

STATE OF MARYLAND

**Single Audit
with
Independent Auditors' Report**

Year Ended June 30, 2007

TABLE OF CONTENTS

	<u>Page</u>
<u>Independent Auditors' Report</u>	
Independent Auditors' Report on Financial Statements Audited in Accordance with <i>Government Auditing Standards</i> and Supplementary Schedule of Expenditures of Federal Awards	1
<u>Compliance and Internal Controls</u>	
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements in Accordance with <i>Government Auditing Standards</i>	4
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	7
Schedule of Expenditures of Federal Awards	10
Notes to the Schedule of Expenditures of Federal Awards	46
<u>Schedule of Findings and Questioned Costs</u>	
Schedule I – Summary of Auditors' Results	52
Schedule II – Financial Statement Findings	56
Schedule III – Federal Award Findings and Questioned Costs	59
Schedule IV – Schedule of Prior-Year Findings	107

**INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS
AUDITED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**



ABRAMS, FOSTER, NOLE & WILLIAMS, P.A.
 Certified Public Accountants
 2 Hamill Road, Suite 241
 West Quadrangle
 Baltimore, Maryland 21210-1886
 (410) 433-6830/Fax (410) 433-6871

Member American Institute of Certified Public Accountants
 and Maryland Association of Certified Public Accountants

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

The Honorable Peter Franchot
 Comptroller of Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland (the State), as of June 30, 2007 and for the year then ended, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements, schedules and supplementary information are the responsibility of the State's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We did not audit the financial statements of (1) certain Economic Development – Loan Programs; (2) Unemployment Insurance Program; (3) Maryland State Lottery Agency; (4) Maryland Transportation Authority; (5) Economic Development Insurance Programs; (6) certain foundations included in the higher education component unit; (7) Maryland Environmental Service; (8) Maryland Food Center Authority; (9) Maryland Technology Development Corporation; (10) Investment Trust Fund; and (11) Deferred Compensation Plan, which represent the percentages of the assets, net assets and operating revenues or additions of the opinion units listed below.

	Percentage of Opinion Unit		
	Total Assets	Total Net Assets	Total Operating Revenues
Business type activities:			
Economic Development-Loan Programs	50.57 %	35.11 %	7.5 %
Unemployment Insurance Program	12.00	22.30	16.02
Maryland State Lottery Agency	2.79	0.27	60.83
Maryland Transportation Authority	30.97	35.54	13.44
Economic Development-Insurance Programs	1.15	2.02	0.09
Total percentage of business type activities	97.48 %	95.24 %	97.88 %

Component units:

Major -			
Higher Education Foundations	16.03 %	18.59 %	4.19 %
Non-Major -			
Maryland Environmental Service	1.02	0.25	3.00
Maryland Food Center Authority	0.30	0.43	0.13
Maryland Technology Development	0.13	0.08	0.29
Corp.			
Total percentage of component units	17.48 %	19.35 %	7.61 %

Fiduciary Funds:

Investment Trust Fund	4.08 %	4.39 %	37.20 %
Deferred Compensation Plan	5.00	5.43	3.31
Total percentage of fiduciary funds	9.08 %	9.82 %	40.51 %

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned funds and component units, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Government Auditing Standards issued by the Comptroller the general of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Maryland as of June 30, 2007, and the respective changes in the financial position and cash flows where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2007, on our consideration of the State's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by the United States Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of Federal awards is prepared on the basis of accounting described in Note 2 to the schedule of expenditures of Federal awards and excludes the expenditures associated with the Federal financial assistance programs for the Maryland Water Quality Financing Administration, an administration of the Maryland Department of Environment that had a separate OMB Circular A-133 audit. The information in the schedule of expenditures of Federal awards has been subject to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The management's discussion and analysis, required supplemental schedules of funding progress for the Pension and Retirement System and the Maryland Transit Administration Pension Plan, and the respective budgetary comparison for the budgetary general, special and Federal funds as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the State of Maryland's basic financial statements. The combining financial statements, schedules, introductory and statistical sections, as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements and schedules have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of the other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections of this report and the financial schedules are not required by law have not been subjected to the auditing procedures applied by us or the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

December 10, 2007

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



ABRAMS, FOSTER, NOLE & WILLIAMS, P.A.
Certified Public Accountants
2 Hamill Road, Suite 241
West Quadrangle
Baltimore, Maryland 21210-1886
(410) 433-6830/Fax (410) 433-6871

Member American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

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

The Honorable Peter Franchot
Comptroller of Maryland

We have audited the basic financial statements of the State of Maryland (State), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 10, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report on the basic financial statements included disclosures regarding our references to the reports of other auditors. The financial statements of the Economic Development – Loan Programs (except for the Maryland Water Quality Financing Administration), an administration of the Maryland Department of the Environment; the Maryland State Lottery Agency; the Maryland Transportation Authority; the Economic Development Insurance Programs; certain foundations included in the higher education component unit; the Maryland Industrial Development Financing Authority, the Maryland Local Government Investment Pool, the Maryland Transit Administration Pension Plan, and the Deferred Compensation Plan were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the State's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the State's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A *control deficiency* 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 misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and responses to be significant deficiencies in internal control over financial reporting identified as finding 2007- GAS 1.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the State's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted other matters involving the internal control over financial reporting, which we have reported to the management of the University System of Maryland, Baltimore City Community College and Morgan State University in separate letters dated October 26, 2007, October 11, 2007 and December 20, 2007.

This report is intended solely for the information and use of State management, the U.S. Department of Health and Human Services (cognizant agency), Federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

December 10, 2007

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**



ABRAMS, FOSTER, NOLE & WILLIAMS, P.A.
Certified Public Accountants
2 Hamill Road, Suite 241
West Quadrangle
Baltimore, Maryland 21210-1886
(410) 433-6830/Fax (410) 433-6871

Member American Institute of Certified Public Accountants
and Maryland Association of Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable Peter Franchot
Comptroller of Maryland

Compliance

We have audited the compliance of the State of Maryland (State) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2007. The State's major Federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the State's management. Our responsibility is to express an opinion on the State's compliance based on our audit.

