-004**

**Material Weakness over Water and Waste Water Billing Function**

**Repeat Finding: Yes – 2017-004**

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

The Department of Public Works Customer Support and Services Division has performed intensive workflow and billing process reviews to improve and enhance our account billing function. The Division, under new leadership, continues to evaluate the business processes and workflows, standard operating procedures and the related training functions. Part of that effort involves developing the billing and financial output reports associated with the new billing system. This activity is expected to generate data supporting process improvements and performance outcomes. These reports and adopting robust industry performance metrics will also support stronger management and accountability across the meter-to-cash data management platform as well as the staff operations.

As noted, the Department implemented a program that involved a complete meter replacement program, installation of automated meters and related network systems, a new customer information system and monthly billing. This initiative has been in production since 2017. As a consequence, the Department determined that it has reached a point in the life-cycle of these new programs wherein a comprehensive review of the Division functions, beginning with billing operations, is in order. The Department announced the plan to conduct such an independent review earlier this year. It is anticipated that once completed, the analysis and recommendations from this review will be instrumental in addressing any remaining challenges with regard to the billing operations.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-005**

**Material Weakness over Fixed Assets Accounting**

**Repeat Finding:** No

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

We concur with the finding. The City's financial reporting system Dynamics GP does not have a subsidiary ledger for fixed assets and we thus implemented a manual workaround that relies on Excel spreadsheets. As a result a mistake was made during the June 30, 2018 closeout. Our ERP solution (Workday) includes an accounting module for fixed assets, subsidiary ledgers and other system controls which will help prevent posting errors. We expect to have this in place by July 2021.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

July 31, 2021

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-006**

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

**Repeat Finding: Yes – 2017-005**

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

We concur with the finding. As cited above, the City Board of Estimates approved two ERP system contracts with Workday and Sierra Cedar. Both vendors have successful track records in implementing such systems for local governments. The new system includes an improved grant module with upgraded grant reporting and functionality.

Additionally, the Department of Finance is reviewing our grant management policies and training to determine what adjustments can be made to consolidate and enforce controls established in the previously written and approved policies. We expect the update to will include additional guidance on reconciliations, timing for draw downs and overall best grant management practices.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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: No**

***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 input errors or rounding issues. The internal tracking documentation used to validate eligibility will undergo enhanced review by the responsible DHCD staff to insure the information is reconciled with all other documentation for consistency and rounding values will be addressed.
- This enhanced review process will include limiting input to a small population of Agency staff personnel for additional controls and to reduce input errors.

***Contact Person:***

Elaine Harder, Chief Fiscal Officer, Baltimore City DHCD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

The Agency concurs with this finding and has instituted the following controls to address future processing of transactions posted to the general ledger:

- The review related to the coding of transactions prior to the recordation in the City's Accounting system has been enhanced by additional training provided to the personnel coding and approving transactions. The Agency's Fiscal Operations team and the Agency's Program team will review all transactions with additional regard to the grant year applicable to the cost and work with the Mayor's Office of Grants Management to insure the proper account numbers are open and available for use to accommodate lagging or late transactions.

***Contact Person:***

Elaine Harder, Chief Fiscal Officer, Baltimore City DHCD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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: No**

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

The Agency concurs with this finding and has resolved the issue that caused the delay.

- Due to recent reassignment of this responsibility, the request for new access into the HUD system was delayed due to the Federal Government shut down in early 2019. Access to the HUD system required to perform this duty was delayed, causing the Agency to miss the deadline for reporting.
- Access has been obtained and the delayed report was filed immediately.
- Future reports will be filed within the required timeframe.

***Contact Person:***

Elaine Harder, Chief Fiscal Officer, Baltimore City DHCD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-010**

**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: No**

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

We concur with the finding. The Home program loans are serviced and maintained by the City Department of Housing and Community Development, and until recently Finance was unaware of their existence. We have added this item to our closing checklist and will query Housing in future close out processes to ensure this activity is properly disclosed.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019



**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-011**

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

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

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

The Department of Transportation looks into the Audit Finding # 2018-011 the response to the findings are as follows:

- The Department has always employed the practice of verifying searches of debarment, suspensions, or exclusions through visiting the Systems for Award Management website <https://sam.gov/SAM/>. However, the verification was not printed and retained in the contract file. The Department's current practice is to include printed verification from SAMS.gov and retained in the contract file.
- BCDOT has an ongoing practice of performing a price analysis before asking the Consultant for a price proposal for any Design project. As part of BCDOT Procurement Manual for Design and Construction (revision Jan. 2019), a Cost and Price Analysis Worksheet is provided as a tool to assist in performing a price analysis. In seeking approval/authorization to proceed prior to incurring costs, approval is obtained prior to advertising and awarding the Design contract. BCDOT is required to seek approval from the Maryland State Highway Administration, Office of Procurement and Contract Administration. The State Highway Administration (SHA) is BCDOT's liaison to FHWA.
- Historically, the Department has used the Consultant and Selection Process which was approved by Baltimore City Board of Estimates. For the original task and construction procurement, the administrator will place a Memo to File stating the fact that the Baltimore City's established selection process was used.

