



CITY OF BALTIMORE
SINGLE AUDIT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

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

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

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

We have jointly audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Baltimore, Maryland (the City), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated December 20, 2017.

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 opinion 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.

The City Auditor did not have an external peer review by an unaffiliated audit organization as required by Chapter 3 of *Government Auditing Standards* at least once every three years. The last external peer review was for the period ending December 31, 2011. The City Auditor is in the process of engaging an unaffiliated audit organization to conduct an external peer review for the six-year period ending December 31, 2017.

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. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal controls that we consider to be material weaknesses as items 2017-001, 2017-002, 2017-003 and 2017-004.



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. We consider the deficiencies described in the accompanying schedule of findings and responses to be material weaknesses (See finding 2017-001, 2017-002, 2017-003 and 2017-004). 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.

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 findings and questioned costs. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

December 20, 2017

SB & Company, LLC
Independent Public Accountants

Robert L. McCarty, Jr., CPA
City Auditor
Department of Audits

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY UNIFORM GUIDANCE**

Honorable Joan M. Pratt, Comptroller
and Other Members of the
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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, contracts, 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* 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 Low-Income Home Energy Assistance Program

As described in the accompanying schedule of findings and questioned costs, the City did not comply with requirements regarding CFDA 93.568 Low-Income Home Energy Assistance Program as described in finding numbers 2017-013 for Eligibility and 2017-014 for Allowable Costs. 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 Low-Income Home Energy 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 Low-Income Home Energy Assistance Program for the year ended June 30, 2017.

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, 2017.

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 2017-006 through 2017-012 and 2017-015 through 2017-023. Our opinion on each major federal program is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit are described in the accompanying Corrective Action Plan on Current Audit Findings. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control 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 control 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 control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-005, 2017-014 and 2017-015 to be a material weaknesses.

The City's response to the internal control over compliance findings identified in our audit are described in the accompanying Corrective Action Plan on Current Audit Findings. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly this report is not suitable for any other purpose.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 20, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



Audrey Askew, CPA
Acting City Auditor
Baltimore, Maryland

March 2, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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**CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Maryland State Department of Education Child and Adult Care Food Program FY2010	10.558	014-220	\$ -	\$ 843
Child Nutrition Cluster				
Summer 2015 Food Service Program for Children	10.559	347041		1,729,524
Summer 2016 Food Service Program for Children	10.559	347041		112,750
Total Child Nutrition Cluster				<u>1,842,274</u>
Total Maryland State Department of Education				<u>1,843,117</u>
Pass-Through Maryland State Department of Health and Mental Hygiene				
Women, Infants and Children Food Program (WIC) FY2015	10.557	WI 213 WIC		393,430
Women, Infants and Children Food Program (WIC) FY2016	10.557	WI 213 WIC		2,031,360
Total Special Supplemental Nutrition Program for Women, Infants, and Children				<u>2,424,790</u>
Pass-Through Maryland State Department of Human Resources				
Supplemental Nutrition Assistance Prg - DHR/BCDSS Food Stamp Employment	10.561	BCDSS/FIA-15-049		(2,528)
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>4,265,379</u>
U.S. DEPARTMENT OF COMMERCE				
Direct Grants				
Made in Baltimore Campaign - Economic Development Technical Assistance	11.303			31,917
Minority Business Development Agency (MBDA) AMP Center Grant - Minority Business Resource Development	11.802			142,092
Minority Business Development Agency (MBDA) Business Center	11.805			123,221
Minority Business Development Agency (MBDA) Business Center	11.805			4,515
Total MBDA Business Center				<u>127,736</u>
TOTAL U.S. DEPARTMENT OF COMMERCE				<u>301,745</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct Grants				
Uplands-Homeownership I-II - Construction Program - Multifamily Property Disposition	14.U01		\$ -	\$ 756,000
CDBG-Entitlement Grant Cluster				
CDBG-33	14.218			498,287
CDBG-35	14.218			1,834,201
CDBG-36	14.218			29,243
CDBG-37	14.218			56,031
CDBG-38	14.218			15,079
CDBG-39	14.218			17,053
CDBG-40	14.218		42,930	968,683
CDBG-41	14.218		1,667,660	3,447,689
CDBG-42	14.218		2,975,268	13,227,453
Total Community Development Block Grants/Entitlement Grant Cluster			<u>4,685,858</u>	<u>20,093,719</u>
Emergency Solutions Grant - Homeless Services FY2016	14.231		406,857	406,857
Emergency Solutions Grant - Homeless Services FY2017	14.231		1,245,552	1,372,175
Total Emergency Solutions Grant Program			<u>1,652,409</u>	<u>1,779,032</u>
HOME Program - Barclay Green Phase III Apts	14.239			350,000
HOME Program - Bon Secours Gibbons Apts	14.239			87,000
HOME Program - Episcopal Housing - Argyle Apts	14.239			280,000
HOME Program - Franklin Lofts and Flats	14.239			366,891
HOME Program - Mulberry at Park Apts	14.239			392,489
HOME Program - Orchard Ridge Rental Phase V	14.239			602,032
HOME Program - TRF East Balto Historic 3	14.239			88,947
HOME Program FY2016	14.239			170,451
HOME Program FY2017	14.239			247,396
Total Home Investment Partnerships Program				<u>2,585,206</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		\$ 948,351	\$ 2,374,539
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		1,445,862	3,988,006
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		955,512	1,850,833
Housing Opportunity for Persons with AIDS (HOPWA)	14.241		418,205	559,409
Total Housing Opportunities for Persons with AIDS			<u>3,767,930</u>	<u>8,772,787</u>
Continuum of Care - FY2016	14.267		12,449,506	13,964,006
Continuum of Care - FY2017	14.267		2,591,570	2,844,961
Continuum of Care - SHP FY2015	14.267		545,334	548,097
Continuum of Care - SPC FY2015	14.267		73,682	464,185
Total Continuum of Care Program			<u>15,660,092</u>	<u>17,821,249</u>
HABC - YouthWorks Summer Jobs - Moving to Work Demonstration Program	14.881			158,613
HABC - Gilmore Homes - Jobs-Plus Pilot Initiative	14.895			3,726
FY2015 HUD Lead Program	14.905			826,249
FY2016 HUD Lead Program	14.905			207,422
Subtotal CFDA 14.905 - Direct				<u>1,033,671</u>
Pass-Through Maryland State Department of Education Lead Demonstration IV	14.905	Unknown		<u>1,225</u>
Total Lead Hazard Reduction Demonstration Grant Program				<u>1,034,896</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>53,005,228</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF JUSTICE				
Direct Grants				
Visitation Center Continuation - Justice Systems Response to Families	16.021		\$ 56,783	\$ 116,363
Weed and Seed - Community Capacity Development Office	16.595			(85,822)
DNA Backlog Reduction Program FY2017	16.741			24,256
DNA Capacity Enhancement & Backlog Reduction	16.741			124,921
Total DNA Backlog Reduction Program				<u>149,177</u>
Gang Elimination Task Force - MSP (GETF) - Congressionally Recommended Awards	16.753			27,337
McElderry Park Revitalization Coalition - Byrne Criminal Justice Innovation Program	16.817			222,367
National Youth Violence Prevention Expansion Project	16.819			70,917
Post-Conviction DNA Testing - Postconviction Testing of DNA Evidence to Exonerate the Innocent	16.820			365
Pre-trial Evidenced-Based Risk and Needs Assessment FY2015 - Smart Prosecution Initiative	16.825			245,761
Equitable Sharing Program	16.922			657,845
Justice Assistance Grant (JAG XI)	16.738			114,917
Justice Assistance Grant (JAG II)	16.738			102
Justice Assistance Grant (JAG IX)	16.738			502,941
Justice Assistance Grant (JAG X)	16.738		99,198	501,879
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
Citywide Child Protection Review	16.738	BJAG-2012-0057	32,500	54,659
FY2015 Juvenile Diversion	16.738	BJAG-2011-1202		65,378
Operation Ceasefire	16.738	BJAG-2014-0022		107,579
License Plate Reader Expansion	16.738	BJAG-2013-0038		48,616

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Sexual Assault Response II (SART)	16.738	BJAG-2010-1006/2009-1016	\$ -	\$ 28,216
Supervised Visitation	16.738	BJAG-2011-0047		2,705
Total Edward Byrne Memorial Justice Assistance Grant Program			131,698	1,426,992
Pass-Through Baltimore City Public School System				
BCPSS - Alternative High School FY2016	16.541	Unknown		76,068
BCPSS - Alternative High School FY2017	16.541	Unknown		159,586
Total Developing, Testing and Demonstrating Promising New Programs				235,654
Pass-Through Maryland State Department of Human Resources				
Family Bereavement Center	16.575	VOCA-2014-1511		5,038
Family Bereavement Center	16.575	Unknown		1,096
Pass-Through Maryland Governor's Office of Crime Control and Prevention				
SART Vertical Advocacy Project II	16.575	VOCA-2014-1001		227
Homicide Victim Advocate	16.575	VOCA-2015-0001		36,529
SART Vertical Advocacy Project III	16.575	VOCA-2015-1201	12,501	12,501
SART Coordination III	16.575	VOCA-2015-1301		4,150
SART and Human Trafficking - VOCA	16.575	VOCA-2016-0035	22,931	54,116
Total Crime Victim Assistance			35,432	113,657
Pass-Through Maryland Department of Public Safety and Correctional Services				
MD DPSCS SMART Grant - Support for Adam Walsh Act Implementation Grant Program	16.750	Unknown		58,026
Baltimore City Youth Diversion - Juvenile Justice and Delinquency Prevention	16.540	JJAC-2013-1002		14,263
Drug Court Discretionary Grant	16.585	Unknown		45,310
Recast - Drug Court Discretionary Grant	16.585	Unknown		9,833
Total Drug Court Discretionary Grant Program				55,143

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
VAWA-Domestic Violence Victim/Witness Liaison Program	16.588	Unknown	\$ -	\$ 103,415
VAWA-Domestic Violence Victim/Witness Liaison Program	16.588	Unknown		173,825
VAWA-Domestic Violence Victim/Witness Liaison Program	16.588	VAWA-2015-1926		42,450
FY2017 Violence Against Women Act (WAWA)	16.588	VAWA-2016-0046/2011-1526		42,610
Total Violence Against Women Formula Grants				<u>362,300</u>
 Project Safe Neighborhoods	 16.609	 PSNM-2016-0002		 11,486
 COPS Hiring 2013 - Public Safety Partnership and Community Policing Grants	 16.710	 Unknown		 15,413
 Forensic Backlog Reduction	 16.742	 Unknown		 11,253
 Pass-Through Maryland State Department of Juvenile Services				
Dept of Juvenile Services - Pre-Adjudication Coordination and Training	16.523	15-IG-011/V00P6400179		151,251
Dept of Juvenile Services - Pre-Adjudication Coordination and Training	16.523	15-IG-011/V00P6400179		203,815
Total Juvenile Accountability Block Grants				<u>355,066</u>
 TOTAL U.S. DEPARTMENT OF JUSTICE				 <u>4,063,563</u>
 U.S. DEPARTMENT OF LABOR				
Pass-Through Maryland Department of Labor, Licensing and Regulation				
Employment Service Cluster				
Ex-Offender - Prison to One Stop Project/Wagner Peyser	17.207	P00P64B1025-A		15,329
Ex-Offender - Prison to One Stop Project/Wagner Peyser	17.207	P00P74-BI-PY16-REE		247,524
Total Employment Service Cluster				<u>262,853</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
WIA - Job Driven National Emergency Grant - WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	P00P5400650	\$ -	\$ 24,078
One Baltimore Job Initiative Grant - WIA/WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	P00P64B1030	1,979,177	<u>2,552,951</u>
Accelerating Connections to Employment (ACE) - Workforce Innovation Fund	17.283	2013 - 154		1,687
WIA/WIOA Cluster				
WIOA - Adult	17.258	P00P64B1002/1032-A	25,128	92,817
WIOA - Adult	17.258	P00P74-BI-PY16-A		307,890
WIOA - Adult	17.258	P00P74-BI-PY17-A		1,312,053
WIOA - Youth	17.259	P00P64B1002-B	231,085	400,027
WIOA - Youth	17.259	P00P74-BI-PY16-Y	216,385	1,588,219
WIOA - Dislocated Worker	17.278	P00P64B1002/1032-C	2,792	526,121
WIOA - Dislocated Worker	17.278	P00P74-BI-PY16-D		230,097
WIOA - Dislocated Worker	17.278	P00P74-BI-PY17-D		638,100
Total WIA/WIOA Cluster			<u>475,390</u>	<u>5,095,324</u>
TOTAL U.S. DEPARTMENT OF LABOR				<u><u>7,936,893</u></u>
U.S. DEPARTMENT OF TRANSPORTATION				
Federal Transit Cluster				
Direct Grants				
Greyhound Bus Term (Intercity/Intermodal) (FTA Grant)	20.500			2,380,855
Highlandtown Transit Stop Imprvmnts (FTA Grant)	20.500			397,593
Kent Street Streetscape (FTA Grant)	20.500			2,011
Baltimore City Tour Bus Facility (FTA Grant)	20.507			7,265
Pass-Through Maryland State Department of Transportation				
Ridesharing/Commuter Assistance Grant	20.507	Unknown		69,165
Total Federal Transit Cluster				<u>2,856,889</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Highway Safety Cluster				
Maryland State Department of Transportation				
Traffic Safety - SHA	20.600	Unknown	\$ -	\$ 26,713
Traffic Safety Grant - State and Community Highway Safety	20.600	Unknown		79,865
Safe Route to School II (N & I) - Safety Belt Performance Grants	20.609	Unknown		89,416
Total Highway Safety Cluster				<u>195,994</u>
Highway Planning and Construction Cluster				
Pass-Through Maryland Department of Labor, Licensing and Regulation				
DLLR - Highway/Capital Transit Construction Skills	20.205	P00B4401073		44,416
Pass-Through Maryland State Department of Transportation				
33rd and Loch Raven Intersection Imprvmt	20.205	BC420004		472,211
Annapolis Road Bridge	20.205	BC269-060-815		50,752
At Grade Rail Crossing Signing	20.205	400002		9,650
Belair Road Complete Sts #1123	20.205	410015		74,278
Bicycle Network Strategy	20.205	430001		7,676
Bike Share Infrastructure	20.205	BC430003/AX359852		786,073
Boston/O'Donnell Connecting Road - Phase 2	20.205	BC315-111-815		15,162
Bridge Replacement of Frederick Ave Bridge over Gwynns Falls	20.205	BC269-074-815/269-061-815		686,856
Bridges Safety Improvements along I-83	20.205	243-088-815		4,999
Broening Hwy over Colgate Bridge Repairs	20.205	450000D, 450006C		783,132
Calvert and Lombard TR 03326	20.205	Unknown		(5,001)
Central Ave. Phase 2	20.205	BC315-075-815		9,981,732
Citywide ADA and Sidewalks	20.205	319-024-815		907,848
Construction of Traffic Signals and Rewiring Citywide	20.205	430002		987,640
D.O.T. Park Circle Intersection	20.205	BC319-012-815		135,742
Downtown Bicycle Network TR13321	20.205	Unknown		2,128,568
Druid Hill Park	20.205	BC315-067-815		288,105
Dundalk Ave Streetscape from Eastern Ave to Baltimore City Line	20.205	BC315-087-815		348,984
East Baltimore Life Science Pk - 2A	20.205	BC440002		2,139,665
Edison Hwy over Amtrak Bridge Rehab	20.205	269-087-815		14,995
Edmondson Ave. Bridge over CSX	20.205	BC269-066-815		9,620,162
Fulton Avenue Bridge TR12310	20.205	420005		2,112,784
Fulton Avenue Streetscape	20.205	Unknown		16,005
Geometric Improvements at Various Locations in Baltimore City	20.205	410006		12,385
Greenmount 29th - 43rd TR14302	20.205	420002		95,288
Hanover St Bridge over Middle Branch	20.205	BC269-073-815		2,625
Hanover Street Bridge	14 20.205	450002		614,964