The State's basic financial statements include the operations of the Maryland Water Quality Financing Administration, an administration of the Maryland Department of the Environment, which received Federal awards that are not included in the accompanying Schedule of Expenditures of Federal Awards. Our audit, described below, did not include the operations of this administration because the State engaged other auditors to perform a separate audit in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the State's compliance

with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination on the State's compliance with those requirements. Our audit does not provide a legal determination of the State's compliance with those requirements.

In our opinion, the State complied in all material respects with the requirements referred to above that are applicable to its major Federal programs for the year ended June 30, 2007. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the Schedule of Findings and Questioned Costs section of this report as 2007-1 through 2007-17.

Internal Control over Compliance

The management of the State is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the State's internal control over compliance with requirements that could have a direct and material effect on a major Federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2007-1 through 2007-17 to be significant deficiencies.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The State's responses to the findings indentified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of State management, others within the State, the U.S. Department of Health and Human Services (cognizant agency), federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Abrams, Foster, Nole & Williams, P.A.

Abrams, Foster, Nole & Williams, P.A.
Certified Public Accountants
Baltimore, Maryland

December 10, 2007

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

STATE OF MARYLAND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT (AID)</u>						
Agency for international Development	O2.RD	\$ (129)	\$ -	\$ -	\$ (129)	\$ -
Pass-Through United Negro College Fund	O2.RD	-	-	(54)	(54)	
TOTAL AID					(183)	
<u>DEPARTMENT OF AGRICULTURE (DOA)</u>						
Contract / Other	10.58-1225-7-001	17,217	-	-	17,217	
Pass-Through North Carolina State University	10.2005-1995-01	9,306	-	-	9,306	
Agricultural Research: Basic and Applied Research	10.001	-	-	642,781	642,781	
Plant and Animal Disease, Pest Control and Animal Care	10.025	-	-	4,082,941	4,082,941	
Commodity Loans and Loan Deficiency Payments	10.051	-	-	4,550	4,550	
Conservation Reserve Program	10.069	-	-	11,157	11,157	
Federal-State Marketing Improvement Program	10.156			40,464	40,464	
Market Protection and Promotion	10.163			134,098	134,098	
Grants for Agricultural Research: Competitive Research Grants	10.200	-	-	624,173	624,173	
Pass thru University of Vermont	10.200			36,608	36,608	
Payments to 1890 Land-Grant Colleges and Tuskegee University	10.205	-	-	1,215,131	1,215,131	
Grants for Agricultural Research: Competitive Research Grants	10.206	-	-	92,191	92,191	
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	-	-	43,486	43,486	
1890 Institution Capacity Building Grants	10.216	-	-	910,134	910,134	
Higher Education Multicultural Scholars Program	10.220	-	-	21,167	21,167	
Agricultural and Rural Economic Research	10.250	-	-	15,493	15,493	
Integrated Programs	10.303	-	-	776,533	776,533	
Pass-Through Pennsylvania State University	10.303	-	-	14,814	14,814	
Homeland Security Agricultural	10.304	-	-	297	297	
Pass-Through Bay Friendly Chicken Corp.	10.352	-	-	10,000	10,000	
National Rural Development Partnership	10.353	-	-	3,660	3,660	
Outreach and Assistance for Socially Disadvantage Fam	10.443	-	-	79,153	79,153	
Crop Insurance	10.450	-	-	431,412	431,412	
Egg Products Inspection	10.476	-	-	39,678	39,678	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF AGRICULTURE (DOA), cont.						
Cooperative Extension Service	10.500	-	-	5,334,724	5,334,724	
Pass-Through University of Delaware	10.500	-	-	15,358,528	15,358,528	
Pass-Through University of Vermont	10.500	-	-	5,321	5,321	
Food Stamps Cluster:						
Food Stamps	10.551	-	-	349,190,463	349,190,463	
State Administrative Matching Grants for Food Stamp Program	10.561	-	-	40,759,431	<u>40,759,431</u>	
Total Food Stamp Cluster						389,949,894
Child Nutrition Cluster:						
School Breakfast Program	10.553	-	-	25,922,356	25,922,356	
National School Lunch Program	10.555	-	-	93,679,200	93,679,200	
Special Milk Program for Children	10.556	-	-	399,839	399,839	
Summer Food Service Program for Children	10.559	-	-	4,456,803	<u>4,456,803</u>	
Total Child Nutrition Cluster						124,458,198
Special Supplemental Nutrition Program - WIC	10.557	-	-	74,597,174	74,597,174	
Child and Adult Care Food Program	10.558	-	-	31,171,778	31,171,778	
Administrative Expenses for Child Nutrition	10.560	-	-	2,106,138	2,106,138	
Emergency Food Assistance Cluster:						
Emergency Food Assistance Program (Administrative Costs)	10.568	-	-	693,357	693,357	
Emergency Food Assistance Program (Food Commodities)	10.569	-	-	2,662,083	<u>2,662,083</u>	
Total Emergency Food Asst. Cluster						3,355,440
WIC Farmers' Market Nutrition Program (FMNP)	10.572	-	-	304,912	304,912	
Team Nutrition Training	10.574	-	-	(4,659)	(4,659)	
Farmers Market Nutrition Program (SFMNP)	10.576	-	-	110,076	110,076	
Food Stamp Program Outreach Grant	10.580	-	-	552,374	552,374	
Market Access Program	10.601	-	-	57,777	57,777	
Agricultural Mediation program	10.645	-	-	93,262	93,262	
Cooperative Forestry Assistance	10.664	-	-	2,182,154	2,182,154	
Rural Development, Forestry and Communities	10.672	-	-	5,000	5,000	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF AGRICULTURE (DOA), cont.</u>						
Forest Legacy Program	10.676	-	-	9,706	9,706	
Forest Land Enhancement Program	10.677	-	-	29,705	29,705	
Forest Stewardship Program	10.678	-	-	38,241	38,241	
Rural Cooperative Development Grants	10.771	-	-	62,028	62,028	
1890 Land Grant Institution Rural Entrepreneurial Outreach Program	10.856	-	-	84,889	84,889	
Environmental Quality	10.912	-	-	625,389	625,389	
Pass-Through Pennsylvania State University	10.912	-	-	4,189	4,189	
Agriculture Statistical Reports	10.950	-	-	34,113	34,113	
Technical Agricultural Assistance	10.960	-	-	1,039,200	1,039,200	
Agricultural Research Service	10.RD	2,176,703	-	-	2,176,703	
Cooperative State Research, Education, and Extension Service (CSREES)	10.RD	9,054,754	-	-	9,054,754	
Pass-Through BouMatic	10.RD	49,094	-	-	49,094	
Pass-Through Colorado State University	10.RD	28,537	-	-	28,537	
Pass-Through Cornell University	10.RD	22,245	-	-	22,245	
Pass-Through Kansas State University	10.RD	107,126	-	-	107,126	
Pass-Through Mt. Sinai School of Medicine	10.RD	4	-	-	4	
Pass-Through Pennsylvania State University	10.RD	103	-	-	103	