***Contact Person:***

Dhirendra Sinha, Fiscal Division Chief, Baltimore City Department of Transportation

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-012**

**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 – Project Approvals  
Repeat Finding: No**

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

It is BCDOT's general practice to avoid charging any cost prior to FHWA authorization. If this occurs, all ineligible costs are reassigned to the proper allocation.

***Contact Person:***

Dhirendra Sinha, Fiscal Division Chief, Baltimore City Department of Transportation

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-013**

**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 – Wage Rate Requirements  
Repeat Finding: No**

***Auditee’s Corrective Action Plan:***

All the contract specifications incorporate the current wage rates which also outlines the requirements for submission purposes. In addition, BCDOT informs the Contractor that the sub agreements must include both City and State Wage Requirements whenever a vendor is awarded a Federal Aid contract. In addition, the compliance team members have educated the field staff in regards to the wage requirements. The Administrator will seek a written statement from the contractor as to who is authorized to sign off on the certified payroll which will be made part of the procurement file. The compliance team will continue to train the construction management team in order to reinforce their knowledge of various issues.

In regards to adding on minority contractors to existing contracts, BCDOT employs a practice of using a form to request adding on certified minority companies. The Contractor's Request for Approval of Subcontractor form is used for the review and approval.

***Contact Person:***

Dhirendra Sinha, Fiscal Division Chief, Baltimore City Department of Transportation

***Completion Date:***

June 30, 2018

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-014**

**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 – Administration of  
Engineering and Design-Related Service Contracts**

**Repeat Finding: No**

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

Although BCDOT did not provide proof from FHW A or SHA, we did provide a procurement manual which was approved by the Federal Transit Authority (FT A) which is a federal entity.

***Contact Person:***

Dhirendra Sinha, Fiscal Division Chief, Baltimore City Department of Transportation

***Completion Date:***

Dependent upon the State Highway Administration.

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

Management disagrees with the finding; however, the Department will conform to the following corrective action(s).

DPW aims to ensure that all invoices are comprehensively reviewed and approved in an efficient and timely manner. However, the disbursement of checks is managed by BAPS and is beyond DPW's authority and control.

We are confident that the DPW review and approval process occurred within the allowable period.

In addition, we recommend that future audit procedures and sampling techniques should include a timeline that depicts the date that BAPS receives the invoices through the issuance of the checks.

***Contact Person:***

Troy Brogden, Chief Fiscal Officer, Department of Public Works

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

The Office of Boards and Commissions will file and secure the rankings of all vendors resulting from the competitive interview process.

***Contact Person:***

Troy Brogden, Chief Fiscal Officer, Department of Public Works

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

Per City of Baltimore Specification 00 73 74.01 (American Steel Products Requirement), the City of Baltimore, Department of Public Works, Office of Engineering and Construction (OEC) has received the Steel Certificates as part of the Shop Drawing submissions from the Contractor.

To comply with the State Revolving Loan requirements, OEC has added an Appendix and Special Conditions to our project specification/bid documents. This Appendix outlines requirements for projects financed through the Maryland Water Quality Revolving Loan Fund and Maryland Drinking Water Revolving Loan Fund, and includes the guidance for submission of the American Steel (AIS) Certificate.

In addition, the State of Maryland performs site inspections to ensure that the steel is being used on the project. During the pre-construction meeting with the Contractor, a State Representative introduces the American Steel (AIS) Requirement and outlines how it will be inspected. During the monthly project progress meetings, an agenda item is included regarding the AIS Requirements.

As a condition to receiving final acceptance and final payment, OEC will require that the AIS Certificates are received and completed.

***Contact Person:***

Troy Brogden, Chief Fiscal Officer, Department of Public Works

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

The City did not disclose the required information about loans made under Clean and Drinking Water agreements. This information is not available at this time because of the Cyber Security event that happened to the City. We are working on obtaining access to the computer records so that this information can included in the disclosure for fiscal year 2019.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019



**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

Management disagrees with the finding; however, the Department will conform to the following corrective action(s).