CITY OF BALTIMORE
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FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Harford Road Bridge over Herring Run	20.205	BC269-067-815	\$ -	\$ 412,087
Haven St Resurfacing/Rehab	20.205	410008		31,936
Hawkins Point Road Bridge/ Pennington Ave Empowerment, PE	20.205	BC269-059-815		283,174
Herring Run Greenway	20.205	AX8865125		134
I-83 Fayette & Balto City/Co	20.205	420003		130,829
I-83 Phase II TR13301	20.205	420006		1,296
Intersection Safety Studies	20.205	410012		11,595
ITS Improvements - New Traffic Signals	20.205	319-017/018/022-815		6,569
Jones Falls Greenway Phase IV	20.205	AX1575125		(7,250)
Jones Falls Greenway Phase V	20.205	BC460001		30,231
Jones Falls Trail - Phase II Lanvale Ave./ Maryland Ave to Conway St.	20.205	BC318-014-815/ BC318-018-815		1,814
Key Highway Gateway Beautification - TR5045	20.205	AX8145125		125
Key Highway Street Improvement	20.205	BC319-015-815		102,206
Lafayette Ave. Bridge over Amtrak	20.205	BC269-064-815		8,956
Liberty Heights & Druid Hill Park Improvements	20.205	BC322-002-815/318-023-815		24,526
Midtown Streetscape - Mt. Royal Avenue Improvements	20.205	BC315-101-815		27,044
MLK Blvd at Howard St Intersection Widening/Imprvmt	20.205	BC315-112-815/322-002-815		29,454
National Aquarium - Center for Aquatic Life and Conservation	20.205	BC318-019-815/ BC318-020-815		87
East Baltimore Life Science Park (EBDI) - Phase 1D TR08313	20.205	BC440004		1,384,145
North Charles St. Reconstruction from 25th St. to University Parkway	20.205	BC315-108-815		29,821
Northern Pkwy Adap Signal Ctr	20.205	Unknown		11,185
Orleans St and Aisquith TR 00045	20.205	Unknown		(5,000)
Perring Pkwy Off-Ramp Bridge Repl	20.205	450003		170,556
Preston Gardens Infrastructure TR12308	20.205	AX09135125		3,808,078
Recons Central Ave. & Storm Drain Eastern Ave. to N Madison St.	20.205	BC320-001-815		698,592
Reconst Broening Highway from Holabird Ave. to Colgate Creek & Keith Ave.	20.205	315-099/100-815		42,040
Reconst East North Avenue from Aisquith St. to Wolf St.	20.205	BC315-079-815		2,613,327
Rehabilitate Roadways around East Baltimore Life Science Park	20.205	BC318-013-815		33,759
Reisterstown Rd Streetscape from Northern Pkwy to Balt. City Line	20.205	BC315-089-815		211,414
Remington Ave Bridge/Stoney Run	20.205	450004		119,340
Replac. Annapolis Rd over Balt/Wash Pkwy (MD 295)	20.205	BC269-077-815		33,628
Resurfacing Edison Hwy TR 7306	20.205	Unknown		(2,000)
Resurfacing Northwest - Sector II TR 13305	20.205	410002		60,881
Resurfacing Southwest - Sector III TR 13306	20.205	410003		3,516,483
Resurfacing Various Locations, Northeast Sector I - FY 2012	20.205	BC315-113-815		2,953
Resurfacing Various Locations, Northeast Sector I	20.205	410001		92,896
Resurfacing Various Locations, Northwest Sector II - FY 2012	20.205	BC315-114-815		146,974
Resurfacing Various Locations, Southeast Sector IV	20.205			26,496

CITY OF BALTIMORE
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<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Roland Park Complete Sts.	20.205	410007	\$ -	\$ 617,935
Russell Street Concrete Pave Rehab	20.205	410014		80,010
Russell Street & Monroe Street Ramp to Russell Street over CSXT	20.205	BC269-084-815		429,216
SE Transportation Action Plan Intersection Improvements (Act.10)	20.205	BC315-109-815		2,468
Sinclair Lane Bridge over CSX Rail Road - Rehabilitation	20.205	BC318-016-815		272,781
Sisson Street over CSX	20.205	Unknown		54,027
Traffic Safety Improvement	20.205	319-003-815		1,693
Traffic Safety Project	20.205	410013		20,249
West North Ave at Pennsylvania Ave	20.205	Unknown		163,351
WIC - Infrastructure	20.205	Unknown		228,104
Wilkens Ave. Bridge over Gwynns Falls	20.205	BC269-071-815		131,228
Total Highway Planning and Construction				<u>48,429,139</u>
 Amtrak Baltimore and Potomac RR Tunnel - High-Speed Corridors and Intercity Passenger Rail Service Capital Assistance Grants	 20.319	 Unknown		 185,643
 Pass-Through Baltimore Metropolitan Council Unified Plng Work Prg-Metropolitan Transportation Planning and State and Non-Metroplitan Planning and Research	 20.505	 Unknown		 58,109
 Pass-Through Maryland Emergency Management Agency Hazardous Materials Emergency Preparedness	 20.703	 Unknown		 4,203
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>51,729,977</u>

**CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
U.S. DEPARTMENT OF TREASURY				
Direct Grant				
Equitable Sharing Program	21.016	Unknown	\$ -	\$ 397,487
TOTAL U.S. DEPARTMENT OF TREASURY				<u>397,487</u>
ENVIRONMENTAL PROTECTION AGENCY				
Pass-Through Maryland Department of the Environment				
Clean Water Program - Greenmount, Hampden Sanitation Sewers	66.458	Unknown		1,850,873
Drinking Water Program - Druid Lake Water Tanks	66.468	Unknown		279,516
Direct Grant				
Brownfields Assessment Community-Wide	66.818	Unknown		12,067
TOTAL ENVIRONMENTAL PROTECTION AGENCY				<u>2,142,456</u>
U.S. DEPARTMENT OF ENERGY				
Pass-Through Maryland State Department of Housing and Community Development				
DOE Weatherization	81.042	R340649		28,571
TOTAL U.S. DEPARTMENT OF ENERGY				<u>28,571</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Maryland State Department of Education				
Special Education Cluster (IDEA)				
Infants and Toddlers	84.027	165263	35,788	72,210
Infants and Toddlers - Supplemental	84.027	Unknown		77,929
Infants and Toddlers	84.027	170994	55,893	372,721
Infants and Toddlers	84.173	165264	4,772	9,628
Infants and Toddlers	84.173	170988	5,323	35,497
Total Special Education Cluster (IDEA)			<u>101,776</u>	<u>567,985</u>

**CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Infants and Toddlers	84.181	165262	\$ 76,347	\$ 154,047
Infants and Toddlers	84.181	171077	125,093	834,185
Total Special Education-Grants for Infants and Families			201,440	988,232
TOTAL U.S. DEPARTMENT OF EDUCATION				1,556,217
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Pass-Through Maryland State Department of Health and Mental Hygiene Surveillance (AIDS)	93.944	AD 407 SUR		918
Direct Grants				
Sexually Transmitted Disease Accelerated Prevention Campaign FY2016	93.977		703,751	1,406,036
Sexually Transmitted Disease Control Program	93.977			99,238
Sexually Transmitted Disease Surveillance Network	93.977		153,479	160,649
Sexually Transmitted Disease Surveillance Network	93.977		112,190	112,671
Pass-Through Maryland State Department of Health and Mental Hygiene				
Sexually Transmitted Disease/HIV Partner Counseling & Referral Svcs (PCRS)	93.977	CH 051 STD	16,415	44,598
Sexually Transmitted Disease/HIV Partner Counseling & Referral Svcs (PCRS)	93.977	CH 051 STD	24,220	54,992
Total Preventive Health Services-Sexually Transmitted Diseases Control Grants			1,010,055	1,878,184
Direct Grants				
Tuberculosis Elminiation and Laboratory	93.116		317,600	331,659
Tuberculosis Elminiation and Laboratory	93.116			1,016
Total Project Grants and Cooperative Agreements for Tuberculosis Control Programs			317,600	332,675
Office of Adolescent Hlth - Teenage Pregnancy Prevention Program	93.297		1,252,003	1,880,241
CAA Children's Services - Head Start FY2016	93.600		1,181,779	1,515,555
CAA Children's Services - Head Start FY2017	93.600		5,580,697	6,195,187
Early Head Start	93.600			230,240
Early Head Start	93.600			297,445
Total Head Start			6,762,476	8,238,427

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
HIV Emergency	93.914		\$ 12,622,142	\$ 13,475,665
HIV Emergency	93.914		2,191,516	2,455,599
HIV Emergency - Minority AIDS Initiative (MAI)	93.914			338
Ryan White II - A - Minority AIDS	93.914		1,442,494	1,566,340
Ryan White II - A - Minority AIDS	93.914		202,056	227,093
Total HIV Emergency Relief Project Grants			<u>16,458,208</u>	<u>17,725,035</u>
Healthy Start FY2005 - Healthy Start Initiative	93.926			6,016
Family Planning Research - Family Planning-Service Delivery Improvement Research Grants	93.974			388
Community Approaches Reducing STDs	93.978		228,265	279,248
Community Approaches Reducing STDs	93.978		90,854	90,854
Total Preventive Health Services-Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants			<u>319,119</u>	<u>370,102</u>
Pass-Through Maryland State Department of Health and Mental Hygiene				
Public Health Emergency Preparedness (PHER) Zika Supplemental	93.069	PR 075 PHP		80,754
Public Health Emergency Preparedness (PHER)	93.069	CH 831 PHP	22,990	381,479
Public Health Emergency Preparedness (PHER)	93.069	CH 831 PHP	52,676	183,365
Public Health Emergency Preparedness (PHER) Phase IV	93.069	PRO 24 PHP		273
Total Public Health Emergency Preparedness			<u>75,666</u>	<u>645,871</u>
Climate Control	93.074	FHD 08 SCC		12,974
PHEP Ebola Supplemental - Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	PR 051 PHP		<u>41,352</u>
Total Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements				54,326
ACA - Personal Responsibility Education Program	93.092	FHB 66 PRE	110,551	188,268
ACA - Personal Responsibility Education Program	93.092	FHB 66 PRE	150,826	233,038
Total Affordable Care Act (ACA) Personal Responsibility Education Program			<u>261,377</u>	<u>421,306</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
RW Part D Women, Infant, Children, Youth Health Support - Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	AD 431 WIC	\$ -	\$ 117
Enhance Quality Family Planning	93.217	FHF 14 EPP		15,030
Reproductive Health/Family Planning	93.217	FH 201 FFP	11,256	32,933
Reproductive Health/Family Planning	93.217	FH 201 FFP		162,812
Routine HIV Testing	93.217	FHD 12 HIV	39,677	113,069
Routine HIV Testing	93.217	FHD 12 HIV		3,048
Total Family Planning-Services			<u>50,933</u>	<u>326,892</u>
ACA - Abstinence Education Program	93.235	FHE 41 ABS	60,453	108,528
ACA - Abstinence Education Program	93.235	FH 807 ABS	56,032	96,517
Total Affordable Care Act (ACA) - Abstinence Education Program			<u>116,485</u>	<u>205,045</u>
Baltimore City Immunization Program FY2016	93.268	CH 054 IMM		139,543
Baltimore City Immunization Program FY2017	93.268	CH 054 IMM		383,228
Baltimore City Immunization Program FY2017 - Vaccine (Note 1)	93.268	CH 054 IMM		628,257
Immunization - Hepatitis B	93.268	CH 350 IMM		59,374
Immunization - Hepatitis B	93.268	CH 350 IMM		49,640
Total Immunization Cooperative Agreements				<u>1,260,042</u>
Community Based Prg to Test & Cure Hep C	93.270	AD 712 HCV	60,611	103,377
Community Based Prg to Test & Cure Hep C	93.270	AD 712 HCV	8,463	159,591
Total Adult Viral Hepatitis Prevention and Control			<u>69,074</u>	<u>262,968</u>
MIEC Intake Expansion Grant	93.505	FHD 39 MIC	702,133	847,002
MIEC Intake Expansion Grant	93.505	FHD39 MIC	313,846	320,504
Total Affordable CARE ACT (ACT) Maternal, Infant, and Early Childhood Home Visiting Program			<u>1,015,979</u>	<u>1,167,506</u>
Baltimore City Immunization Program FY2017	93.539	CH 054 IMM		127,742
Actions to Prev Obesity, Diabetes, Heart Disease	93.757	FHC 25 ODH	26,382	51,616
Actions to Prev Obesity, Diabetes, Heart Disease	93.757	FHC 25 ODH	4,800	93,918
Total State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)			<u>31,182</u>	<u>145,534</u>
Maryland Million Hearts Initiative	93.758	FHD 19 MMH		17,697

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Administrative Care Coordination	93.767	MA 005 EPS	\$ -	\$ 8,542
Administrative Care Coordination	93.767	MA 005 EPS	174,478	180,045
PWC Eligibility	93.767	MA 157 ACM	271,575	271,575
Total Children's Health Insurance Program			<u>446,053</u>	<u>460,162</u>
Medicaid Cluster				
Administrative Care Coordination	93.778	MA 005 EPS		48,049
Administrative Care Coordination	93.778	MA 005 EPS	697,912	765,018
General Transportation Services	93.778	MA 365 GTS		753,586
General Transportation Services	93.778	MA 365 GTS		4,673,370
Healthy Start Program - Expanded ACC		MA 411 HSP	17,387	45,947
Healthy Start Program - Expanded ACC	93.778	MA 411 HSP	403,648	403,648
PWC Eligibility	93.778	MA 157 ACM	1,357,874	1,348,473
Total Medicaid Cluster			<u>2,476,821</u>	<u>8,038,091</u>
Ryan White B - Consortia Services				
Ryan White B - Consortia Services	93.917	AD 419 RWS		18,958
Ryan White B - Consortia Services	93.917	AD 419 RWS	1,947,013	1,991,317
Total HIV Care Formula Grants			<u>1,947,013</u>	<u>2,010,275</u>
Direct Awards				
Comprehensive HIV Prevention Project	93.940		2,539,603	5,359,878
Comprehensive HIV Prevention Project	93.940			99,828
HIV Infections for MSM and Transgender	93.940		1,655,504	2,073,641
HIV Infections for MSM and Transgender	93.940		899,443	1,270,320
HIV Infections for MSM of Color	93.940		1,133,278	1,473,963
HIV Infections for MSM of Color	93.940		484,011	831,354
Pass-Through Maryland State Department of Health and Mental Hygiene				
Partnership for Care	93.940	AD 714 PFC		140,600
Sexually Transmitted Disease/HIV Partner Counseling & Referral Svcs	93.940	CH 051 STD	26,838	60,937
Total HIV Prevention Activities-Health Department Based			<u>6,738,677</u>	<u>11,310,521</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
CORE Public Health Services	93.994	FH 892 IPO	\$ -	\$ 79,942
CORE Public Health Services	93.994	CH 560 CFT	45,360	524,322
Improved Pregnancy Outcome FY2016	93.994	FH 892 IPO		83,855
Improved Pregnancy Outcome FY2017	93.994	FH 892 IPO		162,464
MCH - Lead Hazard Reduction Program	93.994	FHC 84 LPO		53,686
Medical Home Project	93.994	CH 929 MHP		16,211
Surveillance and Quality Improvement	93.994	FHD 62 SQI	11,213	17,963
Surveillance and Quality Improvement	93.994	FHD 62 SQI	20,051	79,086
Total Maternal and Child Health Services Block Grant to the States			<u>76,624</u>	<u>1,017,529</u>
Pass-Through Maryland State Department of Human Resources				
Cooperative Reimbursement-Child Support Enforcement	93.563	Unknown		28,905
Cooperative Reimbursement-Child Support Enforcement	93.563	CSEA/CRA-17-030		117,541
Total Child Support Enforcement				<u>146,446</u>
OHEP - MEAP FY2016	93.568	CSA/EA-07/04-30		310,198
OHEP - MEAP FY2017	93.568	CSA/EA-07/04-30		1,700,000
OHEP - MEAP FY2017	93.568	CSA/EA-07/04-30		1,493,993
Total Low-Income Home Energy Assistance				<u>3,504,191</u>
Pass-Through Maryland State Department of Aging				
Aging Cluster				
Special Prgs for the Aging, Title III, Pt B, Grants for Supportive Svcs and Sr Ctrs	93.044	AAA-3-24-003	219,473	752,619
Special Prgs for the Aging, Title III, Pt B, Grants for Supportive Svcs and Sr Ctrs	93.044	AAA-3-24-003	199,576	581,957
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003		476,564
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003		1,084,225
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003		163,684
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	AAA-3-24-003		726,553
Nutrition Services Incentive Program (NSIP)	93.053	AAA-3-24-003		331,227
Total Aging Cluster			<u>419,049</u>	<u>4,116,829</u>

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Pass-Through Maryland State Department of Aging Title VII Older Americans Act Ombudsman/Elder Abuse FY2015	93.042	AAA-3-24-003	\$ -	\$ 62,953
Title IIID Disease Prevention and Health Promotion Services Disease Prevention and Health Promotion Services	93.043	AAA-3-24-003		83,897
Senior Medicare Patrol	93.048	Unknown		24,796
Older Americans Act Title IIIIE FY2016	93.052	AAA-3-24-003	15,500	135,316
Older Americans Act Title IIIIE FY2017	93.052	AAA-3-24-003	10,500	303,495
Total National Family Caregiver Support, Title III, Part E			<u>26,000</u>	<u>438,811</u>
Senior Health Insurance Program (SHIP) FY2017	93.324	ST-2515-003		23,381
Pass-Through Maryland State Department of the Environment Community Based Childhood Lead Poisoning	93.197	Unknown		277,834
Community Based Childhood Lead Poisoning	93.197	Unknown		7,855
Total Childhood Lead Poisoning Prevention Projects-State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children				<u>285,689</u>
Pass-Through Maryland State Department of Housing and Community Development Community Services Block Grant FY2016	93.569	Unknown		631,141
Community Services Block Grant FY2017	93.569	Unknown		1,829,566
Total Community Services Block Grant				<u>2,460,707</u>

**CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017**

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Pass-Through Behavioral Health Systems Baltimore				
Alcohol Assessment Unit FY2016	93.959	Unknown	\$ -	\$ 6,804
Alcohol Assessment Unit FY2017	93.959	Unknown		450,082
Forensic Alternative Services Team (FAST)	93.959	Unknown		51,739
Forensic Alternative Services Team (FAST)	93.959	Unknown		431,600
Pass-Through Maryland State Department of Health and Mental Hygiene				
Overdose Educational Naloxone Distribution Program	93.959	AS 402 ODN		32,198
Total Block Grants for Prevention and Treatment of Substance Abuse				<u>972,423</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>39,870,394</u>	<u>70,023,733</u>
CORPORATION FOR NATIONAL & COMMUNITY SERVICE				
Direct Grants				
Retired and Senior Volunteer Program FY2016	94.002			(9,292)
Foster Grandparent/Senior Companion Cluster Senior Companion Program FY2016	94.016			<u>(6,577)</u>
TOTAL CORPORATION FOR NATIONAL & COMMUNITY SERVICE				<u>(15,869)</u>
EXECUTIVE OFFICE OF THE PRESIDENT				
Direct Grants				
High Intensity Drug Trafficking Areas (HIDTA)	95.001			<u>99,994</u>
TOTAL EXECUTIVE OFFICE OF THE PRESIDENT				<u>99,994</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Grants				
Port Security V - Homeland Security - Port Security Grant Program	97.056			13,061
Staffing for Adequate Fire and Emergency Response Grant	97.083			308,605

CITY OF BALTIMORE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2017

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-Through Entity Identifying Number</i>	<i>Passed Through to Subrecipients</i>	<i>Total Federal Expenditures</i>
Homeland Security Grant Program	97.067		\$ -	\$ 440
Pass-Through Maryland Emergency Management Agency				
FY2013 State Homeland Security Grant Program	97.067	Unknown		7,419
FY2015 Urban Area Security Initiative (UASI)	97.067	Unknown		700,292
FY2016 State Homeland Security Grant Program	97.067	Unknown		46,862
FY2016 Urban Area Security Initiative (UASI)	97.067	Unknown		48,096
Homeland Security FY2015	97.067	Unknown		394,673
Homeland Security Grant Program	97.067	Unknown		8,085
Homeland Security Grant Program	97.067	Unknown		24,256
Homeland Security Grant Program	97.067	Unknown		33,270
Homeland Security Grant Program	97.067	Unknown		50,653
Total Homeland Security Grant Program				<u>1,314,046</u>
Pass-Through Maryland Emergency Management Agency				
FY2012 Urban Area Security Initiative (UASI)	97.008	Unknown		39,361
FY2014 Urban Area Security Initiative (UASI)	97.008	Unknown		375,843
Total Non-Profit Security Program				<u>415,204</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY				<u>2,050,916</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 68,618,379</u>	<u>\$ 197,586,290</u>

CITY OF BALTIMORE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of City (the City) under programs of the federal government for the year ended June 30, 2017. The information in this 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.