Pass-Through Roger Williams University	10.RD	31,645	-	-	31,645	
Pass-Through University of Delaware	10.RD	92,876	-	-	92,876	
Pass-Through University of Missouri-Columbia	10.RD	3,754	-	-	3,754	
Pass-Through University of Vermont	10.RD	107,845	-	-	107,845	
Pass-Through University of Washington	10.RD	13,155	-	-	13,155	
Economic Research Service	10.RD	267,375	-	-	267,375	
Farm Service Agency	10.RD	32,937	-	-	32,937	
Foreign Agricultural Service	10.RD	2,578,024	-	-	2,578,024	
Forest Service	10.RD	136,523	-	-	136,523	
Natural Resources Conservation Service	10.RD	157,639	-	-	157,639	
National Agricultural Library	10.RD	84,940	-	-	84,940	
Other Department of Agriculture	10.RD	8,981	-	-	8,981	
TOTAL DOA					675,776,255	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF COMMERCE (DOC)						
Contract / Other	I.SB134106W09	-	-	1,479	1,479	
Contract / Other	.EU133C06SE4C	-	-	23,752	23,752	
Contract / Other	11.8405IPA01	-	-	37,560	37,560	
Census Special Tabulations and Services	11.005	-	-	82,022	82,022	
Economic Development: Technical Assistance	11.303	-	-	190,999	190,999	
Public Works and Economic Development Cluster:						
Economic Adjustment Assistance	11.307	-	-	7,911,467	<u>7,911,467</u>	
Total Public Works & Econ. Devel. Cluster						7,911,467
Interjurisdictional Fisheries Act of 1986	11.407	-	-	107,291	107,291	
Sea Grant Support: Pass-Through Virginia Institute of Maine Science	11.417	-	-	375	375	
Coastal Zone Management Administration Awards	11.419	-	-	4,123,391	4,123,391	
Coastal Zone Management Estuarine Research Reserves	11.420	-	-	372,289	372,289	
Financial Assistance for National Centers for Coastal Ocean Science	11.426	-	-	263,997	263,997	
Marine Fisheries Initiative	11.433	-	-	105,936	105,936	
Environmental Sciences, Applications, Data and Education	11.440	-	-	38,134	38,134	
Chesapeake Bay Studies	11.457	-	-	582,415	582,415	
Unallied Science Program	11.472	-	-	32,869	32,869	
Atlantic Coastal Fisheries Cooperative Management Act	11.474	-	-	237,245	237,245	
Coastal Ocean Research Program	11.478	-	-	29,952	29,952	
Educational Partnership Program	11.481	-	-	2,459,768	2,459,768	
Calibration Program	11.601	-	-	3,828	3,828	
Weights and Measures Service	11.606	-	-	76,751	76,751	
Measurement and Engineering Research and Standard:	11.609	-	-	159,396	159,396	
Manufacturing Extension Partnership	11.611	-	-	443,416	443,416	
Minority Business Development Centers	11.800	-	-	119,417	119,417	
Bureau of the Census	11.RD	41,572	-	-	41,572	
Pass-Through ABT Associates Inc	11.RD	723	-	-	723	
National Institute for Standards and Technology	11.RD	10,000,692	-	-	10,000,692	
Pass-Through Booz Allen and Hamilton, Inc	11.RD	273	-	-	273	
National Oceanic and Atmospheric Administration	11.RD	14,735,679	-	-	14,735,679	
Pass-Through Chesapeake Research Consortium	11.RD	323,769	-	-	323,769	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF COMMERCE (DOC), (cont.)</u>						
Pass-Through Florida State University	11.RD	3,255	-	-	3,255	
Pass-Through I.M. Systems Group, Inc.	11.RD	8,796	-	-	8,796	
Pass-Through Oyster Recovery Partnership	11.RD	343,676	-	-	343,676	
Pass-Through Research Foundation of City University of New York	11.RD	92,273	-	-	92,273	
Pass-Through Rutgers, The State University of New Jersey	11.RD	27,428	-	-	27,428	
Pass-Through Smithsonian Institute	11.RD	7,628	-	-	7,628	
Pass-Through Texas A&M Research Foundation	11.RD	7,111	-	-	7,111	
Pass-Through University of New Hampshire	11.RD	176,217	-	-	176,217	
Pass-Through University of North Carolina at Chapel Hill	11.RD	41,056	-	-	41,056	
Pass-Through Virginia Institute of Marine Science	11.RD	90,402	-	-	90,402	
Department of Commerce - Other	11.RD	(10)	-	-	(10)	
Total DOC					43,304,289	
<u>DEPARTMENT OF DEFENSE (DOD)</u>						
Contract / Other	12.HM1582-07- C-0009	18,279	-	-	18,279	
Contract / Other	12.HR98230-06- 01-0239	1,036	-	-	1,036	
Contract / Other	12.H98230-35-1- 0118	14,374	-	-	14,374	
Contract / Other	12.IPA- Agreement	71,255	-	-	71,255	
Contract / Other	12.MDA904-03- C-0465	22,684	-	-	22,684	
Contract/Other - Defense Information Systems Agency	12.HC1047-05- D-4015	-	-	1,749,448	1,749,448	
Contract/ Other - IPA Contract	12.0509028285	-	-	124,067	124,067	
Contract/Other - IPA Contract	12.0511159442	-	-	207,709	207,709	
Contract/Other - IPA Contract	12.0701027003	-	-	87,252	87,252	
Contract/Other - National Defense University	2.W9137B06P01	-	-	54,109	54,109	
Contract/Other	12.unknown	-	-	196,011	196,011	
Procurement Technical Assistance for Business Firms	12.002	-	-	351,119	351,119	
Planning Assistance to States	12.110	-	-	152,701	152,701	
State Memo of Agreement Prog for Reimb of Tech Service	12.113	-	-	571,134	571,134	
Basic and Applied Scientific Research	12.300	-	-	2,345,756	2,345,756	
Pass-Through WILLCOR, Inc.	12.300	-	-	82,822	82,822	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF DEFENSE (DOD) (cont.)						
Military Construction, National Guard	12.400			336,155	336,155	
National Guard Military Operations & Maint	12.401			11,318,208	11,318,208	
National Guard Civilian Youth Opportunities	12.404			1,632,721	1,632,721	
Military Medical Research and Development	12.420	-	-	4,295	4,295	
Basic Scientific Research	12.431	-	-	186,713	186,713	
Pass-Through Academy of Applied Science	12.431	-	-	5,021	5,021	
Basic, Applied, and Advanced Research in Science and Engineering	12.630	-	-	1,548,953	1,548,953	
Motor Week Energy	12.678			162,301	162,301	
Air Force Defense Research Sciences	12.800	-	-	283,275	283,275	
Language Grant Program	12.900	-	-	113,725	113,725	
Pass-Through Bryn Mawr College	12.900	-	-	46,194	46,194	
Mathematical Sciences Grant Program	12.901	-	-	465,303	465,303	
Information Security Grant Program	12.902	-	-	458,541	458,541	
Research and Technology Development: Pass- Through Telecordia Technologies	12.910	-	-	88,619	88,619	
Department of the Army, Office of the Chief of Engineers	12.RD	283,534	-	-	283,534	
Pass-Through Bellcore Company	12.RD	742,395	-	-	742,395	
Pass-Through Oyster Recovery Partnership	12.RD	15,451	-	-	15,451	
Pass-Through Virginia Institute of Marine Science	12.RD	2,023	-	-	2,023	
U.S. Army, Material Command	12.RD	6,701,745	-	-	6,701,745	
Pass-Through Boston University	12.RD	53,977	-	-	53,977	
Pass-Through Georgetown University	12.RD	26,539	-	-	26,539	
Pass-Through Nevada System of Higher Education	12.RD	663	-	-	663	
Pass-Through Temple University	12.RD	33,528	-	-	33,528	
Pass-Through University of California	12 RD	147,396	-	-	147,396	
Pass-Through University of California, Los Angeles	12.RD	122,530	-	-	122,530	
Pass-Through University of Rochester Institute of Optics	12.RD	307,051	-	-	307,051	
U.S. Army, Medical Command	12.RD	3,827,418	-	-	3,827,418	
Department of the Navy, Office of Chief of Naval Research	12.RD	13,020,211	-	-	13,020,211	
Pass-Through Johns Hopkins Applied Physics Lab	12.RD	28,473	-	-	28,473	