DPW aims to ensure that all invoices are comprehensively reviewed and approved in an efficient and timely manner. However, the disbursement of checks is managed by BAPS and is beyond DPW's authority and control.

We are confident that the DPW review and approval process occurred within the allowable period.

In addition, we recommend that future audit procedures and sampling techniques should include a timeline that depicts the date that BAPS receives the invoices through the issuance of the checks.

***Contact Person:***

Troy Brogden, Chief Fiscal Officer, Department of Public Works

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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: No**

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

The Office of Boards and Commissions will file and secure the rankings of all vendors resulting from the competitive interview process.

***Contact Person:***

Troy Brogden, Chief Fiscal Officer, Department of Public Works

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

***Auditee’s Corrective Action Plan:***

Per City of Baltimore Specification 00 73 74.01 (American Steel Products Requirement), the City of Baltimore, Department of Public Works, Office of Engineering and Construction (OEC) has received the Steel Certificates as part of the Shop Drawing submissions from the Contractor.

To comply with the State Revolving Loan requirements, OEC has added an Appendix and Special Conditions to our project specification/bid documents. This Appendix outlines requirements for projects financed through the Maryland Water Quality Revolving Loan Fund and Maryland Drinking Water Revolving Loan Fund, and includes the guidance for submission of the American Steel (AIS) Certificate.

In addition, the State of Maryland performs site inspections to ensure that the steel is being used on the project. During the pre-construction meeting with the Contractor, a State Representative introduces the American Steel (AIS) Requirement and outlines how it will be inspected. During the monthly project progress meetings, an agenda item is included regarding the AIS Requirements.

As a condition to receiving final acceptance and final payment, OEC will require that the AIS Certificates are received and completed.

***Contact Person:***

Troy Brogden, Chief Fiscal Officer, Department of Public Works

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-022**

**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**

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

The City did not disclose the required information about loans made under Clean and Drinking Water agreements. This information is not available at this time because of the Cyber Security event that happened to the City. We are working on obtaining access to the computer records so that this information can included in the disclosure for fiscal year 2019.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

Although this function is under the purview of the City Finance and Treasury MOHS-CAP will work with the department of Finance and Treasury to ensure any interest earned on advanced funds is properly tracked and accounted for.

***Contact Person:***

Amir Assadi, Fiscal Director, Mayor's Office of Human Services

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-024**

**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 Eligibility  
Repeat Finding: 2017-013**

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

Baltimore City OHEP will continue to ensure that participants are awarded the Federal grants that they are eligible for by adhering to the internal controls that have been put in place. Applications will be data entered into the OHEP Data Management System and processed for eligibility by data entry workers. An experienced and approved certifier will review the application for accuracy prior to approval and payment. The Quality Assurance Analyst will conduct an internal periodic audit of files to ensure applications are complete and accurate on paper and in the OHEP system. Applications are filed alphabetically by program year once it has been approved or denied for benefits.

In FY20, applications that are not being processed will be maintained in file cabinets, rather than in staff offices. This change in process will allow applications to be found more quickly and provide a visual of how many applications still need to be processed. Applications will be processed in date order, ensuring that they meet the State's given time frames. Specific staff have been assigned and trained for each step in the application process - data entry, application review, certification, payments, and file management. A file clerk will complete a final check that the application has been approved or denied prior to filing the application away.

***Contact Person:***

Amir Assadi, Fiscal Director, Mayor's Office of Human Services

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will develop internal policy including time and effort policy to ensure compliance and to make sure grant related cost charged to grant accounts appropriately. Currently, we are piloting a new application titled-Harvest to assist in tracking time and effort.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will update its policies/procedures to incorporate quarterly cash draw down requirements for all of its grants. Accounting staff will trained be on the policy and best practices to draw down funds quarterly to ensure compliance with cash management requirements.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019



**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD disagrees with this finding; due to program expansion of the Affordable Care Act (ACA), the program is compliant in serving individuals beyond the age of 19.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD disagrees with this finding; BCHD fiscal staff submitted general ledger documentation that substantiates expenditures reported in the Form 440 for the documents tested.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will perform monitoring on subrecipients in accordance with 2 CFR 200. Additionally, BCHD will develop a written subrecipient monitoring policy that will contain provisions for verification of current federal requirements and the development of a written subrecipient monitoring plan.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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)**