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

The non-cash expenditures of approximately \$628,257, reported under CFDA No. 93.268, Immunization Cooperative Agreements, represent the value of vaccines distributed to the City from the Maryland State Department of Health and Mental Hygiene.

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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SECTION I - SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Section I - Summary of Auditors' Results

Financial Statements

Type of report issued on whether the financial statements were prepared	Unmodified
---	------------

Internal control over financial reporting:

- | | |
|---|-----|
| • Material weakness(es) identified? | Yes |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |

Noncompliance material to financial statements noted?	Yes
---	-----

Federal Awards

Type of auditor's report issued	Unmodified
---------------------------------	------------

Internal control over major programs:

- | | |
|---|-----|
| • Material weakness(es) identified? | Yes |
| • Significant deficiency(ies) identified that are not considered to be material weakness(es)? | No |

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

Low Income Home Energy Assistance Program	Qualified
All Other Major Programs	Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
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**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

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SECTION II – FINANCIAL STATEMENT FINDINGS

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2017-001

Material Weakness over Grant Accounting Function

Criteria:

The City of Baltimore (the City) is responsible for properly tracking and accounting for state, Federal and other grants.

Cause:

Baltimore City Finance Department (Finance) reports grant revenue, grant accounts receivable and grant deferred revenue balances based on the information provided and maintained by various City departments that receive Federal, state and other grants. Finance does not have the authority to enforce timely preparation and reconciliation of grant account balances from departments. The City general ledger software, CityDynamics makes it difficult to properly track expenditures and receipts for complex 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.

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.

Effect:

The City is not able to establish accurate balances of grant accounts receivable and grant deferred revenue accounts.

Recommendation:

We recommend the City to develop a formal written procedure to timely and properly track and account for grant revenues and expenditures to be able to reconcile grant account balances from central general ledger to systems maintained at individual departments that receive grants. We also suggest that the City establish a Grants Department that would be responsible for reconciling the grant information. 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.

Auditee Response and Corrective Action Plan:

Refer to the corrective action plan on current findings in Part VII of this report.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2017-002

Material Weakness over Financial Reporting Function

Criteria:

The City of Baltimore (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 2017 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.

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, CityDynamics, 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.

Effect:

The City had significant adjustments for the year ended June 30, 2017.

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 City invests in financial reporting software that would help the City generate appropriate reports and compile financial statements.

Auditee Response and Corrective Action Plan:

Refer to the corrective action plan on current findings in Part VII of this report.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2017-003

Material Weakness over Payroll Timekeeping Function

Criteria:

The City of Baltimore (the City) is responsible for proper timekeeping and calculation of payroll.

Cause:

City of Baltimore was missing documentation payroll related items (i.e, timesheets, overtime, etc) for a significant number of items in payroll testing.

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.

Effect:

The City had significant adjustments for the year ended June 30, 2017.

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 invests in timekeeping software that would work for all the departments and meet the compliance guidelines of the union agreements.

Auditee Response and Corrective Action Plan:

Refer to the corrective action plan on current findings in Part VII of this report.

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding 2017-004

Material Weakness over Water and Wastewater Billing Function

Criteria:

The City of Baltimore (the City) is responsible for timely and accurate billing of city residents for water and wastewater utility services.

Cause:

City of Baltimore has implemented a transition into a new water and wastewater utilities billing system UMAX. During the transition a significant number of customer accounts were not billed or billed inconsistently which led to potential errors in water and wastewater utility revenue.

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.

Effect:

The City's water and wastewater utilities system is not able to establish accurate water and wastewater utilities revenue and accounts receivable balance 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:

Refer to the corrective action plan on current findings in Part VII of this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-005
CFDA #: ALL
Program Title: ALL
Federal Agency: ALL
Federal Award #: ALL
Fed Award Year: 2017
Pass-Through: N/A

Repeat Finding: 2016-001

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

Condition:

During our fiscal year 2017 audit, we prepared the SEFA for the City of Baltimore. We 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. We were not able to clearly identify which amounts were accurate, so we used expenditure amounts from the accounting software. In addition, we were not able to test the SEFA 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, we were 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 SEFA, 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 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).

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-005 *(continued)*

Criteria: (continued)

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.

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 the DOF weakens internal controls over grant reporting and hinders the ability of the DOF to accurately prepare the SEFA.

Internal controls should be designed to prevent, detect or correct errors in a timely manner. Without adequate controls, the City of Baltimore cannot provide reasonable assurance that the SEFA is fairly presented. Controls have not been established by the City of Baltimore to ensure complete and accurate reporting for the SEFA for the 2017 fiscal year.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-005 *(continued)*

Effect:

The determination of which major programs will be audited are affected by the accuracy of the SEFA at the time of audit. Failure to develop internal controls over reporting could jeopardize future federal funding and result in inaccurate reporting of the City of Baltimore's financial information.

Questioned Costs:

Unknown.

Recommendation:

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

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-006
CFDA #: 93.044, 93.045 and 93.053
Program Title: Aging Cluster
Federal Agency: Department of Health and Human Services
Federal Award #: AAA-3-24-003
Pass-Through: Maryland Department of Aging

Repeat Finding: 2016-008
Compliance and Internal Control Deficiency over Reporting

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.

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: 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 Baltimore City Health Department (BCHD) did not have adequate controls in place for reporting.

Effect:

BCHD is not in compliance with the reporting requirement for the Aging program.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-006 *(continued)*

Questioned Costs:

\$744,141.

Recommendation:

We recommend the BCHD incorporate controls to properly account for funds related to federal awards.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-007

CFDA #: 93.044, 93.045, and 93.053

Program Title: Aging Cluster

Federal Agency: Department of Health and Human Services

Federal Award #: AAA-3-24-003

Pass-Through: Maryland Department of Aging

Repeat Finding: 2016-002

Compliance and Internal Control Deficiency over Subrecipient Monitoring

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.

Criteria:

In accordance with 2 CFR 200.331: Requirements for pass-through entities. All pass-through entities must: (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring described in paragraph (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar subawards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F – Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program; (3) Whether the subrecipient has new personnel or new or substantially changed systems; and (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency). (c) Consider imposing specific subaward conditions upon a subrecipient if appropriate as described in section 200.207, Specific Conditions. (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and programmatic reports required by the pass-through entity. (2) Following up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

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).

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-007 *(continued)*

Cause:

Management did not maintain a listing of subrecipients by CFDA number or Federal program name, which prevented them from monitoring subrecipients within the Aging program. The lack of adherence to this requirement was an administrative oversight.

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:

None.

Recommendation:

We recommend management establish monitoring requirements for the Aging program, and prepare and maintain a written plan to monitor its subrecipients.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-008
CFDA #: 93.044, 93.045 and 93.053
Program Title: Aging Cluster
Federal Agency: Department of Health and Human Services
Federal Award #: AAA-3-24-003
Pass-Through: Maryland Department of Aging

Repeat Finding: 2016-019
Compliance and Internal Control Deficiency over Earmarking

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.

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. (b) The financial management system of each non-Federal entity must provide for the following (see also sections 200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access of records): (1) Identification in its accounts of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the pass-through entity, if any. (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in section 200.337 Financial Reporting.

Cause:

The BCHD did not follow the requirements for earmarking.

Effect:

BCHD is not in compliance with the earmarking requirement for the Aging program.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-008 *(continued)*

Questioned Costs:

Unknown.

Recommendation:

We recommend that BCHD account for and record expenditures using separate account numbers for In-Home Services and Access Services for the Aging program.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-009
CFDA #: 93.778
Program Title: Medical Assistance Program (Medicaid; Title XIX)
(Medicaid Cluster)
Federal Agency: Department of Health and Human Services (DHHS)
Federal Award #: MA365GTS-F738N
Pass-Through: Maryland Department of Health and Mental Hygiene (DHMH)

Compliance and Internal Control Deficiency over Cash Management

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.

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 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:

BCHD did not have proper controls to adhere to the cash management requirements under Uniform Guidance related to the timing requirements for submitting quarterly reimbursement requests.

Effect:

BCHD is not in compliance with the cash management requirement for MAP's Transportation program.

Questioned Costs:

None.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-009 *(continued)*

Recommendation:

We recommend that BCHD comply with financial reporting requirements including those related to the timing of report submissions.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-010
CFDA #: 93.778
Program Title: Medical Assistance Program (Medicaid; Title XIX)
(Medicaid Cluster)
Federal Agency: Department of Health and Human Services
Federal Award #: MA365GTS-F738N and MA005EPS-F70N
Pass-Through: Maryland Department of Health and Mental Hygiene

Repeat Finding: 2016-016
Compliance and Internal Control Deficiency over Reporting

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.

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 BCHD did not have adequate controls in place related to the reporting compliance requirement.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-010 *(continued)*

Effect:

BCHD is not in compliance with the Reporting requirement for the Medical Assistance Program.

Questioned Costs:

Unknown.

Recommendation:

We recommend the BCHD incorporate controls to ensure that financial reports are supported by and can be reconciled to the City's accounting records.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-011
CFDA#: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White Part A)
Federal Agency: U.S. Department of Health and Human Services
Federal Award #: 6 H89HA00017-20-01
Pass-Through: N/A

Compliance and Internal Control Deficiency over Subrecipient Monitoring

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).

Criteria:

In accordance with, 2 CFR 200.331(a), all pass-through entities must “Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in a subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

1. Federal Award Identification.
 - I. Subrecipient name (which must match the name associated with its unique entity identifier e.g. DUNS number);
 - II. Subrecipient's unique entity identifier (e.g. DUNS number);
 - III. Federal Award Identification Number (FAIN);
 - IV. Federal Award Date (see §200.39 Federal award date) of award to the recipient by the Federal agency
 - V. Subaward Period of Performance Start and End Date;
 - VI. Amount of Federal Funds Obligated by this action by the pass-through entity to the subrecipient;
 - VII. Total Amount of Federal Funds Obligated to the subrecipient by the pass-through entity including the current obligation;
 - VIII. Total Amount of the Federal Award committed to the subrecipient by the pass-through entity;
 - IX. Federal award project description, as required to be responsive to the Federal Funding Accountability and Transparency Act (FFATA);
 - X. Name of Federal awarding agency, pass-through entity, and contact information for awarding official of the Pass-through entity;

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-011 *(continued)*

Criteria: (continued)

- XI. CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement;
- XII. Identification of whether the award is R&D; and
- XIII. Indirect cost rate for the Federal award (including if the de minimis rate is charged per §200.414 Indirect (F&A) costs).”

Cause:

BCHD was unaware of all the requirements of 2 CFR 200.331(a).

Effect:

BCHD is not in compliance with federal grant requirements. The agency could have subrecipients not fully aware of their responsibilities and requirements in accordance with federal guidelines.

Questioned Costs:

None

Recommendation:

We recommend that BCHD establish procedures to ensure all required information is included in the subaward agreements in accordance with 2 CFR 200.331(a).

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-012
CFDA#: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White Part A)
Federal Agency: U.S. Department of Health and Human Services (HHS)
Federal Award #: 6 H89HA00017-20-01
Pass-Through: N/A

Compliance and Internal Control Deficiency over Earmarking

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.

Criteria:

In accordance with, the Uniform Guidance Supplement, unless waived by the Secretary of HHS, for the purpose of providing health and support services to women, youth, infants, and children living with HIV, including treatment measures to prevent the perinatal transmission of HIV, the chief elected official of an eligible area, in accordance with the priorities of the planning council, shall use for each of these populations not less than the percentage of Ryan White HIV/AIDS Program Part A funds in a fiscal year constituted by the ratio of the population involved (women, youth, infants, or children) in the area with HIV/AIDS to the general population in the area of individuals with HIV/AIDS (42 USC 300ff-14(f)). This information is provided by the Health Resources and Services Administration in the annual application guidance (Appendix II, Estimated Number/Percent of Women, Infants, and Children Living with AIDS in eligible metropolitan areas and transitional grant areas).

Cause:

BCHD did not meet the requirement based on the CDC's estimate. The agency submitted a waiver request, but received no further communication regarding its submission.

Effect:

The agency would not be in compliance with federal grant requirements. The priority populations would not receive that appropriate amount of services as determined by the federal agency.

Questioned Costs:

None

Recommendation:

We recommend that BCHD establish procedures to ensure earmarking requirements are met. In the event a waiver is requested, we recommend BCHD implement a means to document that the federal agency received and approved the waiver request.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-012 *(continued)*

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-013
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Repeat Finding: 2016-004
Material Weakness over Eligibility

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

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 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:

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

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-013 *(continued)*

Effect:

MOHS is not in compliance with the Eligibility requirement for the LIHEAP program.

Questioned Costs:

\$43,114.60

Recommendation:

We recommend that MOHS implement controls over the eligibility process.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-014
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Repeat Finding: 2016-005

Material Weakness over Activities Allowed and Allowable Costs (Payroll)

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.

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

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-014 *(continued)*

Criteria: (continued)

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:

MOHS was not aware of the Federal requirements to have written procedures for compensation for employees paid either partially or fully with Federal funds. In addition, the agency did not have proper controls in place to ensure that payroll activities allowed and allowable costs were reviewed to meet compliance requirements.

Effect:

MOHS is not in compliance with the Activities Allowed and Allowable Costs (Payroll) requirement for the LIHEAP program. Employees could be receiving payroll payments in error and MOHS could be improperly expending funds received from the Department of Health and Human Services.

Questioned Costs:

\$50,370.15

Recommendation:

We recommend that the agency write procedures related to federally funded payroll (partial and full) and implement these procedures immediately. In addition, we recommend that the agency review the payroll for fictitious or former employees still listed within the payroll summary sheets.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-015
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

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

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

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.

Cause:

MOHS did not establish controls for reporting.

Effect:

MOHS is not in compliance with the reporting compliance requirement.

Questioned Costs:

None.

Recommendation:

We recommend that the agency implement procedures for reporting.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-016
CFDA #: 14.218
Program Title: Community Development Block Grant (CDBG)
Federal Agency: Department of Housing and Urban Development
Federal Award #: B-16-MC-24-0010
Pass-Through: N/A

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

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

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
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-016 *(continued)*

Cause:

DHCD was not aware of the Federal requirements to have written procedures for compensation for employees paid either partially or fully with Federal funds. In addition, the agency did not have proper controls in place to ensure that payroll activities allowed and allowable costs were reviewed to meet compliance requirements.

Effect:

DHCD is not in compliance with the Activities Allowed and Allowable Costs (Payroll) requirement for the CDBG program. Employees could be receiving payroll payments in error and DHCD could be improperly expending funds received from the U.S. Department of Housing and Urban Development.

Questioned Costs:

\$8,115.71

Recommendation:

We recommend that the DHCD write procedures related to federally funded payroll (partial and full) and implement these procedures immediately. In addition, we recommend that the agency review the payroll for supporting documentation and accuracy.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-017
CFDA #: 14.267
Program Title: Continuum of Care
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Cash Management

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.

Criteria:

In accordance with 2 CFR §200.305(b): For non-Federal entities other than states, payment methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means.

Cause:

Mayor’s Office of Human Services (MOHS)-Baltimore Homeless Services (BHS) does not properly adhere to the cash management requirements under Uniform Guidance and they do not have a complete understanding of these requirements.

Effect:

Mayor’s Office of Human Services (MOHS)-Baltimore Homeless Services (BHS) is not in compliance with the Cash Management requirements for the Continuum of Care program.

Questioned Costs:

None.