"See notes to Schedule of Expenditures of Federal Awards"

**STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF DEFENSE (DOD) (cont.)						
Pass-Through Johns Hopkins University	12.RD	86,943	-	-	86,943	
Pass-Through Micro Analysis and Design, Inc.	12.RD	16,031	-	-	16,031	
Pass-Through Surface Optics	12.RD	41,630	-	-	41,630	
Pass-Through University of Texas	12.RD	109,212	-	-	109,212	
Department of the Air Force, Material Command	12.RD	5,850,799	-	-	5,850,799	
National Security Agency	12.RD	30,657,509	-	-	30,657,509	
Pass-Through BAE Systems of North America	12.RD	622,538	-	-	622,538	
Pass-Through Battelle	12.RD	49,709	-	-	49,709	
Pass-Through George Mason University	12.RD	132	-	-	132	
Pass-Through IBM Corporation	12.RD	942,878	-	-	942,878	
Pass-Through New Mexico State University	12.RD	217,593	-	-	217,593	
Pass-Through RABA Technologies, LLC	12.RD	45,751	-	-	45,751	
Defense Advanced Research Projects Agency:	12.RD	755,613	-	-	755,613	
Pass-Through Drexel University	12.RD	52,478	-	-	52,478	
Pass-Through Princeton University	12.RD	18,967	-	-	18,967	
Pass-Through SRI International	12.RD	1,025	-	-	1,025	
Pass-Through Stanford University	12.RD	53,228	-	-	53,228	
Pass-Through University of Southern California	12.RD	93,710	-	-	93,710	
Office of the Secretary of Defense	12.RD	711,981	-	-	711,981	
Pass-Through University of Illinois	12.RD	101,438	-	-	101,438	
Other Department of Defense	12.RD	674,957	-	-	674,957	
Pass-Through Battelle	12.RD	176,422	-	-	176,422	
Pass-Through Henry M. Jackson Foundation	12.RD	496,801	-	-	496,801	
Pass-Through Rutgers University	12.RD	83,006	-	-	83,006	
Pass-Through University of Illinois at Urbana-Champaign	12.RD	204,433	-	-	204,433	
Pass-Through US Civilian Research & Development Foundation	12.RD	21,518	-	-	21,518	
Total Department of Defense					90,099,016	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>CENTRAL INTELLIGENCE AGENCY (CIA)</u>						
Contract / Other	.2005*H370900*	201,425	-	-	201,425	
Central Intelligence Agency	13.RD	91,902	-	-	91,902	
Total CIA					293,327	
<u>DEPARTMENT OF HOUSING & URBAN DEVELOPMENT (HUD)</u>						
Department of Housing and Urban Development	14.000	-	-	684,356	684,356	
Section 8 Project-Based Cluster:		-	-		-	
Section 8 Housing Assistance Payments Program	14.195	-	-	142,474,313	142,474,313	
Moderate Rehab	14.856	-	-	409,146	409,146	
Total Section 8 Project-Based Cluster		-	-		-	142,883,459
CDBG Entitlement & (Hud Admin.) Small Cities Cluster						
Community Development	14.218	-	-	53,542	53,542	
Community Development Block Grant/Small Cities Program	14.219	-	-	8,861,724	8,861,724	
Total CDBG Entitlement & (Hud Admin.) Small Cities Cluster						8,915,266
Community Development Block Grant/State's Program	14.228	-	-	2,280,851	2,280,851	
Supportive Housing Program	14.235	-	-	698,396	698,396	
Shelter Plus Care	14.238	-	-	2,716,172	2,716,172	
HOME Investment Partnership Program	14.239	-	-	8,958,495	8,958,495	
Housing Opportunities for Persons with AIDS	14.241	-	-	305,309	305,309	
Community Dev. Block Grants/Brownfield's Economic Development Initiative	14.246			526,853	526,853	
Fair Housing Assistance Program: State and Local	14.401	-	-	340,300	340,300	
Historically Black Colleges and Universities Programs	14.520	-	-	36,530	36,530	
Community Outreach Partnership Center	14.511	-	-	39,028	39,028	
HBCU Program	14.520			-	-	
Section 8 Housing Choice Vouchers	14.871			12,612,956	12,612,956	
Lead-Based Paint Hazard Control in Privately-Owned Housing	14.900			599,386	599,386	
Office of Policy Development and Research	14.RD	80,260	-	-	80,260	
Other Research and Development	14.RD	(104)	-	-	(104)	
Pass-Through Charles County Economic Development Department	14.RD	50,780	-	-	50,780	
Total HUD					181,728,293	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF THE INTERIOR (DOI)						
Contract / Other	.1443CA3097012	-	-	5,368	5,368	
Contract / Other	15.06CRCNOO2:	64,414	-	-	64,414	
Contract / Other/National Park Service	15.CO-OP	142	-	-	142	
Pass-Through National Fish & Wildlife Foundation	15. Unknown	-	-	5,453	5,453	
Cultural Resource Management	15.224	-	-	620	620	
Wildland Urban Interface Community Fire Assistance	15.228	-	-	15,379	15,379	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	-	-	695,710	695,710	
Abandoned Mine Land Reclamation (AMLR) Program	15.252	-	-	1,188,191	1,188,191	
Fish and Wild Life Cluster:		-	-	-	-	
Sport Fish Restoration	15.605	-	-	2,771,035	2,771,035	
Wildlife Restoration	15.611	-	-	2,267,055	2,267,055	
Total Fish and Wild Life Cluster		-	-	-	-	5,038,090
Cooperative Endangered Species Conservation Fund	15.615	-	-	36,780	36,780	
Clean Vessel Act	15.616	-	-	576,703	576,703	
Wildlife Conservation Appreciation	15.617	-	-	2,030	2,030	