**Compliance and Internal Control Deficiency over Eligibility**

**Repeat Finding: No**

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

The BCHD STD clinics provide services under Ryan White A and B contracts to patients who meet eligibility requirements set forth by Ryan White. The clinics have an eligibility policy that is in accordance with these requirements. The program manager and medical director for Ryan White services perform monthly internal audits of a sample of patient charts to ensure that requirements are met. Additionally, a quality assurance system has been developed to run internal reports from the electronic medical record to identify patients in need of updated eligibility documentation. Our program manager works monthly with our Ryan White program officer to ensure our policies and practices are in accordance with requirements.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD developed and began implementing 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, Director of Finance, & Chief of Finance & Administration will review and approval the work to ensure compliance.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will perform monitoring of subrecipients in accordance with 2 CFR 180 and 500 by using www.SAMs.gov prior to any contract approval.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

***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.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD disagrees with this finding. During the period of performance, the state Department of Health was responsible for fiscal and programmatic subrecipient monitoring, as BCHD served solely as the fiscal agent for administration of the program.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD



**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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)**

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

**Repeat Finding: No**

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

BCHD has policies in place to protect confidential patient information in accordance with HIPAA. However, our law department was involved in the audit and reviewed the documentation in order to redact protected personal and health information. Unfortunately, this documentation was then provided by the law office to the auditors in unredacted format on an unsecure email. Future procedures for such audits will include auditors working directly with the medical director and program manager for Ryan White clinical services to identify patients and review required documentation in person. The auditors will sign a confidentiality agreement, review only required documentation, and not record or copy any information that includes protected personal or health information. Furthermore, the BCHD Chief of Staff is addressing the HIPAA violation with the Deputy City Solicitor.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

March 31, 2020

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will develop internal policy including time and effort policy to ensure compliance and to make sure grant related cost charged to grant accounts appropriately. Currently, we are piloting a new application titled-Harvest to assist in tracking time and effort.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will develop internal policy including time and effort policy to ensure compliance and to make sure grant related cost charged to grant accounts appropriately. Currently, we are piloting a new application titled-Harvest to assist in tracking time and effort.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will update its policies/procedures to incorporate quarterly cash draw down requirements for all of its grants. Accounting staff will be trained on the policy and best practices to draw down funds quarterly to ensure compliance with cash management requirements.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD disagrees with this finding. The telephonic Maryland Medicaid EVS system does not provide a confirmation number unless an individual is ineligible. Additionally, the telephonic Maryland Medicaid EVS system can be used to verify past eligibility for up to 1 year. The telephonic Maryland Medicaid EVS system is an acceptable form of eligibility verification under the NEMT grant and access to the web based EVS system is not a requirement of the grant or required in order to compliantly assess eligibility for NEMT services.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD disagrees with this finding. Consistent with the funding agreement with the state Department of Health, BCHD provides vendors in the general transportation program a maximum of twelve months past the period of performance to submit invoices for services rendered.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will perform monitoring of subrecipients in accordance with 2 CFR 180 and 500 by using www.SAMs.gov prior to any contract approval.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD disagrees with this finding; BCHD fiscal staff submitted general ledger documentation that substantiates expenditures reported in the Form 440 for the documents tested.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD



**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**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**

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

BCHD will perform monitoring on subrecipients in accordance with 2 CFR 200. Additionally, BCHD will develop a written subrecipient monitoring policy that will contain provisions for verification of current federal requirements and the development of a written subrecipient monitoring plan.

***Contact Person:***

Malcolm Haynes, Chief of Staff, Chief of Finance and Administration, BCHD

***Completion Date:***

December 31, 2019

**CITY OF BALTIMORE**

**Corrective Action Plans  
Year Ended June 30, 2018**

**Finding 2018-044**

**Compliance and Internal Control Deficiency over Reporting of Data Collection Form**

**Repeat Finding: Yes – 2016-017**

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

We concur with the finding. Finance was not able to complete the fiscal year Comprehensive Annual Financial Report (CAFR), a component of the Single Audit until March 25, 2019. The main reason for the delay was the resignation of the City Auditor that occurred in February 2019. In addition, it was later discovered that many areas required additional testing and time to complete the audit.

Once the single audit process began certain departments of the City were slow to respond to the auditor's follow up questions about programs in departmental control. This was further complicated by a Ransomware attack that occurred on May 7, 2019.

Based upon the above and other minor factors, the compliance date for the Single Audit was missed. We have amended our processes to ensure a more timely completion of the CAFR which will cause the SEF A to be issued earlier. However, we have not yet completed a full forensic review of the Ransomware attack, and the impact it may have on our 2019 CAFR delivery schedule.

***Contact Person:***

Henry Raymond, Director of Finance, Baltimore City

***Completion Date:***

December 31, 2019

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**SB & Company, LLC**

**Baltimore Office:**

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Hunt Valley, Maryland 21030

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