Recommendation:

We recommend Mayor’s Office of Human Services (MOHS)-BHS (Baltimore Homeless Services) develop and adhere to procedures that will minimize the timing between when Federal funds are approved for drawdown and the drawdown request date.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-018
CFDA #: 14.241
Program Title: Housing Opportunities for People with AIDS (HOPWA)
Federal Agency: Department of Housing and Urban Development (HUD)
Federal Award #: Various
Fed Award Year: 2014 through 2016
Pass-Through: N/A

Compliance and Internal Control Deficiency over Eligibility

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.

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:

Mayor’s Office of Human Services – Baltimore Homeless Services 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:

Assets could intentionally or unintentionally be lost or stolen which exposes the City to reduced resources and reputation risk. Additionally, federal resources may have to be returned.

Questioned Costs:

None.

Recommendation:

We recommend that MOHS implement controls over the eligibility process.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding#: 2017-018 *(continued)*

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-019
CFDA #: 14.241
Program Title: Housing Opportunities for People with AIDS (HOPWA)
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Earmarking

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.

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 guidance in *Standards for Internal Control in the Federal Government* issued by the Comptroller General of the United States and the ‘*Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

In accordance with 2 CFR §200.302: (2) Accurate, current, and complete disclosure of the financial results of each federal award or program in accordance with the reporting requirements set forth in 200.327 Financial Reporting and 200.328 Monitoring and reporting program performance. (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. (4) Effective control over and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they were used solely for authorized purposes. See 200.303 Internal controls. (5) Comparison of expenditures with budget amounts for each Federal award.

In accordance with 24 CFR §574.300(b)(10)(i)-(ii): Activities. The following activities may be carried out with HOPWA funds: Administrative expenses: Each grantee may use not more than 3 percent of the grant amount for its own administrative costs relating to administering grant amounts and allocating such amounts to project sponsors; and Each project sponsor receiving amounts from grants made under this program may use not more than 7 percent of the amounts received for administrative costs.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding#: 2017-019 *(continued)*

Cause:

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

Effect:

MOHS is not in compliance with the Earmarking requirements for the HOPWA program.

Questioned Costs:

None.

Recommendation:

We recommend that MOHS implement controls over the Earmarking process.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-020
CFDA #s: 14.241 and 14.267
Program Title(s): Housing Opportunities for People with AIDS (HOPWA) and Continuum of Care (CoC)
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Activities Allowed and Allowable Costs

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.

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 (vii) 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

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-020 *(continued)*

Criteria: (continued)

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:

MOHS was not aware of the Federal requirements to have written procedures for compensation for employees paid either partially or fully with Federal funds. In addition, the agency did not have proper controls in place to ensure that payroll activities allowed and allowable costs were reviewed to meet compliance requirements.

Effect:

MOHS is not in compliance with the Activities Allowed and Allowable Costs (Payroll) requirement for the CoC and HOPWA programs. Persons could be receiving payroll payments in error and MOHS could be improperly expending funds received from the Department of Housing and Urban Development.

Questioned Costs:

\$13,015.61.

Recommendation:

We recommend that the agency write procedures related to federally funded payroll (partial and full) and implement these procedures immediately. In addition, we recommend that the agency adhere and implement controls over the payroll process.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-021
CFDA #: 14.241
Program Title: Housing Opportunities for Persons with AIDS (HOPWA)
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Special Tests and Provisions

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.

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.

Cause:

Mayor's Office of Human Services (MOHS) – Baltimore Homeless Services (BHS) did not have adequate controls over the Special Tests and Provisions process, therefore, the recording and retention of supporting documentation was not properly adhered to in accordance with Uniform Guidance.

Effect:

MOHS has displayed a failure to monitor and update eligible tenant status information which could result in payment(s) for ineligible tenants and the agency is not in compliance with the special test (housing quality standards) requirements for the HOPWA program.

Questioned Costs:

None.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-021 *(continued)*

Recommendation:

We recommend that the agency implement procedures for Special Tests and Provisions.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-022
CFDA #: 20.205
Program Title: Highway Planning and Construction (Federal-Aid Highway Program)
Federal Agency: Department of Transportation
Federal Award #: Various
Fed Award Year: 2011 through 2017
Pass-Through: Maryland Department of Transportation

Repeat Finding: 2016-003
Compliance and Internal Control Deficiency over Program Income

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.

Criteria:

In accordance with 23 USC 156 sections (a) & (c): Proceeds from the sale or lease of real property. (a) MINIMUM CHARGE.—Subject to section 142(f), a State shall charge, at a minimum, fair market value for the sale, use, lease, or lease renewal (other than for utility use and occupancy or for a transportation project eligible for assistance under this title) of real property acquired with Federal assistance made available from the Highway Trust Fund (other than the Mass Transit Account).

(c) USE OF FEDERAL SHARE OF INCOME.—The Federal share of net income from the revenues obtained by a State under subsection (a) shall be used by the State for projects eligible under this title.

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.

Cause:

1. The lease agreement between the vendor (Engineer Associates) and the City should have been adjusted every five years based on the Consumer Price Index (CPI). However, since 2008, the City continued to bill the vendor the same amount every month until April 2017. Additionally, the city did not bill Engineer Associates for three months. These resulted in a rental income shortage of \$3,766.92.

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-022 *(continued)*

Cause: (continued)

2. The lease agreement between the State Highway Administration (SHA) and the City outlined that the annual rent for fiscal year 2017 should be \$272,910.09. However, the City billed SHA \$266,253.72 in fiscal year 2017. This resulted in a rental income shortage of \$6,656.37.

Effect:

Accordingly, lease income in the amount of \$10,423.32 was not collected. The city should collect this amount from the vendors.

Questioned Costs:

\$10,423.32 for fiscal year 2017.

Recommendation:

We recommend management comply with the provisions of the rental agreements in order to obtain the appropriate amount of program income. Additionally, the Baltimore City Department of Transportation should obtain the proper amount of uncollected rental income from the vendors in accordance with the rental agreements in the amount of \$10,423.32.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2017-023
CFDA #: 20.205
Program Title: Highway Planning and Construction (Federal-Aid Highway Program)
Federal Agency: Department of Transportation
Federal Award #: Various
Fed Award Year: 2011 through 2017
Pass-Through: Maryland Department of Transportation

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

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.

Criteria:

Per 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 by the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vii) 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:

BC DOT did not have proper controls in place to ensure that payroll activities allowed and allowable costs were reviewed to meet the compliance requirements.

Effect:

BC DOT is not in compliance with the Activities Allowed and Allowable Costs (Payroll) requirement for the program.

**CITY OF BALTIMORE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2017-023 *(continued)*

Questioned Costs:

\$2,364.54.

Recommendation:

We recommend that BC DOT review payroll charges made to the Federal-aid Highway Projects before approval and charge projects only for the actual work performed.

Auditee Response and Corrective Action Plan:

Please refer to the attached letter from management.

SECTION IV - SCHEDULE OF PRIOR YEAR FINDINGS

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CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section IV – Schedule of Prior Year Findings and Questioned Costs

Finding #: 2016-001
CFDA #: ALL
Program Title: ALL
Federal Agency: ALL
Federal Award #: ALL
Fed Award Year: 2016
Pass-Through: N/A

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

Condition:

During our 2016 audit, we prepared the SEFA for the City of Baltimore. We 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. We were not able to clearly identify which amounts were accurate, so we used expenditure amounts from the accounting software. In addition, we were not able to test the SEFA 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, we were 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 SEFA, 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 SEFA, such as CFDA titles and numbers, pass through identification information and subrecipient information.

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).

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-001 (continued)

Criteria: (continued)

Per 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.

Per 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. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services. (2) For Federal awards received as a subrecipient, the name of the passthrough 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 the DOF weakens internal controls over grant reporting and hinders the ability of the DOF to accurately prepare the SEFA.

Internal controls should be designed to prevent, detect or correct errors in a timely manner. Without adequate controls, the City of Baltimore cannot provide reasonable assurance that the SEFA is fairly presented. Controls have not been established by the City of Baltimore to ensure complete and accurate reporting for the SEFA for the 2016 year.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-001 (continued)

Effect:

The determination of which major programs will be audited are affected by the accuracy of the SEFA at the time of audit. Failure to develop internal controls over reporting could jeopardize future federal funding and report its financial information inaccurately.

Questioned Costs:

Unknown.

Recommendation:

We recommend that the DOF establish policies and procedures to ensure that the federal funds are properly identified and reported accurately on the SEFA in accordance with Uniform Guidance requirements. We also recommend that individuals responsible for administering federal assistance programs with the City of Baltimore receive training in grant administration.

Finding Update: Repeat Finding 2017-005

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-002
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)

CFDA #: 93.044, 93.045, 93.053
Program Title: Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program

Federal Agency: Department of Health and Human Services
Federal Award #: Various
Pass-Through: N/A

Compliance and Significant Deficiency over Subrecipient Monitoring

Condition:

During our audit, management within the Baltimore City Health Department (BCHD) could not identify or provide support for subrecipient monitoring performed during 2016. In addition, management did not maintain a written plan specifying its basis for monitoring its subrecipients.

Criteria:

Per 2 CFR 200.331: Requirements for pass-through entities.

All pass-through entities must: (b) Evaluate each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the sub award for purposes of determining the appropriate subrecipient monitoring described in paragraph (e) of this section, which may include consideration of such factors as: (1) The subrecipient's prior experience with the same or similar sub awards; (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F—Audit Requirements of this part, and the extent to which the same or similar sub award has been audited as a major program; (3) Whether the subrecipient has new personnel or new or substantially changed systems; and (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency). (c) Consider imposing specific sub award conditions upon a subrecipient if appropriate as described in §200.207 Specific conditions. (d) Monitor the activities of the subrecipient as necessary to ensure that the sub award is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the sub award; and that sub award performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and programmatic reports required by the pass-through entity. (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-002 (continued)

Criteria: (continued)

Per 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).

Cause:

Management did not maintain a listing of subrecipients by CFDA number or federal program name, which prevented them from monitoring subrecipients within the aging program. This requirement was an administrative oversight.

Effect:

Management does not have proper controls to ensure subrecipients are monitored in a timely manner, as a result, they wouldn't be able to determine if subrecipients are in compliance with applicable federal requirements.

Questioned Costs:

None.

Recommendation:

We recommend management establish monitoring requirements for the Aging program, prepare and maintain a written plan to monitor its subrecipients.

Finding Update: Repeat Finding 2017-007

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-003
CFDA #: 20.205
Program Title: Highway Planning and Construction (Federal-Aid Highway Program)
Federal Agency: Department of Transportation
Federal Award #: Various
Fed Award Year: 2011 through 2016
Pass-Through: N/A

Repeat Finding: 2015-017
Compliance and Internal Control Deficiency over Program Income

Condition:

During our audit, we systematically selected three vendors for program income testing. Monthly rental payments received during fiscal year 2016 for one vendor's lease rental payment requirements did not agree to the rent per the lease agreement.

Criteria:

Per 23 USC 156: Proceeds from the sale or lease of real property.

(a) MINIMUM CHARGE.—Subject to section 142(f), a State shall charge, at a minimum, fair market value for the sale, use, lease, or lease renewal (other than for utility use and occupancy or for a transportation project eligible for assistance under this title) of real property acquired with Federal assistance made available from the Highway Trust Fund (other than the Mass Transit Account).

(c) USE OF FEDERAL SHARE OF INCOME.—The Federal share of net income from the revenues obtained by a State under subsection (a) shall be used by the State for projects eligible under this title.

Per 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.

Cause:

The lease agreement between the vendor and the City should have been adjusted every five years based on the Consumer Price Index (CPI). However, the City continued to bill the vendor the same amount every month since 2008.

Effect:

The monthly rent amount received is understated and the vendor owes the City the balance of the rental income for the year. The increase should have been restructured during fiscal year 2014.

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding#: 2016-003 (continued)

Questioned Costs:

\$913.20 for fiscal year 2016.

Recommendation:

We recommend management establish monitoring requirements for all vendor contracts and record adjustments as needed.

Finding Update: Repeat Finding 2017-022

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-004
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Repeat Finding: 2015-003
Material Weakness over Eligibility

Condition:

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

- Seven participant applications were not provided for testing,
- Original applications were missing for three participants,
- Two instances where approval signatures at MOHS were altered, either changed or added subsequent to receipt by audit team,
- MEAP award not listed on application for forty participants,
- Four instances of no proof of residency or photocopy if identification missing,
- Seven instances of duplicate payments,
- Four instances of certifier and/or intake signatures missing, and
- One instance where total income was not listed on application.

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).

Cause:

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

Effect:

MOHS is not in compliance with the Eligibility requirement for the LIHEAP program.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-004 (continued)

Questioned Costs:

\$48,429.

Recommendation:

We recommend that MOHS implement controls over the eligibility process.

Finding Update: Repeat Finding 2017-013

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-005
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Repeat Finding: 2015-013
Material Weakness over Activities Allowed and Allowable Costs (Payroll)

Condition:

During our audit, we systematically selected 54 payroll transactions to test Activities Allowed and Allowable Costs compliance requirement. We noted that MOHS did not have the required written policy on compensation per Uniform Guidance. In addition, we noted the following during our testing of payroll:

- Four employees names and/or position not noted in program budget,
- Twenty seven instances where the employee did not sign in,
- Thirteen employee summary sheets did not match employee time sheets,
- Two instances where bi-weekly summary sheets were not authorized by supervisor,
- All employees sign in but do not sign out at the end of the day,
- Two instances where the employee left in fiscal year 2015, yet were paid salaries in fiscal year 2016, and
- Three instances where a payment was made to a person that was never an employee for the LIHEAP program

Criteria:

Per 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.

Per 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

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-005 (continued)

Criteria: (continued)

the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vii) 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:

MOHS was not aware of the Federal requirements to have written procedures for compensation for employees paid either partially or fully with Federal funds. In addition, the agency did not have proper controls in place to ensure that payroll activities allowed and allowable costs were reviewed to meet compliance requirements.

Effect:

MOHS is not in compliance with the Activities Allowed and Allowable Costs (Payroll) requirement for the LIHEAP program. Persons could be receiving payroll payments in error and MOHS could be improperly expending funds received from the Department of Health and Human Services.

Questioned Costs:

\$17,484.

Recommendation:

We recommend that the agency write procedures related to federally funded payroll (partial and full) and implement these procedures immediately. In addition, we recommend that the agency review the payroll for fictitious or former employees still listed within the payroll summary sheets.

Finding Update: Repeat Finding 2017-014

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-006
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Compliance and Internal Control Deficiency over Reporting

Condition:

CFDA # 14.241: During our audit of financial reporting for the Mayor’s Office of Human Services (MOHS), we noted that the CAPER was not submitted within the required time period.

CFDA # 93.568: During our audit of financial reporting for 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 Office of Home Energy Program (OHEP) manual.

Criteria:

Per 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.

Per HUD: HUD-40110-C, Annual Progress Report, and HUD-40110-D, Consolidated Annual Performance and Evaluation Report (CAPER) (OMB No. 2506-0133) – Both reports are due from each grantee within 90 days after the close of its program year and are used for competitive/renewal projects and for formula programs, respectively.

Cause:

MOHS did not establish controls for reporting.

Effect:

MOHS is not in compliance with the reporting compliance requirement.

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding#: 2016-006 (continued)

Questioned Costs:

None.

Recommendation:

We recommend that the agency implement procedures for reporting.

Finding Update: Repeat Finding 2017-015

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-007
CFDA#: 14.267 Continuum of Care (COC) Program
CFDA#: 14.241 Housing Opportunities for Persons with AIDS (HOPWA)
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: N/A

Repeat Finding: 2015-014
Material Weakness over Subrecipient Monitoring

Condition:

During our audit, we were not able to test subrecipient monitoring at the Mayor’s Office of Human Services (MOHS), because monitoring was not performed on subrecipients during the audit period to ensure that subawards were used for authorized purposes, complied with the terms and conditions of the subawards and that the subrecipients achieved their performance goals.

Criteria:

Per 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.

Per 2 CFR 200.331: (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) Reviewing financial and programmatic reports required by the pass-through entity. (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass through entity detected through audits, on-site reviews, and other means. (3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision. (e) Depending upon the pass-through entity’s assessment of risk posed by the subrecipient (as described in paragraph (b) of this section), the following monitoring tools may be useful for the pass-through entity to ensure proper accountability and compliance with program requirements and achievement of performance goals: (1) Providing subrecipients with training and technical assistance on program-related matters; and (2) Performing on-site reviews of the subrecipient’s program operations; (3) Arranging for agreed-upon-procedures engagements as described in §200.425 Audit services. (f) Verify that every subrecipient is audited as required by Subpart F— Audit Requirements of this part when it is expected that the subrecipient’s Federal awards expended during the respective fiscal year equaled or exceeded the threshold set forth in §200.501 Audit requirements.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-007 (continued)

Cause:

MOHS did not establish internal controls over subrecipient monitoring requirements.

Effect:

Failure to monitor subrecipient's use of subaward funds to authorized purposes could result in erroneous payments to these subrecipients. MOHS is not in compliance with the Subrecipient requirement for the COC program.

Questioned Costs:

Unknown.

Recommendation:

We recommend that MOHS implement a formal monitoring program to include review of subrecipient eligibility, financial and program performance, and review of audits, if required.