Sportfishing and Boating Safety Act	15.622	-	-	1,022,431	1,022,431	
Landowner Incentive	15.633	-	-	440,003	440,003	
State Wildlife Grants	15.634	-	-	1,016,431	1,016,431	
Pass-Through North Dakota Game and Fish Department	15.634	-	-	95,424	95,424	
US Geological Survey: Research and Data Acquisition	15.808	-	-	50,769	50,769	
Pass-Through American View, Inc.	15.809	-	-	6,694	6,694	
Disposal of Surplus Wildlife	15.900	-	-	8,376	8,376	
Historic Preservation Fund Grants-in-Aid	15.904	-	-	803,494	803,494	
Technical Preservation Services	15.915	-	-	666	666	
Outdoor Recreation - Acquisition, Development and Pla	15.916	-	-	615,000	615,000	
National Center for Preservation Technology & Training	15.923	-	-	14,444	14,444	
National Park Service	15.RD	525,392	-	-	525,392	
U.S. Fish and Wildlife Service	15.RD	95,598	-	-	95,598	
Pass-Through National Fish and Wildlife Foundation	15.RD	346	-	-	346	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF THE INTERIOR (DOI),(cont.)</u>						
Geological Survey	15.RD	346,871	-	-	346,871	
Other Department of Interior - Research and Development	15.RD	30,734	-	-	30,734	
Pass-Through University of Southern California	15.RD	52,243	-	-	52,243	
Total DOI					12,753,796	
<u>DEPARTMENT OF JUSTICE (DOJ)</u>						
Contract / Other	16.Unknown	-	-	620,192	620,192	
Contract / Other	1.2006-DD-BX-03	-	-	42,789	42,789	
Contract / Other	6.2007-DG-R-03	-	-	18,850	18,850	
Marijuana Eradication	16.004	-	-	85,497	85,497	
Offender Reentry Program	16.202	-	-	1,280,544	1,280,544	
Juvenile Accountability Incentive Block Grants	16.523	-	-	1,028,446	1,028,446	
Juvenile Justice and Delinquency Prevention: Allocation to States	16.540	-	-	802,702	802,702	
Juvenile Justice and Delinquency Prevention	16.541	-	-	98,293	98,293	
Missing Children's assistance	16.543	-	-	216,662	216,662	
Title V: Delinquency Prevention Program	16.548	-	-	100,486	100,486	
National Criminal History Improvement Program (NCHIP)	16.554	-	-	430,144	430,144	
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	-	-	2,624,718	2,624,718	
Forensic DNA Lab Improvement	16.564	-	-	4,132,183	4,132,183	
Crime Victim Assistance	16.575	-	-	8,847,011	8,847,011	
Crime Victim Compensation	16.576	-	-	1,600,000	1,600,000	
Byrne Formula Grant Program	16.579	-	-	2,273,148	2,273,148	
Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grant Program	16.580	-	-	2,245,529	2,245,529	
Drug Court Discretionary Grant Program	16.585	-	-	155,803	155,803	
Violent Offender Incarceration and Truth in Sentencing Incentive Grants	16.586	-	-	532,170	532,170	
Violence Against Women Formula Grants	16.588	-	-	2,344,222	2,344,222	
Grant to Encourage Arrest Policies and Enforcement Of Protection Orders	16.590	-	-	495,904	495,904	
Local Law Enforcement Block Grants Program	16.592	-	-	139,897	139,897	
Residential Substance Abuse Treatment for State Prisoners	16.593	-	-	1,112,852	1,112,852	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF JUSTICE (DOJ) (cont.)</u>						
Corrections Training and Staff Development	16.601	-	-	25,000	25,000	
State Criminal Alien Assistance Program	16.606	-	-	850,000	850,000	
Bulletproof Vest Partnership Program	16.607	-	-	24,051	24,051	
Gun Violence Prosecution Program	16.609	-	-	10,881	10,881	
Info Sharing	16.610	-	-	132,324	132,324	
Public Safety Partnership and Community Policing	16.710	-	-	77,947	77,947	
Enforcing Underage Drinking Laws Program	16.727	-	-	237,978	237,978	
Drug Prevention Program	16.728	-	-	32,526	32,526	
Protecting Inmates and Safeguarding Communities Dis Edward Byrne Memorial Justice Assistance Grant Program	16.735	-	-	33,813	33,813	
	16.738	-	-	3,633,452	3,633,452	
Anti-Gang Initiative Program	16.744	-	-	60,831	60,831	
Pass-Through American Statistical Association	16.RD	12,657	-	-	12,657	
Office of Juvenile Justice and Delinquency Prevention	16.RD	-	-	-	-	
Pass-Through University of Colorado	16.RD	-	-	-	-	
Pass-Through University of Pennsylvania	16.RD	69,907	-	-	69,907	
Office of Justice Programs	16.RD	278,077	-	-	278,077	
Pass-Through Police Foundation	16.RD	25,870	-	-	25,870	
Office of National Drug Control Policy	16.RD	8,138,886	-	-	8,138,886	
National Institute of Justice	16.RD	33,764	-	-	33,764	
Total DOJ					44,906,006	
<u>DEPARTMENT OF LABOR (DOL)</u>						
Labor Force Statistics	17.002	-	-	1,117,541	1,117,541	
Compensation and Working Conditions	17.005	-	-	175,303	175,303	
Labor Certification for Alien Workers	17.203	-	-	934,889	934,889	
Workforce Employment Cluster:		-	-	-	-	
Workforce Investment Act: Adult Program	17.258	-	-	8,770,743	8,770,743	
Workforce Investment Act: Youth Activities	17.259	-	-	9,500,332	9,500,332	
Workforce Investment Act: Dislocated Workers	17.260	-	-	11,274,021	11,274,021	
Total Workforce Employment Cluster		-	-			29,545,096