Finding Update: Resolved

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2016-008
CFDA #: 93.044, 93.045 and 93.053
Program Title: Aging Cluster
Federal Agency: Department of Health and Human Services
Federal Award #: Unknown
Pass-Through: Maryland Department of Aging

Repeat Finding: 2015-002
Compliance and Internal Control Deficiency over Reporting

Condition:

During our 2016 audit of reporting for the Aging program, we tested the final financial report for fiscal year 2015 and noted that the items reported in the report could not be reconciled to the City's accounting records. Audit noted that expenditures on the final report had a variance of \$697,917 understatement from the City's accounting system. In addition, the Baltimore City Health Department (BCHD) did not submit the report timely. The final grant closeout report is required to be submitted no later than 120 days after the end of the grant period. The report was actually submitted 135 days after the report period.

Criteria:

Per 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.

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).

Cause:

The BCHD did not have adequate controls in place for reporting.

Effect:

BCHD is not in compliance with the reporting requirement for the Aging program.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-008 (continued)

Questioned Costs:

\$697,917.

Recommendation:

We recommend the BCHD incorporate controls to properly account for funds related to federal awards.

Finding Update: Repeat Finding 2017-006

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-009
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)

CFDA #: 93.044, 93.045, 93.053
Program Title: Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program

Federal Agency: Department of Health and Human Services
Federal Award #: Various
Pass-Through: N/A

Repeat Finding: 2015-001
Compliance and Internal Control Deficiency over Allowable Costs/Cost Principles

Condition:

CFDA # 93.914: During our audit, we systematically selected 21 transactions using strata to test Allowable Costs for the Baltimore City Health Department (BCHD). BCHD did not correctly prepare a journal entry for the Ryan White Part A program.

BCHD transferred \$3,131,823 (credited) grant year 2014 program cost and charged (debited) to grant year 2013 on January 5, 2016. Audit of the supporting purchase orders revealed all costs were related to grant year 2014.

CFDA # 93.044, 93.045 and 93.053: During our audit, we systematically selected 39 transactions to test Activities Allowed and Allowable Costs. Baltimore City Health Department (BCHD) expensed charges for the Municipal Telephone Exchange (MTE) for fiscal year 2016 to old budget account numbers. Two transactions totaling \$2,469 was charged to fiscal year 2004 account numbers.

Criteria:

Per 2 CFR 200.302: 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.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-009 (continued)

Criteria: (continued)

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).

Cause:

There was an administrative oversight at BCHD and the agency does not have their allocation procedure documented.

Effect:

BCHD had incorrect costs transferred to the grant years mentioned. In addition, this may have created differing amounts not agreeing to the FFRs and incorrect costs reported in the City’s accounting system for the respective programs and accounts.

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD develop and document a cost allocation plan in accordance with Uniform Guidance requirements.

Finding Update: Resolved

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2016-010
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)

CFDA #: 93.940
Program Title: HIV Prevention Activities – HIV Prevention Program

Federal Agency: Department of Health and Human Services (DHHS)
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Cash Management

Condition:

Ryan White – Part A: During our 2016 audit, we tested the final drawdown requests from DHHS for fiscal year 2014. We noted that the Baltimore City Health Department (BCHD) filed four of their fiscal year 2014 final drawdown requests between five months to ten months after the end of the grant period.

HIV Prevention: BCHD initiated a \$5,070,897 draw down request for grant year 2014 on 10/14/14. The amount was approved in January 2015, but the agency did not post the transaction until July, 2015.

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).

Cause:

BCHD does not have proper controls for properly adhere to the cash management requirements under Uniform Guidance and they do not have complete understanding of these requirements.

Effect:

BCHD is not in compliance with the Cash Management requirement for the Ryan White program.

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding#: 2016-010 (continued)

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD develop and document grant closeout procedures to minimize the timing of reporting grant closeout information in accordance with Uniform Guidance requirements.

Finding Update: Resolved

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-011
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
Federal Agency: Department of Health and Human Services (DHHS)
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Earmarking

Condition:

During our 2016 audit, we tested fiscal year 2014 Women, Infants, Children & Youth (WICY) Expenditure Report as part of the 2016 earmarking requirements. The Baltimore City Health Department (BCHD) could not provide support for Part A line twelve amounts claimed for Infant, Children, Youth and Women. BCHD also could not support Part B, Part C, and Part D expenditures required on the applicable report.

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 200.302: (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. (4) Effective control over, and accountability for, all funds, property, and other assets. The non-Federal entity must adequately safeguard all assets and assure that they are used solely for authorized purposes. See §200.303 Internal controls. (5) Comparison of expenditures with budget amounts for each Federal award.

Cause:

BCHD does not have proper controls to adhere to the earmarking requirements under Uniform Guidance.

Effect:

BCHD is not in compliance with the Earmarking requirement for the Ryan White program.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-011 (continued)

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD retain supporting schedules and documentation for all official reports in accordance with Uniform Guidance requirements.

Finding Update: Resolved

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2016-012
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
Federal Agency: Department of Health and Human Services (DHHS)
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Period of Performance

Condition:

During our 2016 audit, we determined that BCHD did not meet the 90 day liquidation requirement. The agency recorded expenditures in the amount of \$2,086,882 outside of the 90 day liquidation period.

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).

The Federal Common Rule, Subpart C, section .23, requires that when a funding period is specified, a grantee must liquidate all obligations incurred under the award no later than 90 days after the end of the funding period.

Cause:

BCHD has clarified that the City’s procedures for acquiring, paying and accounting for items and services frequently require greater than 90 days to liquidate.

Effect:

BCHD is not in compliance with the Period of Performance 90 day requirement for the Ryan White program.

Questioned Costs:

Unknown.

Recommendation:

We recommend BCHD and the City comply with the stated requirements for Period of Performance.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-012 (continued)

Finding Update: Resolved

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-013
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
Federal Agency: Department of Health and Human Services (DHHS)
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Reporting

Condition:

During our 2016 audit, we selected and tested fiscal year 2014 Federal Financial Report (FFR) and noted that the reconciliations of the FFR did not agree to the submitted FFR. The FFR was understated by \$49,415.

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).

Federal Financial Report certification, line 13 states, ‘By signing the report, I certify that it is true, complete, and accurate to the best of my knowledge. I am aware that any false, fictitious, or fraudulent information may subject me subject me to criminal, civil, or administrative penalties. (U.S. Code, title 18, Section 1001)

Cause:

BCHD did not cross foot the reconciliation schedule for the Part A Administration (formula) excel spreadsheet that supports the FFR submission.

Effect:

Willful and inaccurate information posted to the FFR submission from the City’s FFR reconciliations violates Federal law and places the City in legal liability for noncompliance with the grant agreement.

Questioned Costs:

None noted.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-013 (continued)

Recommendation:

We recommend BCHD put measures in place for review and quality control procedures for reporting.

Finding Update: Resolved

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2016-014
CFDA #: 93.914
Program Title: HIV Emergency Relief Project Grants (Ryan White HIV/AIDS Program Part A)
Federal Agency: Department of Health and Human Services (DHHS)
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Subrecipient Monitoring

Condition:

During our 2016 audit, we systematically selected eight subrecipients. We noted that the Baltimore City Health Department (BCHD) did not update the subrecipient agreement for nonprofit entities. During our audit, one of the subrecipients selected and tested was a for profit entity for which the grant agreement included non-profit language.

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 200.501(h): For-profit subrecipient. Since this part does not apply to for-profit subrecipients, the pass-through entity is responsible for establishing requirements, as necessary, to ensure compliance by for-profit subrecipients. The agreement with the for-profit subrecipient should describe applicable compliance requirements and the for profit subrecipient’s compliance responsibility. Methods to ensure compliance for Federal awards made to for profit subrecipients may include preaward audits, monitoring during the agreement, and post-award audits. See also §200.331 Requirements for passthrough entities.

Cause:

The agency was not aware of the agreement requirement with for profit subrecipients.

Effect:

BCHD is not in compliance with the subrecipient monitoring requirement for the Ryan White program.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-014 (continued)

Questioned Costs:

None noted.

Recommendation:

We recommend BCHD put measures in place for review and quality control over subrecipient monitoring.

Finding Update: Resolved

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2016-015
CFDA #: 14.267
Program Title: Continuum of Care (COC) Program
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: N/A

Compliance and Internal Control Deficiency over Activities Allowed and Allowable Costs

Condition:

During our 2016 audit, we systematically selected 30 transactions. We noted during our analysis of the general ledger detail for the period of July 2015 through June 2016, the Mayor’s Office of Human Services (MOHS) charged fiscal year 2016, Municipal Telephone Exchange (MTE) expenditures totaling \$18,278 to old budget account numbers that should have been closed. Specifically noted during the testing of our sample, we noted \$7,601 was charged to a fiscal year 2014 account while \$10,676 was charged to a fiscal year 2012 account.

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 225(j): Cost must be adequately documented.

Cause:

MOHS did not have proper controls in place to adequately account for the recording and reporting of expenditures for activities allowed and allowable costs.

Effect:

Improper recording could result in understatement of funds and inaccurate accounting and reporting of grant expenditures.

Questioned Costs:

Unknown.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-015 (continued)

Recommendation:

We recommend MOHS close old account number streams from the system. We also recommend the MOHS prepare correcting journal entries to move recorded expenses from old account number streams. Finally, MOHS should put into place controls to review the accounts to ensure correct postings.

Finding Update: Resolved

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-016
CFDA #: 93.778
Program Title: Medical Assistance Program (Medicaid; Title XIX)
(Medicaid Cluster)
Federal Agency: Department of Health and Human Services
Federal Award #: MA365GTS-F738N and MA005EPS-F70N
Pass-Through: Department of Health and Mental Hygiene

Compliance and Internal Control Deficiency over Reporting

Condition:

During our 2016 audit, we selected all three financial reports to test reporting from the Baltimore City Health Department (BCHD). Two of the final financial reports (Annual Report DHMH 440) recorded expenditure amounts that differed from the City’s accounting software records, City Dynamics. For the Administrative Care Coordination program (ACC), City Dynamics expenditures exceeded the Annual Report DHMH 440 by \$131,173. For the Transportation program the Annual Report DHMH 440 was compared to the City Dynamics expenditures and audit noted the amount of expenditures recorded in City Dynamics was less by \$432,582.

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).

Cause:

The BCHD did not have proper controls in place to review, monitor and agree expenditures per City Dynamics to the final financial report submitted to DHMH.

Effect:

BCHD is not in compliance with the Reporting requirement for the Medicaid program.

Questioned Costs:

Unknown.

Recommendation:

We recommend the BCHD incorporate controls to monitor the reporting of expenditures on the Annual Report DHMH 440.

Finding Update: Repeat Finding 2017-010

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-017
CFDA #: ALL
Program Title: ALL
Federal Agency: ALL
Federal Award #: ALL
Fed Award Year: 2016
Pass-Through: N/A

Compliance and Internal Controls Deficiency over Reporting of Data Collection Form

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.

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 2016 Comprehensive Annual Financial Report (CAFR), a component of the Single Audit was not completed until June 28, 2017.

Effect:

The City of Baltimore DOF was not in compliance with Uniform Guidance reporting requirements.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-017 (continued)

Questioned Costs:

None.

Recommendation:

We recommend that the DOF create policies and procedures to ensure that audits are started and completed in a timely fashion for data collection submission to the federal clearinghouse.

Finding Update: Resolved in 2017. Finding required to be listed two years.

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-018
CFDA #: 93.044, 93.045 and 93.053
Program Title: Aging Cluster
Federal Agency: Department of Health and Human Services
Federal Award #: Unknown
Pass-Through: Maryland Department of Aging

Significant Deficiency over Cash Management

Condition:

During our 2016 audit, we systematically selected six drawdowns to test cash management from the Baltimore City Health Department (BCHD). The BCHD perform drawdown requests based on a percentage of the grant award amount for all drawdowns. Because the BCHD drawdown funds based on a percentage, they were not able to provide supporting documentation for the drawdowns.

Criteria:

Per 48 CFR 52.216-7(b): Reimbursing costs. (1) For the purpose of reimbursing allowable costs (except as provided in paragraph (b)(2) of the clause, with respect to pension, deferred profit sharing, and employee stock ownership plan contributions), the term *costs* includes only

(i) Those recorded costs that, at the time of the request for reimbursement, the Contractor has paid by cash, check, or other form of actual payment for items or services purchased directly for the contract;

(ii) When the Contractor is not delinquent in paying costs of contract performance in the ordinary course of business, costs incurred, but not necessarily paid, for -

(A) Supplies and services purchased directly for the contract and associated financing payments to subcontractors, provided payments determined due will be made

(1) In accordance with the terms and conditions of a subcontract or invoice; and

(2) Ordinarily within 30 days of the submission of the Contractor's payment request to the Government;

(B) Materials issued from the Contractor's inventory and placed in the production process for use on the contract;

(C) Direct labor;

(D) Direct travel;

(E) Other direct in-house costs; and

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding#: 2016-018 (continued)

Criteria: (continued)

(F) Properly allocable and allowable indirect costs, as shown in the records maintained by the Contractor for purposes of obtaining reimbursement under Government contracts; and

(iii) The amount of financing payments that have been paid by cash, check, or other forms of payment to subcontractors.

Cause:

The BCHD did not have follow the requirements for cash management.

Effect:

BCHD is not in compliance with the Cash Management requirement for the Aging program.

Questioned Costs:

Unknown.

Recommendation:

We recommend the BCHD incorporate controls to properly drawdown funds related to federal awards.

Finding Update: Resolved

CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2016-019
CFDA #: 93.044, 93.045 and 93.053
Program Title: Aging Cluster
Federal Agency: Department of Health and Human Services
Federal Award #: Unknown
Pass-Through: Maryland Department of Aging

Repeat Finding: 2015-008
Compliance and Internal Control Deficiency over Earmarking

Condition:

During our 2016 audit, we noted that the Baltimore City Health Department (BCHD) commingled funds for both In-Home Services and Access Services.

Criteria:

Per 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.

(b) The financial management system of each non-Federal entity must provide for the following (see also §§200.333 Retention requirements for records, 200.334 Requests for transfer of records, 200.335 Methods for collection, transmission and storage of information, 200.336 Access to records, and 200.337 Restrictions on public access to records): (1) Identification, in its accounts, of all Federal awards received and expended and the Federal programs under which they were received. Federal program and Federal award identification must include, as applicable, the CFDA title and number, Federal award identification number and year, name of the Federal agency, and name of the passthrough entity, if any. (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting.

Cause:

The BCHD did not have follow the requirements for earmarking.

Effect:

BCHD is not in compliance with the earmarking requirement for the Aging program.

Questioned Costs:

Unknown.

**CITY OF BALTIMORE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding#: 2016-019 (continued)

Recommendation:

We recommend the BCHD incorporate controls to properly drawdown funds related to federal awards.

Finding Update: Repeat Finding 2017-008

**CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

The following findings are grouped by the City agency that administers the Federal major programs.

Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program

Baltimore City Health Department

Finding #: 2015-001
CFDA #: 93.044/045/053, 93.917, 93.940
Program Titles: Special Programs for the Aging – Title III, Parts B & C, and
Nutrition Services Incentive Program
HIV Care Formula Grants
HIV Prevention
Federal Agency: Department of Health and Human Services
Federal Award #: Various
Pass-Through: Various

Unallowable Costs and Other Issues Related to OMB A-133 Compliance Requirements A and B, and Non-Competitively Bid Contracts

The Office of Management and Budget Circular A-133 requires grantees to validate the accuracy of invoices submitted by vendors, to properly account for grant program expenditure transactions, to charge only allowable costs to grant programs, and to properly administer contracts in accordance with applicable rules and regulations. We noted findings for three Federal programs administered by the Baltimore City Health Department as follows:

The Baltimore City Health Department (BCHD) administered federal program cluster 93.044/045/053 – Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program (Aging). Our tests of expenditures for this program resulted in the following:

1. BCHD did not establish a sufficient internal control process to validate the accuracy of invoices submitted by vendors for home delivered meals. As a result, invoices totaling approximately \$1.3 million dollars for meals paid for by the program may have been overstated including the possibility that some of the meals may not have been delivered.
2. The February 2015 Germain Holdings LLC (Overlea Caterers) invoice in the amount of \$29,701 included meal charges of \$5,340, an “additional item” charge of \$24,487 and a credit of \$126. BCHD indicated the “additional item” charge was for emergency meals. However the invoice did not specify emergency meals nor was documentation provided to support the \$24,487 charge.

CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

3. Documentation supporting the final delivery of three touch screen monitors, valued at \$611, to the respective senior centers was not provided. BCHD indicated that the monitors were delivered to the Oliver, Zeta Phi Beta and Waxter Centers. However, documentation to support the final destination of the deliveries and a perpetual inventory record identifying the items' existence and locations were not provided. A packing slip was provided that indicated that all three monitors were delivered to the Zeta Phi Beta Center.
4. An invoice for office furniture valued at \$577 was incorrectly charged to the account number for other professional services.
5. Analysis of the general ledger detail disclosed that BCHD charged fiscal year 2015 Municipal Telephone Exchange (MTE) expenditures totaling \$21,405 to old budget account numbers that should have been closed including fiscal year 2002, 2004 and 2006 account numbers.
6. The Department of Finance processes the pension allocation entries based on the earnings of full-time employees. During a review of journal entries charged to this program, we noted that pension costs of \$877 were allocated to this program based upon the earnings of a part-time employee. These pension costs were therefore charged incorrectly to this program.

Therefore, for program cluster 93.044/045/053 (Aging), we recommend that the Baltimore City Health Department:

- Implement an internal control process to validate the accuracy of invoices for the meals program to the number of meals delivered.
- Maintain supporting documentation for all meal charges and, specifically provide support for the \$24,487 in emergency meal charges or return this amount to the grantor.
- Determine the location of the three monitors that were purchased for certain senior centers and prepare entries to a perpetual inventory record that identifies the items and their location.
- Correct the City account charged for the purchase of office furniture in the amount of \$577.
- Correct MTE charges of \$21,405 that were made to old City account numbers. Furthermore, review and correct old account numbers that should be closed and close them.
- Ensure that earnings for only appropriate full-time employees are used in the pension allocation charges made to the accounts of the Aging program. Pension allocation charges should be reviewed periodically to ensure that they are determined correctly.

BCHD administered federal program number 93.917 – HIV Care Formula Grants (Ryan White, Part B). Our tests of expenditures for this program resulted in the following: While performing tests of payroll expenditures, we noted 66.01 hours, valued at \$1,344, that were charged to the Ryan White, Part B grant for an employee that was not assignable or chargeable to this program. Total payroll costs that should not have been assigned to this program for this employee during fiscal year 2015 amounted to \$59,419. Further review disclosed that BCHD identified the error

CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

and corrected its financial reports and prepared a correcting journal entry. However, the correcting entry was not processed through CityDynamics and, accordingly, the City's accounting records have not been corrected.

Therefore, for program number 93.917 (Ryan White, Part B), we recommend that the Baltimore City Health Department:

- Ensure that payroll costs for program employees are charged to the appropriate account numbers. Specifically, correct \$59,419 in payroll costs that were improperly charged to the Ryan White, Part B program that should not have been charged to this program.

BCHD administered federal program number 93.940 – HIV Prevention. Our tests of expenditures for this program resulted in the following:

7. While performing tests of payroll expenditures, we noted 185.34 hours, valued at \$3,473, that were charged to this program for three employees that were not assignable or chargeable to this program. Total payroll costs that should not have been assigned to this program for these employees during fiscal year 2015 amounted to \$133,264. Further review disclosed that BCHD did not identify the error. Therefore, the program's financial reports and the City's accounting records were not corrected.
8. While performing tests of costs associated with disbursement activity, we noted that for three vendors that received City contracts for HIV test kits, a competitive bid process was not used. The City Charter, Article VII, 17(b) states, "The Department shall insure that competitive bidding is used, and competitive pricing is obtained, in purchase of these materials, supplies, equipment and services, to the fullest practicable extent." A competitive bid process was not used for the selection of these three vendors.

Therefore, for program number 93.940 (HIV Prevention), we recommend that the Baltimore City Health Department:

- Ensure that payroll costs for program employees are charged to the appropriate account numbers. Specifically, correct \$133,264 in payroll costs that were improperly charged to the HIV Prevention program for three employees that should not have been charged to this program.
- Procure the HIV test kits through a formal competitive bid process with the assistance of the Bureau of Purchases that solicits bids from multiple qualified vendors.

Response:

The Baltimore City Health Department's responses and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding Update: Resolved

**CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2015-002
CFDA #: 93.044/045/053, 93.778
Program Titles: Special Programs for the Aging – Title III, Parts B & C, and
 Nutrition Services Incentive Program
 Medical Assistance Program
Federal Agency: Department of Health and Human Services
Federal Award #: Various
Pass-Through: Various

Financial Reports Were Not Supported by the Underlying Accounting Records

Office of Management and Budget Circular A-133 requires the auditor to determine whether financial reports submitted to account for federal financial assistance contain information that is supported by the accounting records from which the basic financial statements have been prepared.

As part of our audit of each major program, we selected final financial reports for active awards that were submitted during fiscal year 2015 and reviewed and compared those reports to the City's underlying accounting records. Of those reviewed in programs administered by the Baltimore City Health Department, the following final financial reports could not be reconciled to the City's accounting records:

PROGRAM TITLE	FEDERAL/STATE ID NUMBER	REPORT PERIOD	(REV)/EXP REFLECTED ON REPORT	(REV)/EXP PER CITY'S ACCOUNTING RECORDS	(OVER)/UNDER REPORTED
CFDA #93.044/045/053	AAA-3-24-003	10/1/13 - 9/30/14	\$ 3,485,176 3,485,175	\$ (4,132,677) 3,595,867	\$ (7,617,853) 110,692
CFDA #93.778	MA 005 EPS	7/1/13 - 6/30/14	3,225,473	2,781,952	(443,521)
Medical Assistance - General Transportation Services		7/1/13 - 6/30/14	10,299,076	7,575,782	(2,723,294)

**CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

We recommend that future federal financial reports be prepared from the City's accounting records and be supported by detailed reconciliations prepared by BCHD that indicate how the reported amounts are supported by the City's accounting records. Furthermore, the differences between the reported amounts and the accounting records should be resolved or the over-reported amounts may need to be returned to the grantor.

Responses:

The Baltimore City Health Department's responses and corrective action plans are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding Update: Repeat Finding 2016-020

**CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding #: 2015-008
CFDA #: 93.044/045/053
Program Title: Special Programs for the Aging – Title III, Parts B & C, and
Nutrition Services Incentive Program
Federal Agency: Department of Health and Human Services
Federal Award #: Various
Pass-Through: Maryland Department of Aging

Earmarking – Commingled Costs

Generally accepted accounting principles (GAAP) require that earmarking costs be recorded in separate accounts in the City’s accounting system for each applicable earmarking category.

The Baltimore City Health Department (BCHD) administered federal program cluster 93.044/045/053 – Special Programs for the Aging – Title III, Parts B & C, and Nutrition Services Incentive Program. For fiscal year 2015, BCHD included earmarking costs for legal services, in-home services, and access services in the same account in the City’s accounting system. Costs for each of these earmarking categories should have been accounted for in separate accounts. BCHD should record the costs for legal services, in-home services and access services in the City’s accounting system in their own City account.

We recommend that BCHD record costs in separate accounts for each earmarking cost category.

Response:

The Baltimore City Health Department’s response and corrective action plan are included in Part VII – Auditee’s Corrective Action Plan on Current Audit Findings.

Finding Update: Repeat Finding 2016-019

CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Finding #: 2015-013
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program
Federal Agency: Department of Housing and Urban Development
Federal Award #: Various
Pass-Through: Maryland Department of Human Resources

Exceptions Related to (a) Client Eligibility, (b) Payroll Costs and (c) Weaknesses in Internal Controls

The Mayor's Office of Human Services (MOHS) administered federal program number 93.568 – Low Income Home Energy Assistance Program (LIHEAP). During the period under audit, the following findings were noted:

a) Missing Folders and Various Errors and Omissions Were Noted During Our Review of Program Documentation

Office of Management and Budget (OMB) Circular A-133 requires the auditor to determine whether grant benefit recipients were in compliance with the applicable eligibility requirements for this program.

As part of our eligibility testing for fiscal year 2015, we selected a sample of 114 client folders. The amount of benefits paid represented by those 114 client folders was \$69,214.

Twenty-two client folders of the sample of 114 were not provided to us by MOHS. Therefore, we were not able to test those folders for eligibility. The benefit payments represented by those 22 missing folders amounted to \$13,645. Accordingly, we are questioning benefit payments in the amount of \$13,645.

For the 92 remaining folders that we did review, we noted widespread and pervasive errors and omissions in many of them. The total amount of benefit payments represented by these 92 client folders was \$55,569. We found that there were 261 separate instances where information was missing, signatures were omitted, and incorrect data was entered, etc., in this remaining sample of 92 folders. Specifically, we documented fourteen different types of errors or omissions that were in these client folders. The types of errors with the most occurrences included: (a) 23 instances of agency intake forms that were not signed by the agency worker; (b) 81 instances of database information that did not agree with the folder data; and (c) 54 instances in which the certification section of the Energy Assistance Application was missing key information and signatures. Based on the foregoing issues, we are questioning \$15,871 of the \$55,569 total for benefit payments made to clients that included errors or omissions. This amount of \$15,871 is questioned because the benefit amounts paid were based on incorrect or missing data in certain client folders, and accordingly should not have been made.

CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Due to the significant number of errors found in the audit and the weak controls over recordkeeping, we are projecting likely questioned costs to the total population of clients. Based on a report generated from the State database of clients, there were 27,619 clients in the City program. Our analysis of the questioned costs, the sample selected, and the total population of clients resulted in a projection of likely questioned costs in the amount of \$5,500,000. We also note that the system in place for determining benefits during our audit exhibited material internal control weaknesses which, if not corrected, could lead to future questioned client payments.

We recommend that MOHS resolve the foregoing known questioned costs of \$29,516 to the satisfaction of the grantor, the U.S. Department of Health and Human Services (HHS). We also recommend that the likely questioned costs of \$5,500,000 be resolved in accordance with the determination of HHS. We further recommend that MOHS institute internal control procedures such that future energy assistance applications are properly processed and completed, benefits awarded are accurately calculated, and awards are made to only qualified individuals.

b) Unsupported Payroll Costs Were Improperly Charged to the Program

OMB Circular A-133 requires grantees to maintain a system of internal control that provides reasonable assurance that transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and grant reports. Furthermore, OMB A-87, Section C-3a states, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received."

While performing tests of payroll costs, we noted that payroll costs for an employee that was not part of the LIHEAP program was improperly charged to its accounts. Annual payroll costs for this employee which were charged to LIHEAP's accounts amounted to \$36,920. Accordingly, we are questioning these payroll costs of \$36,920.

We recommend that MOHS ensure that only appropriate grant employees are charged to LIHEAP. Additionally, MOHS should prepare a correcting journal entry to credit LIHEAP and charge the appropriate program account for the \$36,920 in questioned costs.

c) Weaknesses noted in Internal Control Areas

OMB Circular A-133 and the State of Maryland's agreement with the City require that internal controls be maintained for the proper administration of this grant program and to ensure compliance with applicable requirements. Missing folders, inaccurate client information, weaknesses in segregation of duties and lack of safeguards related to the checking account have contributed to the questioned costs noted previously. The State's OHEP Operations Manual stipulates the procedures to be followed by those administering this program. Failure to follow those procedures resulted in many of the errors and omissions found during the audit. Accordingly, we note the following material weaknesses in internal control.

CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Recordkeeping –

- Client files are prepared by the City’s Office of Home Energy Programs (OHEP) to document the benefit award process and to maintain support for the client’s eligibility determination. These files contain the client application and support for the information provided by the client, such as income, household size, energy usage data, and other information related to any additional household members. Therefore, these file records include key client personal data such as names, addresses, social security numbers, income and other household member data. OHEP did not provide twenty-two client files because they could not be located.
- OHEP did not provide the administrative cost reports for the period from September 2014 through May 2015, nor the oil benefit reports for the period from July 2014 through October 2014. These reports indicate the amount spent for administrative costs and oil benefits.

Cash Management -

- MOHS used a separate bank account to deposit funds to pay client benefits to the many oil vendors used in this program. Grant funds received by the City from the State were subsequently deposited into the separate bank account for expeditious disbursement of benefit payments to certain energy vendors. We noted that there was no check ledger maintained to record activity for the bank account. Therefore, no recorded book balance existed to establish the account balance at any point in time. Accordingly, without an established book balance available, valid bank reconciliations were not performed.
- While the supply of blank checks was maintained in a locked safe, there was no check log maintained detailing the checks that were used, voided, or cleared.

Segregation of Duties -

- The completion of the Energy Assistance Application (EAA) requires at least two staff to complete. An intake person receives the application from the client and reviews it for completeness and accuracy, and that support is provided for the information in it. A certifier approves whether the client is eligible for the benefit and that the provided information supports the application. We noted that many of the applications were not signed by two persons for intake and approval as required. We noted EAAs that only had an intake or certifier signature, or the same person signed as both the intake and certifying official.

**CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

- Every check from the bank account requires two signatures which are obtained by using an electronic imprint machine. Before mailing the check payments, the same employee drafts and imprints the checks without the official signatories ever viewing the checks or their support. Additionally, the authorizing electronic check signatures for the bank account have not been changed to the appropriate personnel in the new agency, MOHS, from the previous agency, the Department of Housing and Community Development.

Response:

The Mayor's Office of Human Services' response and corrective action plan are included in Part VII – Auditee's Corrective Action Plan on Current Audit Findings.

Finding Update: Repeat Finding 2017-013 and 2017-014

**CITY OF BALTIMORE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017**

Department of Transportation

Finding #: 2015-017
CFDA #: 20.205
Program Title: Highway Planning and Construction
Federal Award #: Various
Pass-Through: N/A
Federal Agency: Department of Transportation

Underbillings of \$913 for Airspace Rental (Program Income)

City procedures require that billings for services be in accordance with the terms of the applicable lease agreements.

The Department of Transportation (DOT) administered federal program number 20.205 – Highway Planning and Construction. Based on our review of three out of five airspace lease agreements, we noted that for one of the lease agreements, DOT under billed Engineering Associates a total of \$913 for airspace lease fees during fiscal year 2015. The monthly amounts billed under this lease agreement were incorrect because DOT did not update this lease agreement as required for changes in the Consumer Price Index. This lease, initiated in 1988, calls for fee adjustments every five years based on changes to the Consumer Price Index. Engineer Associates has been billed the same amount since 2008, but the amount should have increased in 2013.

We recommend that DOT recover the underbillings of \$913 from the leasee. We also recommend that the lease agreement be updated for fee adjustments based on Consumer Price Index changes as required under this lease agreement.

Response:

The Department of Transportation’s response and corrective action plan are included in Part VII – Auditee’s Corrective Action Plan on Current Audit Findings.

Finding Update: Repeat Finding 2017-022

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CORRECTIVE ACTION PLANS

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March 5, 2018

Audrey Askew, CPA, Deputy City Auditor
Baltimore City Department of Audits
City Hall, 100 N. Holliday Street
Baltimore, MD 21202

Ms. Askew:

The Department of Finance (Finance) acknowledges receipt of findings 2017-001 through 2017-04 in the report on Internal Controls over Financial Reporting and on Compliance for the fiscal year ended June 30, 2017. In regard to the findings please see our response below:

Finding 2017-001 - Material Weakness over Grant Accounting Function

We concur. The Department of Finance has implemented a grant revenue fund corrective action plan that included the following:

- In FY17 the Department of Finance was granted additional staffing to form a Grant Management Unit. This unit is operational and responsible for overseeing all grant activity within each City Department to ensure record keeping is accurate, grant reports are submitted accurately/on time, and reimbursements are submitted and received in a timely manner.
- The City has implemented a new grant reporting and documentation module. The system is a Dynamics CRM solution designed to provide the City with the ability to manage, track and report on grant processes, from initial solicitation through review, scoring, award, payment processing and post-award reporting.
- In May 2017 the Finance Department, with approval from the Board of Estimates, established 9 separate grant administrative policies that apply to all grant agencies. These policies provide structure as well as standardization and a centralized approach to grant management operations functions and requirements.

This new reporting module combined with the approved and monitored policies will help the City move to better grant reporting. In addition, grant account journal entries made by City agencies are now reviewed by the Grants Management Unit before they are posted. This will ensure agencies use only authorized grant accounts, and that proper documentation is attached to each entry.

Sincerely,

Finding 2017-002 - Material Weakness over Financial Reporting Function

We concur. In regard to financial reporting software, we believe the selection of such a system should be made within the context of a Citywide Enterprise Resource Planning (ERP) system strategy – which is currently underway and managed by the Mayor’s Office of Information Technology. To aid in the ERP evaluation, the City has contracted with Gartner Consulting, a nationwide IT consultant. A recommendation is under development. In the meantime Finance shall continue to maintain our system which included an upgrade to the Dynamics GP 2016 platform completed on November 13, 2017.

The upgrade has stabilized our system and allowed us to implement workflow, which documents the approval of Journal entries and makes attachments mandatory.

The Department of Finance will also evaluate current staffing levels to determine if additional staff are warranted. In addition we shall review/establish procedures that shall improve reporting and statement preparation.

Finding 2017-003 - Material Weakness over Payroll timekeeping Function

We concur. The City is planning to renew the contract with ADP for the remaining two years. This will give the City an opportunity, in conjunction with the ERP implementation, to determine the best Human Resources and Payroll solution for the City. This solution will address the time reporting problems noted above. New systems include many options for time reporting, all housed within the system itself. Implementing any of the available options could allow the City to move away from the manual collection of information/documents to a system generated approach that will allow requests to be stored in the system for later reference.

In the meantime Finance has established controls processes for its employees and shall share these with other agencies cited in this finding.

Finding 2017-004 - Material Weakness over Water and Wastewater Billing Function

We concur. The Department of Public Works has been focused on analyzing the root cause of identified issues and implementing both short and/or long term solutions to correct the issues. Inconsistent billing and poor data quality in the old billing system continued to cause billing issues in the new billing system. A lack of understanding by the billing staff of the new system and processes also contributed to the billing issues. A more comprehensive and coordinated approach to resolving any billing issues has been implemented including, but are not limited to:

- Staffing changes
- Retrain all billing staff
- Train additional billing staff to perform corrective actions and to research problematic accounts
- Clearing of problem legacy accounts
- Identify, track, and resolve project and operational issues impacting billing
- Validate billing system instructions
- Review and update existing policies and create new ones

- Increased monitoring of KPI's and system reports
- When possible, configure billing system to prevent identified issues

Regards,

A handwritten signature in black ink, appearing to read "H. Raymond". The signature is written in a cursive style with a large initial "H" and a long, sweeping underline.