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF LABOR (DOL). (cont.)</u>						
Work Incentives Grant	17.266	-	-	598,514	598,514	
WIA Incentive Grants_Section 503 Grants to States	17.267	-	-	382,803	382,803	
Employment Programs for People with Disabilities	17.720	-	-	170,139	170,139	
Employment Service Cluster:		-	-			
Employment Service	17.207	-	-	12,934,610	12,934,610	
Disabled Veterans' Outreach Program (DVOP)	17.801	-	-	1,430,220	1,430,220	
Local Veterans' Employment Representative Program	17.804	-	-	1,463,521	1,463,521	
Total Employment Service Cluster		-	-			15,828,351
Employment and Training Administration Pilots, Demon	17.261	-	-	69,509	69,509	
Occupational Safety and Health: State Program	17.503	-	-	4,068,178	4,068,178	
Unemployment Insurance (Note 2)	17.225	-	-	524,069,250	524,069,250	
Senior Community Service Employment Program	17.235	-	-	1,188,837	1,188,837	
Trade Adjustment Assistance : Workers	17.245	-	-	3,622,712	3,622,712	
GWIB - Health Worker Initiative	17.257	-	-	1,318,281	1,318,281	
Consultation Agreements	17.504	-	-	1,041,901	1,041,901	
Occupational Illness & Injury Prevention	17.600	-	-	80,173	80,173	
Dol/Mine Safety Digitizing Mine Maps	17.601	-	-	3,364	3,364	
Employment and Training Administration	17.RD	190,716	-	-	190,716	
Total DOL					584,405,557	
<u>DEPARTMENT OF STATE (DOS)</u>						
Contract / Other/ Office of Medical Services	SLMAQM-01-D-0	9,801	-	-	9,801	
International Education Training and Research	19.430	-	-	292,598	292,598	
Total Department of State					302,399	
<u>DEPARTMENT OF TRANSPORTATION (DOT)</u>						
Contract/Other	20.Unknown	-	-	2,288,436	2,288,436	
Pass-Through South Carolina State University	20.57-6000950	-	-	39,471	39,471	
Airport Improvement Program	20.106	-	-	16,949,013	16,949,013	
Aviation Research Grants	20.108	-	-	53,198	53,198	
Highway Planning & Construction Cluster:						
Highway Planning and Construction	20.205	-	-	608,419,215	608,419,215	
Appalachian Development Highway System	23.003	-	-	134,048	134,048	
Total Highway Planning & Construction Cluster						608,553,263

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF TRANSPORTATION (DOT), (cont.)						
Highway Training and Education	20.215	-	-	101,394	101,394	
National Motor Carrier Safety	20.218	-	-	756,209	756,209	
Fra - Maglev	20.312	-	-	787,390	787,390	
Federal Transit Cluster:						
Federal Transit: Capital Investment Grants	20.500	-	-	47,432,518	47,432,518	
Federal; Transit: Formula Grants	20.507	-	-	80,302,418	80,302,418	
Total Federal Transit Cluster						127,734,936
Highway Planning and Construction Cluster:						
Federal Transit: Metropolitan Planning Grants	20.505	-	-	7,803,710	7,803,710	
Total Highway Planning & Constr. Cluster						7,803,710
Formula Grants for Other Than Urbanized Areas	20.509	-	-	2,670,085	2,670,085	
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	-	-	1,296,141	1,296,141	
Job Access: Reverse Commute	20.516	-	-	2,117,716	2,117,716	
Alternative Analysis	20.522	-	-	2,683,690	2,683,690	
Highway and Safety Cluster:						
State and Community Highway Safety	20.600	-	-	6,224,618	6,224,618	
Total Highway and Safety Cluster						6,224,618
Pipeline Safety	20.700	-	-	286,393	286,393	
University Transportation Centers Program	20.701	-	-	82,548	82,548	
Interagency Hazardous Materials Public Sector Training and Planning	20.703	-	-	171,177	171,177	
Development and Promotion of Ports and Intermodal Transportation	20.801	-	-	3,033,523	3,033,523	
Federal Aviation Administration	20.RD	868,801	-	-	868,801	
Federal Highway Administration	20.RD	46,666	-	-	46,666	
Pass-Through National Cooperative Highway Research Program	20.RD	6,157	-	-	6,157	
Pass-Through University of North Carolina at Chapel Hill	20.RD	(7,130)	-	-	(7,130)	
National Highway Traffic Safety Administration	20.RD	554,235	-	-	554,235	
Pass-Through American Occupational Therapy	20.RD	17,734	-	-	17,734	
Maritime Administration	20.RD	11,654	-	-	11,654	
Other Research & Development	20.RD	191,649	-	-	191,649	
Total DOT					<u>785,322,677</u>	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF TREASURY (DOTR)</u>						
Pass-Through MD Volunteer Lawyers Service Inc	21.RD	24,566	-	-	24,566	
Total DOTR					24,566	
<u>APPALACHIAN REGIONAL COUNCIL (ARC)</u>						
Appalachian Regional Development	23.001	-	-	57,687	57,687	
Appalachian Local Access Roads	23.008	-	-	9,420	9,420	
Appalachian State Research, Technical Assistance	23.011	-	-	191,487	191,487	
Total ARC					258,594	
<u>OFFICE OF PERSONNEL MANAGEMENT</u>						
Office of Personnel Management	27.RD	78,040	-	-	78,040	
Total Office of Personnel Management					78,040	
<u>EQUAL EMPLOYMENT OPPORTUNITY COMMITTEE (EEOC)</u>						
Employment Discrimination: State and Local Fair Employment Practices Agency Contracts	30.002	-	-	438,498	438,498	
Total EEOC					438,498	
<u>GENERAL SERVICES ADMINISTRATION (GSA)-NON CASH EXPENDITURES</u>						
Business Services (now CFDA 90.401)	39.001	-	-	317,791	317,791	
Donation of Federal Surplus Property Program (Note 3)	39.003	-	-	217,729	217,729	
Total GSA					535,520	
<u>LIBRARY OF CONGRESS</u>						
Library of Congress	42.RD	244,148	-	-	244,148	
Total Library of Congress					244,148	
<u>NATIONAL AERONAUTICS & SPACE ADMINISTRATION (NASA)</u>						
Contract / Other	43.W30977	-	-	103,050	103,050	
Contract / Other	43.W30951	-	-	36,572	36,572	
Pass-Through New Mexico State University	43.Unknown	-	-	1,874	1,874	
Aerospace Education Services Program	43.001	3,662,420	-	1,136,561	4,798,981	
Pass-Through infonetic	43.001	-	-	22,596	22,596	
Pass-Through Jet Propulsion Lab	43.001	-	-	95,160	95,160	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>NATIONAL AERONAUTICS & SPACE ADMINISTRATION (NASA) (cont.)</u>						
Pass-Through Woods Hole Oceanographic Institute	43.001	-	-	31,524	31,524	
Technology Transfer	43.002	-	-	2,154,038	2,154,038	
NASA	43.RD	59,091,323	-	-	59,091,323	
Pass-Through AdTech Photonics, Inc	43.RD	14,097	-	-	14,097	
Pass-Through Apeak, Inc.	43.RD	11,187	-	-	11,187	
Pass-Through Ball State University	43.RD	(35,493)	-	-	(35,493)	
Pass-Through California Institute of Technology	43.RD	7,669	-	-	7,669	
Pass-Through Carnegie Institution	43.RD	34,871	-	-	34,871	
Pass-Through Columbia University	43.RD	73,130	-	-	73,130	
Pass-Through George Mason University	43.RD	55,390	-	-	55,390	
Pass-Through Georgia Institute of Technology	43.RD	22,522	-	-	22,522	
Pass-Through Institute for Global Environment and Society	43.RD	82,858	-	-	82,858	
Pass-Through Jet Propulsion Lab	43.RD	633,226	-	-	633,226	
Pass-Through Johns Hopkins University	43.RD	10,310	-	-	10,310	
Pass-Through Johns Hopkins University/Applied Physics Lab	43.RD	199,448	-	-	199,448	
Pass-Through Lunar and Planetary Institute	43.RD	10,548	-	-	10,548	
Pass-Through Massachutes Intitute of Technology	43.RD	87,382	-	-	87,382	
Pass-Through Michigan State University	43.RD	238,238	-	-	238,238	
Pass-Through Mississippi State University	43.NNSO6AA65E	17,647	-	-	17,647	
Pass-Through National Institute of Aerospace	43.RD	471,477	-	-	471,477	
Pass-Through Oregon State University	43.RD	66,077	-	-	66,077	
Pass-Through Science and Engineering Service Inc	43.RD	154,911	-	-	154,911	
Pass-Through Smithsonian Astrophysical Observatory	43.RD	73,046	-	-	73,046	
Pass-Through Southwest Research Institute	43.RD	72,389	-	-	72,389	
Pass-Through Space Telescope Science Institute	43.RD	248,878	-	-	248,878	
Pass-Through SP Systems, Inc.	43.RD	20,954	-	-	20,954	
Pass-Through Texas Tech University	43.RD	39,597	-	-	39,597	
Pass-Through University of Arizona at Tucson	43.RD	34,902	-	-	34,902	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>NATIONAL AERONAUTICS & SPACE ADMINISTRATION (NASA) (cont.)</u>						
Pass-Through University of California	43.RD	18,971	-	-	18,971	
Pass-Through University of California, Los Angeles	43.RD	91,273	-	-	91,273	
Pass-Through University of California, Santa Barbara	43.RD	9,955	-	-	9,955	
Pass-Through University Corporation for Atmospheric Research	43.RD	17,091	-	-	17,091	
Pass-Through University of Delaware	43.RD	4,413	-	-	4,413	
Pass-Through University of Oregon	43.RD	48,376	-	-	48,376	
Pass-Through University of Texas-Austin	43.RD	104,744	-	-	104,744	
Pass-Through University of Wisconsin	43.RD	9,413	-	-	9,413	
Pass-Through Virginia's Center for Innovative Technology	43.RD	40,603	-	-	40,603	
Pass-Through Yale University	43.RD	107,002	-	-	107,002	
TOTAL NASA					69,432,220	
<u>NATIONAL FOUND ON THE ARTS & HUMANITIES (NFAH)</u>						
Promotion of the Arts: Grants to Organizations and Individuals	45.024	-	-	20,358	20,358	
Promotion of the Arts: Partnership Agreements	45.025	-	-	704,437	704,437	
Pass-Through Arts Midwest	45.025	-	-	1,740	1,740	
Pass-Through Mid-Atlantic Arts Foundation	45.025	-	-	13,900	13,900	
Promotion of the Humanities: Division of Preservation and Access	45.149	-	-	139,299	139,299	
Promotion for the Humanities - Research	45.161	-	-	57,774	57,774	
Promotion of the Humanities Public Programs	45.164	-	-	168,722	168,722	
Promotion of the Humanities Digital Humanities Initiative	45.169	-	-	(7,307)	(7,307)	
Conservation Project Support	45.303	-	-	66,909	66,909	
State Library Program	45.310	-	-	3,796,246	3,796,246	
Librarians for the 21st Century	45.313	-	-	49,321	49,321	
Institute of Museum and Library Services	45.RD	4,763	-	-	4,763	
National Endowment for the Arts	45.RD	46,291	-	-	46,291	
Pass-Through Maryland Humanities Council	45.RD	3	-	-	3	
Total NFAH					5,062,456	
<u>NATIONAL SCIENCE FOUNDATION (NSF)</u>						
Contract / Other	47.DMS0552427	-	-	163,891	163,891	