Henry J. Raymond
Director

CITY OF BALTIMORE

CATHERINE E. PUGH, Mayor



DEPARTMENT OF FINANCE

HENRY J. RAYMOND, Director
454 City Hall
Baltimore, Maryland 21202
410-396-4940

February 28, 2018

Audrey Askew, CPA, Deputy City Auditor
Baltimore City Department of Audits
City Hall, 100 N. Holliday Street
Baltimore, MD 21202
Attn: Michael Maguire

The Department of Finance (Finance) acknowledges receipt of finding 2017-005 contained in the Internal Control Over Financial Reporting for the fiscal year ended June 30, 2017. In regard to the finding please find our response:

2017-005 – Material Weakness over Schedule of Expenditures of Federal Awards (SEFA) Reporting

We concur.

The Department of Finance has implemented a grant revenue fund corrective action plan that includes the following:

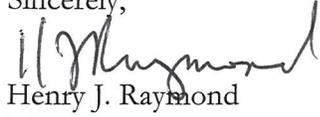
- In FY17 the Department of Finance was granted additional staffing to form a Grant Management Unit. This unit is now operational and responsible for overseeing all grant activity within each City Department to ensure record keeping is accurate, grant reports are submitted accurately/on time, and reimbursements are submitted and received in a timely manner.
- The City has implemented a new grant reporting and documentation module. The system is a Dynamics CRM solution designed to provide the City with the ability to manage, track and report on grant processes, from initial solicitation through review, scoring, award, payment processing and post-award reporting.
- In May 2017 the Finance Department, with approval from the Board of Estimates, established nine separate grant administrative policies that apply to all grant agencies. These policies provide structure as well as standardization and a centralized approach to grant management operations functions and requirements.

In addition, grant account journal entries made by City agencies are now reviewed by the Grants Management Unit before they are posted. This will ensure agencies use only authorized grant accounts, and that proper documentation is attached to each entry. This new reporting module



combined with the approved and monitored policies will help the City move to better grant management.

Sincerely,

A handwritten signature in black ink, appearing to read "H. Raymond". The signature is written in a cursive style with a large initial "H" and a long, sweeping underline.

Henry J. Raymond
Director



1001 E. Fayette Street • Baltimore, Maryland 21202
Catherine E. Pugh, Mayor
Leana S. Wen, M.D., M.Sc., Commissioner of Health

February 08, 2018

Audrey Askew, CPA
Deputy City Auditor
321 City Hall
Baltimore, MD 21202

Dear Ms. Askew:

Please see the attached responses to the findings for the audit year 2017.
If you have any questions or concerns, please contact:

Dr. Wolf Erich Heidenmann, PhD, MA, MPA, CPA
Fiscal Supervisor
Baltimore City Health Department
410-396-5347

Sincerely,

A handwritten signature in blue ink, appearing to read "Steven Radosevich". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven Radosevich
Director of Finance

#	Finding Number	Contact Person	BCHD Explanation of Corrective Action Taken
1	17-010	Steven Radosevich, Director of Finance, BCHD	BCHD developed and began implementing policies and procedures regarding grant accounting and financial reporting in FY17. 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.
2	17-009	Steven Radosevich, Director of Finance, BCHD	BCHD developed and began implementing policies and procedures regarding grant accounting and financial reporting in FY17. 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.
3	17-006	Steven Radosevich, Director of Finance, BCHD	BCHD developed and began implementing policies and procedures regarding grant accounting and financial reporting in FY17. 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.
4	17-007	Steven Radosevich, Director of Finance, BCHD	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.
5	17-008	Steven Radosevich, Director of Finance, BCHD	BCHD will segment earmarking requirements using separate account numbers in the future.
6	17-011	Steven Radosevich, Director of Finance, BCHD	BCHD will work with its fiscal agent to ensure that all award letters and contracts for 2018 comply with 2 CFR 200. The fiscal agent will adopt procedures to ensure this compliance. BCHD's signature will constitute compliance with 2 CFR 200.
7	17-012	Steven Radosevich, Director of Finance, BCHD	BCHD received technical assistance from the grantor that covered contracting, level of effort requirements, and other financial requirements associated with this grant. Based on those discussions BCHD is developing internal policy to ensure compliance.



CITY of Baltimore Department of Audit

Finding #: 2017-013
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Repeat Finding: 2016-004
Material Weakness over Eligibility

Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS), that 12 out of 120 applications that were pulled by the auditor were missing.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to maintain all records. Verbal and written directives from management have been given to all workers to sign a log-book when files are retrieved. OHEP employees have also been directed not to take the original file unless an update is required of the original file. A copy of the file must be made.

Response to Cause: OHEP maintains approximately 125,000 applications on site and does not have dedicated staff to maintain files. OHEP previously had staff assigned to maintain files, however those staff are no longer with the agency and OHEP has been unable to fill Energy Program Assistant position vacancies since the Mayor's Office of Human Services; Community Action Partnerships (CAP) received the program. We currently have 10 vacant Energy Program Assistant positions that are funded but unfilled. The office is undergoing a complete reorganization to address

Response to Effect: Mayor's Office of Human Services (MOHS) concur that it is partially not in compliance with maintaining control over all files, however, all files in question have been processed for customers and are entered in the Maryland Department of Human Services (DHS) Office of Home Energy Programs (OHEP) database and there have been no loss in benefits to customers. There has been no loss in benefits to customers for files we were unable to locate.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will take the following steps to rectify this condition. New locks will be added to all file cabinets holding applications. Files will be retrieved only by the unit lead or management. All batches will be reviewed by the certifier and quality control prior to being filed



permanently. We will continue to monitor and track files to prevent misplacement and to identify workers not following procedures. When new staff is hired this function will be managed by dedicated staff positions that will exercise exclusive control over files. OHEP is working with Real Estate to identify a new location to house the processing and file units. All files will be maintained at their own office and no other units will have access to that area.

Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS), there were 20 instances of missing required documentation, including proof of residency, proof of household income and/or utility/heating fuel bills. Each application requires an average of 4 to 5 documents per person in the household. With a typical household having 3 persons, an average of 12 to 15 documents per application can be required. OHEP receives over 30,000 applications annually and more than 360,000 documents using the above average per application.

Upon receipt of the documents they should be immediately matched with the customer's file. However, due to inadequate staffing to dedicate to this function some files have not been matched leading to some files being misplaced. This was the function of several vacant positions that have not been filled. The SAIL unit (that processes on-line applications) receives approximately 7,000 to 8,000 applications annually; the majority of these applications are submitted by customers who do not submit any of the required documentation at the time they apply. Additionally, a majority of the 20,000 walk-in customers do not submit all of the required documents and are bringing documents back days to weeks after the initial application.

Documents are delivered by customers in several ways including being dropped off at the main office or at one of five Community Action Partnership Centers, by mail, email, facsimile machine or uploaded to the State on-line site at MYDHR.gov. The management and tracking of these various delivery options requires full-time staff. Previous staff that managed return documentation are no longer employed with the agency. Currently, there are 10 Energy Program Assistant vacancies and no dedicated staff to solely manage this function. OHEP permanent staff rotates to cover matching documentation and are supported by temporary staff in the beginning of the program year.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to maintain all documents associated with each application, however, as it was stated in the previous paragraph ample staffing needed to exercise control over the documentation are not yet in place.

Response to Cause: Mayor's Office of Human Services (MOHS) has established control and processes, however, as it was stated in the previous paragraph staffing needed to exercise control over the management and tracking of documentation are not yet in place.



MOHS expects to hire 10 new staff in the near future so that this function can be managed more effectively.

Response to Effect: Mayor's Office of Human Services (MOHS) concurs that it is partially not in compliance with maintaining documentation for LIHEAP files. There are 360,000 or more individual documents associated with each application however all applications associated with the documentation in question have been processed for customers and are entered in the Maryland Department of Human Services (DHS) Office of Home Energy Programs (OHEP) database and there has been no loss in benefits.

Response to Recommendation: Mayor's Office of Human Services (MOHS) understands better management and controls need to be put in place and will work take the following steps to rectify this condition. The Baltimore City Office of Home Energy Programs (OHEP) has established a separate unit that include staff pulled from other functions within the office to manage and track return documentation that needs to be matched to each file. Additionally, a quality control function has been assigned to a senior staff person who reviews a sample of applications on a weekly basis (every 25th application) to assess the completeness of each file (i.e., that all documentation is included). Employees that omit required documents will be counseled and receive additional training and/or instruction. Employees that continue to omit required documents from files will be subject to disciplinary action up to an including dismissal for repeated errors. The file review will be pulled from a list developed by the Program Compliance Officer.

Response to Condition: We agree as it was presented to Mayor's Office of Human Services (MOHS), that there are 306 instances of duplicate payments.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to not issue duplicate payments. We run a duplicate payment report on a weekly basis for any duplicates that may occur in the system.

Response to Cause: Mayor's Office of Human Services (MOHS) has established control and processes and LAA run a duplicate payment report on a weekly basis and it is reviewed by the State. A worker attempted to cancel one customer's EDS and mistakenly thought it cancelled the entire Energy Delivery Statement (EDS). A second EDS run resulted in the system submitting duplicate payments for those customers. The State did send a duplicate payment to BGE; however, all funds were returned.

Response to Effect: Mayor's Office of Human Services (MOHS) concurs that there was an EDS with 306 duplicate payments due to a key stroke error. There were no funds lost; all funds were recovered by the State. No payments were made to customers; all payments went to BGE and were returned.



Response to Recommendation: A staff person (Energy Program Technician I) monitors this work area and eliminates duplicate payments and duplicate applications and produces a weekly report of duplicate applications eliminated from the system (every Tuesday). The OHEP Director receives a weekly report each Tuesday to ensure any duplicate applications have been corrected/eliminated. Currently there are no duplicate payments in Baltimore's OHEP database.

Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS), there were 18 instances of certifier and/or intake worker signature missing.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to assure that all worker signatures are entered on each application. MOHS must strengthen the quality control of applications.

Response to Cause: Verbal and written directives from management have been given to all OHEP workers to sign each application and for certifiers to return files to workers when signatures are missing as well as for certifiers to sign each application upon completion of certification. However, with over 30,000 applications processed and limited staff exclusively designated to carry out quality control, this function was not properly monitored to assure that there are no missing signatures on files. As previously stated there are funded and unfilled vacant positions that could be dedicated to reviewing and certifying applications to assure that signatures are entered on all applications. One staff person has the responsibility for conducting quality control of every 25th application in the OHEP system however, that staff person has other duties and is not dedicated solely to this function.

Response to Effect: Mayor's Office of Human Services (MOHS) concurs that it is partially not in compliance with the requirements that worker signatures be entered on all applications, however all applications in question have been processed for customers and are entered in the State Department of Human Services (DHS) Office of Home Energy Programs (OHEP) database and there have been no loss in benefits.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will conduct additional trainings and assure that a monthly quality control report is produced and reviewed to identify workers who do not place their signature on applications. Certifiers will be retrained as well to review all applications utilizing a data entry checklist to ensure that all applications are complete and have all required documentation including worker signatures before it is subsequently certified. The training will emphasize that any applications with missing signatures are to be returned to the worker prior to certification. When the application is complete the certifier will sign, date and place the



application in the appropriate file. This is the current policy at OHEP but will be re-emphasized and monitored more closely. The quality assurance staff will review all applications prior to them being returned to the files permanently.

Response to Condition: We do not agree that as it was presented to Mayor's Office of Human Services (MOHS), that there were thirty instances where the MEAP award was incorrect or not listed on the application. The MEAP awards could not have been entered on twenty-eight applications because the Matrix that is needed to calculate the award was not issued by the State.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to enter the MEAP Award on all applications after the State DHS matrix is released in November of each program year. However, with over 30,000 applications processed annually there have been some instances where the MEAP award amount was not properly entered on the form but was entered in the database.

Response to Cause: Mayor's Office of Human Services (MOHS) is working to establish greater control and better management of the process. The State allows Local Area Agencies (LAAs) to "pre-certify" applications without the benefit amount until the release of the current year's benefit matrix which does not occur until November. Two applications did not contain the MEAP award after the Matrix was available. This was due to worker error.

Response to Effect: All applications in question have been processed for customers and are entered in the State Department of Human Services (DHS) Office of Home Energy Programs (OHEP) database and there have been no loss in benefits. The proper benefit amount was listed and verified in the database.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will take the following steps to rectify this condition. OHEP staff and certifiers will receive refresher training on the requirement to enter the correct benefit amounts included in the application. An error report will be generated weekly by a senior staff person assigned to conduct quality control reviews. A sample of one out of every twenty-five files will be reviewed. The report (which is a non-required internal quality control review) will be used in coaching and/or retraining staff to ensure accuracy when completing applications and obtaining all required documentation. A consolidated report will be generated monthly and disseminated to BCCAP administration.



Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS), that there were fifty-six instances of a break in quality control.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to maintain quality control.

Response to Cause: Mayor's Office of Human Services (MOHS) has established control and processes; however, staffing vacancies have made it difficult to have ample staff in some units. All applications are reviewed prior to certification but some elements of the review process, such as missing signatures, may have been missed due to the volume of applications. Quality control is an on-going process where a senior staff person is assigned to review every 25th application. While this provides some degree of control it does not capture all errors because this function is not fully staffed.

Response to Effect: Mayor's Office of Human Services (MOHS) concurs that it is not in compliance with exercising quality control over all files, however all applications in question have been processed for customers and are entered in the Maryland Department of Human Services (DHS) Office of Home Energy Programs (OHEP) database and there have been no loss in benefits.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will work take the following steps to rectify this condition. OHEP staff and certifiers will receive refresher training on the requirement to sign all applications and write the benefit amounts in the application and not just in the database. An error report will be generated weekly by a senior staff person assigned to conduct quality control reviews. A sample of one out of every twenty-five files will be reviewed. The report (which is a non-required internal quality control review) will be used in coaching and/or retraining staff to ensure accuracy when completing applications and obtaining all required documentation. A consolidated report will be generated monthly and disseminated to BCCAP administration.

Employees that make errors will be counseled and receive additional training and/or instruction. Employees that continue to make errors will be subject to disciplinary action up to an including dismissal for repeated errors. The file review will be pulled from a list developed by the Program Compliance Officer. After OHEP's currently vacant ten



Energy Program Administrator positions are filled there would be additional staff resources that can be dedicated to application review and certification.

Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS), that there was one instance where a participant was wrongly denied benefits. However, the reason for the denial was not because the customer was overincome but do to their failure to return a Declaration of Zero Income form prior to their deadline.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to assure that any applicant that is eligible for LIHEAP benefits is correctly processed and receives benefits to which that customer is entitled.

Response to Cause: The applicant returned the missing form after the application was denied but the denial should have been reversed once the form was received in our office. Mayor's Office of Human Services (MOHS) has established control and processes, however, with over 30,000 applications processed annually there may be an instance where a customer may be denied in error. Whenever an application is denied, customers receive a denial letter in the mail and are advised they may call our office to clarify the denial and/or appeal the denial. In most cases, any clerical error office is identified at this time. In this instance the customer did not appeal the decision and we did not catch the error.

Response to Effect: Mayor's Office of Human Services (MOHS) concurs that it is partially not in compliance with the requirement to review 100% of applications prior to certification to ensure eligible applicants receive the benefit to which they are entitled. One applicant did not receive benefits, however corrective action will be taken to request that this customer's application be reviewed by Maryland DHR and benefits be applied.

Response to Recommendation: After OHEP's currently vacant ten Energy Program Administrator positions are filled there would be additional staff resources that can be dedicated to application review and certification.

Response to Condition: We do not agree that as it was presented to Mayor's Office of Human Services (MOHS), that there were 36 instances where benefits were awarded but not listed on the application.



Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to include the benefit amounts on all applications.

Response to Cause: There were 13 applications missing the required information. There were 14 applications that were identified as exceptions but we disagree that they should be included in the finding because the application was denied and the benefit amount would not be required on the application or it was a MEAP only application and the EUSP benefit amount would not be required on the application. Mayor's Office of Human Services (MOHS) has established control and processes; however, staffing limitations have caused errors.

Response to Effect: Mayor's Office of Human Services (MOHS) concurs that it is partially not in compliance with the requirement enter the benefit amounts on all applications however all applications in question have been processed for customers and are entered in the State Department of Human Services (DHS) Office of Home Energy Programs (OHEP) database and there have been no loss in benefits.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will work take the following steps to rectify this condition. OHEP staff and certifiers have received action memos addressing the requirements to enter the correct benefit amounts included in the application. An error report is generated weekly by a senior staff person assigned to conduct quality control reviews. A sample of one out of every twenty-five files is reviewed. The report (which is a non-required internal quality control review) is used in coaching and/or retraining staff to ensure accuracy when completing applications and obtaining all required documentation. The quality review report is generated monthly and disseminated to BCCAP administration.

**CITY of Baltimore Department of Audit**

Finding #: 2017-014
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

Repeat Finding: 2016-005

Material Weakness over Activities Allowed and Allowable Costs (Payroll)

Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS) a number of selected transactions either lacked the proper signature and or documentations to support the payroll. We are ambivalent of the reference made to the summary sheets and sign in/out sheet. MOHS in agreement with City AM policy does not require its employees to sign in and out.

Response to Criteria: Mayor's Office of Human Services (MOHS) functions within the greater Baltimore City established internal control. MOHS has its own established policy that provides reasonable assurance that its Federal awards are in compliance with Federal statutes, regulations, and terms and conditions of Federal award. Furthermore, staffs are knowledgeable of Uniform administrative Requirements 2 CFR 200 as it pertains to internal control over payroll processing. The payroll expenditures meet or exceed the threshold requirement for Federal grants and all staffs are one hundred percent certified eligible and allowable and allocable to LIHEAP grant.

Response to Cause: As it was stated in the previous paragraph, first, MOHS functions within the City of Baltimore greater internal control over payroll processing; second, it has further developed policies to provide reasonable assurance that all Federal funds are expended properly on eligible, allowable and allocable costs.

Response to Effect: Although MOHS might have a few missing signature or time sheets here and there, however, we disagree with department of audit's assertion that MOHS is not in compliance with Federal guidelines and requirements. Staffing list, ADP payroll register, and PAVO are regularly reviewed to ascertain the proper expenditure of Federal funds.

Response to Recommendation: 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 processes. Those policies are documented in the city's Administrative Manual. As stated in the previous paragraph MOHS comprehensively reviews several source and support documents to ascertain the validity of funded payroll. Furthermore, MOHS will continue to exert greater diligence over its payroll processing and accounting control.



CITY of Baltimore Department of Audit

Finding #: 2017-015
CFDA #: 93.568
Program Title: Low-Income Home Energy Assistance Program (LIHEAP)
Federal Agency: Department of Health and Human Services
Federal Award #: Not Noted on Award Agreement
Pass-Through: Maryland Department of Human Resources

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

Response to Condition: We agree that as it was presented to Mayor's Office of Human Services (MOHS), a number of reports were filed beyond the 15th of the month requirement.

Response to Criteria: Mayor's Office of Human Services (MOHS) is cognizant and aware of the requirement to file its reports by the 15th. However, there are incidences and business necessities that require us to exercise judgment and prudence. Those judgements will ensure that MOHS include all the costs in the report and requests for reimbursements from DHR for all amounts spent on behalf of the program. There are also instances of getting proper signature and certification which might delay the filing beyond the 15th of the month.

Response to Cause: Mayor's Office of Human Services (MOHS) has established control and processes, however, as it was stated in the previous paragraph slight deviation has been observed to establish better accountability for expended dollars.

Response to Effect: Mayor's Office of Human Services (MOHS) concur that it is partially not in compliance with report filing date, however, it has not caused or presented DHR with an adverse condition.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will work diligently to file its reports by the 15th of the month.



Baltimore City Department of
**HOUSING & COMMUNITY
DEVELOPMENT**

Date: February 14, 2018

To: Anehru Hamadu; Auditor, Department of Audits

From: Steve Janes; Assistant Commissioner, DHCD

Re: DHCD Response to Single Audit Finding 2017-016

Below, please find the DHCD response to issues raised in Finding 2017-016 of the Single Audit of the CDBG program for CFY 2017. The response includes corrective actions that will be taken regarding the finding. DHCD requests, should space allow, that the entire response be included when the single audit is published. We appreciate being informed of the matters raised in the audit. Finally, thanks again to you and Donald Spencer for taking the time to meet and explain certain aspects of the finding. It was very helpful to us. If there are any questions concerning this response please contact me.

1. DHCD, which relies on payroll policies and procedures found in the Baltimore City Administrative Manual and on agreements concerning payroll procedures with the HUD Baltimore Office resulting from prior monitoring reviews and audits of the CDBG program, agrees that these above sources do not adequately address the written policy on compensation requirement found in the Uniform Guidance and concurs with the finding.

Corrective Action: 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.

2. As concerns the failure of one employee to sign out twice this did indeed occur but was, based on a review of a sample of sign out sheets, an anomaly. In the first instance the employee in question was at work that day, a fact we are able to support based on review of computer date stamped work product and work logs. He simply forgot to sign out. In the second, he left the office in the late afternoon to help manage an evening CDBG public hearing at City Hall without noting his destination on the daily attendance record. His presence at the hearing was recorded on a sign in sheet.

Approximately one-third of the questioned costs in the finding are ascribed to this employee, with the amount of gross pay for the entire two week pay period, not just the two days with missing sign out signatures, having been identified as questioned. Our review of attendance, payroll and work product documents find no reason to consider these costs as questioned. The employee worked the hours for which he was paid and was paid the proper amount at the proper rate.

Corrective Action: 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.

3. As concerns the two employees whose bi-weekly time distribution form summaries did not match the HRIS information, the particulars are as follows: 1) One employee had 56.86 regular hours on her bi-weekly summary but 56.46 regular hours in HRIS and 1.78 comp hours used on her bi-weekly summary but 2.25 comp used in HRIS. Overall, HRIS under charged the employee's regular pay by 24 minutes and overcharged comp time by 28 minutes resulting in lost comp time but, in theory, had her being paid for 73.37 hours, an increase of 4 minutes over the standard bi-weekly pay period of 73.30. However, it appears that the employee was paid for the standard 73.30 hour work period, consistent with her bi-weekly time distribution form.

2) The second employee had 64.52 regular hours on her bi-weekly summary but 64.25 regular hours in HRIS and 1.45 sick leave hours used on her bi-weekly summary but 1.75 sick leave used in HRIS. Overall, HRIS under charged the employee's regular pay by 16 minutes and overcharged sick leave by 18 minutes resulting in loss of sick leave but, in theory, had her being paid for 73.33 hours, an increase of 2 minutes over the standard bi-weekly pay period of 73.30. However, it appears that the employee was paid for the standard 73.30 hour work period, consistent with her bi-weekly time distribution form.

For both employees, their entire pay for the two week period has been identified as questioned costs. This seems unreasonable given that the employees were paid for 73.30 hours as marked on their bi-weekly time distribution forms and that the errors in account sub-object allocation, despite incorrectly reducing employee comp and sick leave balances, were minor in nature. Our review of payroll documents did note one computational error in transferring the decimal based recording system used to mark time in the bi-weekly time distribution forms (one work day = 7.33 hours) into the hour and minute based system used in HRIS (one work day = 7:20 = 7 hours and 20 minutes) and continue to look into how HRIS rounds small temporal denominations. Our review found that, these minor errors notwithstanding, the employees worked the hours for which they were paid and were paid the proper amount at the proper rate.

Corrective Action: 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.

Cc: Audrey Askew
Michael Maguire
Donald Spencer

Michael Braverman
Shama Ganachari
Jeffrey Martin



**CITY OF BALTIMORE – DEPARTMENT OF AUDITS
CFDA# 14.267 – CONTINUUM OF CARE
MAYOR'S OFFICE OF HUMAN SERVICES (MOHS) – BALTIMORE
HOMELESS SERVICES (BHS)
2017 SINGLE AUDIT**

**RECORD OF AUDIT FINDING
COMPLIANCE REQUIREMENT C: CASH MANAGEMENT
REPORT FINDING: 17-017**

Response to Condition: Mayor's Office of Human Services (MOHS) strenuously disagrees and rejects this finding and the underlying premise.

MOHS drew its revenue for the year under the audit from HUD's Line of Credit Control System (LOCCS), according to and in consistent with Federal Funding agency's Obligation and Liquidation policy. That policy requires the recipient of the funds to obligate and liquidate the funds within the 15 months from the start of the grant.

Response to Cause: Mayor's Office of Human Services (MOHS) is very well versed and informed of the requirements of cash management under Uniform Guidance and has performed this function for the City of Baltimore for more than a decade and five years under the current management. One of those requirements also requires the recipient of the funds to make at a minimum a quarterly draw. MOHS far exceeds the minimum requirements and as a standing general practice of CoC grants draws funds on a monthly basis.

Response to Criteria: Mayor's Office of Human Services (MOHS) rejects the citation of this regulation 2 CFR section 200.305(b)(1). The application of this regulation to support this finding is inappropriate and unjustified. The core of this section deals with regulations regarding non-Federal agencies requesting an advance payment from the Federal government. Here below is the MOHS position:

- MOHS has never drawn any funds from HUD Line of Credit Control System (LOCCS) in advance of actual incurred expenditure by its subrecipients.
- MOHS has never advanced funds under CoC program out of City's funds to subrecipients.
- MOHS draws funds from HUD Line of Credit Control System (LOCCS) only after it has reimbursed the subrecipients for their actual incurred expenditures.
- MOHS proactively works to draw funds for all eligible, allowable and incurred expenditures on a monthly basis within the 15 months' time span.

Response to Effect: Mayor's Office of Human Services (MOHS) emphatically disagrees and rejects that it is not in compliance with Cash Management requirements under the Continuum of Care program. As MOHS has taken all the proper steps and followed policies and guidelines promulgated by OMB and HUD. Department of audit at its own

CITY OF BALTIMORE

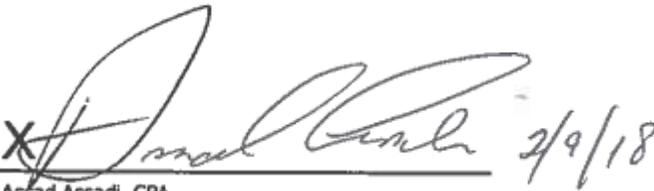
CATHERINE E. PUGIL, Mayor



MAYOR'S OFFICE OF HUMAN SERVICES
Terry Hickey, Director
7 E. Redwood Street, 5th Floor
Baltimore, Maryland 21202

discretion and volition may consult with local Federal agency (HUD) to ascertain the validity of the assertions made in this response.

Response to Recommendation: Mayor's Office of Human Services (MOHS) will diligently adhere to Federal compliance guidelines on Cash Management. It further will take every step and make every effort to minimize the time between, when subrecipients are reimbursed for their actual expenditures and earned revenues to covers those reimbursements are drawn by MOHS from HUD Line of Credit Control System (LOCCS).


Assad Assadi, CPA
Fiscal Director, MOHS



**CITY OF BALTIMORE – DEPARTMENT OF AUDITS
CFDA# 14.241 – HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS
MAYOR'S OFFICE OF HUMAN SERVICES (MOHS) – BALTIMORE
HOMELESS SERVICES (BHS)
2017 SINGLE AUDIT**

**RECORD OF AUDIT FINDING
COMPLIANCE REQUIREMENT AB: PAYROLL
REPORT FINDING: 17-020**

Response to Condition: We partially agree that as it was presented to Mayor's Office of Human Services (MOHS) few timesheets lacked the proper supervisory signature. We disagree with the remainder of the condition as HOPWA staffs are properly allocated and are traceable to the payroll register. ADP payroll register was provided to the auditors. Subsequent to the payroll generation the general ledger accumulates and sums up all the payments made to the staffs and reports it as totals. This is accomplished using specific Budget Account Number (BAN) following proper fund accounting protocol which is established for HOPWA grant.

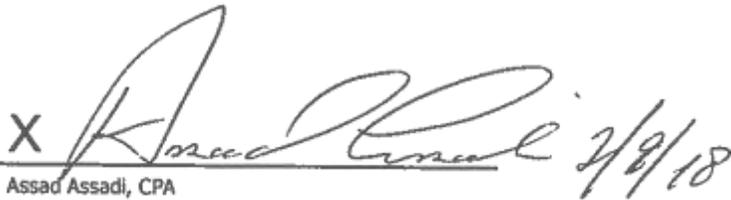
Response to Cause: We partially agree. There might have been isolated cases that timesheets or support documents might not have been presented.

Response to Criteria: Mayor's Office of Human Services (MOHS) functions within the greater established Baltimore City internal control. MOHS has its own established policy that provides reasonable assurance that its Federal award is in compliance with Federal statutes, regulations, and terms and conditions of Federal award.

Response to Effect: We do concur that the lack of oversight and proper control could expose the city to the risk of loss of assets. MOHS strives to be compliant and adhere to established regulations to reduce and minimize those risks.

Response to Recommendation: 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.

X


Assad Assadi, CPA
Fiscal Director, MOHS



**CITY OF BALTIMORE – DEPARTMENT OF AUDITS
CFDA# 14.241 – HOUSING OPPORTUNITIES FOR PEOPLE WITH AIDS
MAYOR'S OFFICE OF HUMAN SERVICES (MOHS) – BALTIMORE
HOMELESS SERVICES (BHS)
2017 SINGLE AUDIT**

**RECORD OF AUDIT FINDING
COMPLIANCE REQUIREMENT G: EARMARKING
REPORT FINDING: 17-019**

Response to Condition: Mayor's Office of Human Services (MOHS) provided ADP an externally generated report provided by MOIT to MOHS which covers majority of the expenditures alongside rental allocation to HOPWA grant to department of audit for the employees who are paid and expenditures encumbered by administrative revenue collected from HUD.

Response to Cause: Mayor's Office of Human Services (MOHS) disagrees with the department of audit and has established standing control processes over collection and disbursement of administrative revenue. These processes have been vetted and approved by local Federal funding agency.

Response to Criteria: Mayor's Office of Human Services (MOHS) as stated in the previous paragraph has substantial documented policies and procedures relating to internal control over the Federal awards. MOHS adheres to the letter of law enumerated on 24 CFR section 574.300(b)(10)(i)-(ii) under Earmarking which mandates each grantee to use not more than three percent of the grant amount for its own administrative costs relating to the administration of the grants and each project sponsor receiving amounts from grants under this program may not use more than seven percent of the amounts for administrative costs. MOHS only collects three percent of the grant to pay for its administrative expenditures (Payroll, etc.) and disburses seven percent of the grant to project sponsors for their eligible and allowable administrative expenditures.

Response to Effect: Mayor's Office of Human Services (MOHS) disagrees and is in compliance with Earmarking requirement under 24 CFR section 574.300(b)(10)(i)-(ii).

CITY OF BALTIMORE

CATHERINE E PUGH, Mayor



MAYOR'S OFFICE OF HUMAN SERVICES

Terry Hickey, Director
7 E. Redwood Street, 5th Floor
Baltimore, Maryland 21202

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

X 

Assad Assadi, CPA
Fiscal Director, MOHS

CITY OF BALTIMORE

STEPHANIE RAWLINGS-BLAKE, Mayor



MAYOR'S OFFICE OF HUMAN SERVICES

7 E. Redwood Street, 5th Floor
Baltimore, Maryland 21202

February 8, 2018

Lunsford Williams
Department of Audits
417 E. Fayette Street, Room 903
Baltimore MD 21202

Dear Mr. Williams:

Attached is the response to the 2017 Housing Opportunity for Persons with AIDS (HOPWA) Single Audit. Specifically, in the area of internal control with regards to Compliance Requirement E: Eligibility and Compliance Requirement N: Special Tests and Provisions Finding 17-021.

Let me know if additional information is needed.

Thanks,

A handwritten signature in cursive script that reads "D'Andra Pollard".

D'Andra Pollard
Mayor's Office of Human Services
Homeless Services Program



Housing Opportunities for Persons with AIDS

Finding Record Requirement E: Eligibility

Condition: During the 2017 Single Audit for the Mayor's Office of Human Services (MOHS), the Department of Audits selected (31) records to perform its eligibility examination. The Department of Audits noted that (9) of (31) files had numerous inaccuracies and discrepancies. This was identified as being the annual recertification checklist not including the signature of the HAP Supervisor.

Cause: Mayor's Office of Human Services – Homeless Services Program did not have adequate controls over the eligibility process, therefore recording and retention of supporting documentation was not properly adhered to per Uniform Guidance.

Criteria: 2 CFR 200.303 The non-Federal entity must: (a) Establish and maintain effective internal control.

Effect: Assets could intentionally or unintentionally be lost or stolen, exposing the City to reduced resources and reputation risk. Additionally, Federal resources may have to be returned.

Recommendation: The Department Audits recommends that MOHS implement controls over the eligibility process.

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 of 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.

Compliance Requirement N: Special Tests and Provisions Finding 17-021

Condition: During the 2017 Single Audit for the Mayor's Office of Human Services (MOHS), the Department of Audits selected (25) records to perform its eligibility and special test examination. The Department of Audits noted that (8) of (25) annual recertification checklists did not include the signature of the HAP Supervisor.

Cause: Mayor's Office of Human Services – Homeless Services Program did not have adequate controls over the eligibility process, therefore recording and retention of supporting documentation was not properly adhered to per Uniform Guidance.

Criteria: 2 CFR 200.514: (c) Internal Control

Effect: Failure to monitor and update eligible tenant status information could result in payment(s) for ineligible tenants.

Recommendation: The Department of Audits recommends that MOHS thoroughly review all tenant files when reviewing a tenant's eligibility status.

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

Housing Opportunities for Persons with AIDS

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
CATHERINE E. PUGH , Mayor



DEPARTMENT OF TRANSPORTATION
Michelle L. Pourciau, Director
417 E. Fayette Street , 5th Floor
Baltimore, Maryland 21202

February 7, 2018

Response to Department of Transportation's Audit Finding # 2017-022

“The Department of Housing and Community Development (DHCD) and the Interstate Division of Baltimore City entered into the lease agreement with Engineer Associates in July 1988 and based on that agreement the Department of Finance through the Bureau of Accounting and Payroll Services (BAPS) generates the invoice to the tenant. The Department of Transportation has taken up the matter with the Department of Finance - BAPS to fix the billing amount and they are in agreement of the shortage amounts as pointed out in this audit finding so they are taking the necessary steps to recover the under billed amount. The corrective action will be taken by the Department of Finance – BAPS and D. K. Sinha – Chief of Fiscal Services of DOT will co-ordinate with BAPS to ensure that the matter will get fixed by BAPS soon.

Dhirendra K Sinha

Chief of Fiscal

Department of Transportation

CITY OF BALTIMORE
CATHERINE E. PUGH , Mayor



DEPARTMENT OF TRANSPORTATION
Michelle L. Pourciau, Director
417 E. Fayette Street , 5th Floor
Baltimore, Maryland 21202

February 7, 2018

Response to Department of Transportation's Audit Finding # 2017-023

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.

Dhirendra K Sinha

Chief of Fiscal

Department of Transportation