"See notes to Schedule of Expenditures of Federal Awards"

**STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>NATIONAL SCIENCE FOUNDATION (NSF) (cont.)</u>						
Contract / Other	47.IIS0540645	-	-	136,859	136,859	
Engineering Grants	47.041	-	-	851,884	851,884	
Pass-Through Johns Hopkins University	47.041	-	-	54,373	54,373	
Pass-Through Alfred P Sloan Foundation	47.041	-	-	885	885	
Mathematical and Physical Sciences	47.049	-	-	143,264	143,264	
Pass-Through National Physical Science Consortium	47.049	-	-	(4,000)	(4,000)	
Pass-Through Alfred P Sloan Foundation	47.049	-	-	(9,506)	(9,506)	
Geosciences	47.050	-	-	17,210	17,210	
Pass-Through Consortium of Universities for the Advancement of Hydrologic Science	47.050	-	-	13,058	13,058	
Computer and Information Science and Engineering	47.070	-	-	81,238	81,238	
Biological Sciences	47.074	-	-	364,655	364,655	
Pass-Through American Heart Association	47.074	-	-	1,070	1,070	
Pass-Through Ecological Society of America	47.074	-	-	19,004	19,004	
Pass-Through George Washington University	47.074	-	-	102,594	102,594	
Pass-Through Institute of Ecosystem Studies	47.074	-	-	107,792	107,792	
Pass-Through Leakey Foundation	47.074	-	-	599	599	
Pass-Through Southeastern Universities Research Association/Jefferson Lab	47.074	-	-	1,229	1,229	
Social, Behavioral, and Economic Sciences	47.075	-	-	985,614	985,614	
Pass-Through American Psychological Association	47.075	-	-	17,135	17,135	
Pass-Through Florida Education Fund	47.075	-	-	22,500	22,500	
Pass-Through The William & Flora Hewlett Foundation	47.075	-	-	40	40	
Pass-Through Gilder Lehrman Institute	47.075	-	-	10,783	10,783	
Pass-Through Alfred P Sloan Foundation	47.075	-	-	7,635	7,635	
Education and Human Resources	47.076	-	-	15,423,661	15,423,661	
Pass-Through Howard University	47.076	-	-	155,819	155,819	
Pass-Through Baltimore County Public Schools	47.076	-	-	(197,589)	(197,589)	
Pass-Through Prince George's Community College	47.076	-	-	24,103	24,103	
Pass-Through University of Missouri-St. Louis	47.076	-	-	1,227	1,227	
National Science Foundation (NSF)	47.RD	50,683,273	-	-	50,683,273	

"See notes to Schedule of Expenditures of Federal Awards"

**STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>NATIONAL SCIENCE FOUNDATION (NSF), cont.</u>						
Pass-Through Association for Institutional Research	47.RD	25,739	-	-	25,739	
Pass-Through Auburn University	47.RD	4,386	-	-	4,386	
Pass-Through Boston College	47.RD	3,945	-	-	3,945	
Pass-Through Boston University	47.RD	76,682	-	-	76,682	
Pass-Through California Institute of Technology	47.RD	20,826	-	-	20,826	
Pass-Through Carnegie Institution of Washington	47.RD	80,488	-	-	80,488	
Pass-Through Clark University	47.RD	15,019	-	-	15,019	
Pass-Through Colorado School of Mines	47.RD	1,314	-	-	1,314	
Pass-Through Columbia University	47.RD	9,208	-	-	9,208	
Pass-Through Dartmouth College	47.RD	57,208	-	-	57,208	
Pass-Through Drexel University	47.RD	58,481	-	-	58,481	
Pass-Through Duke University	47.RD	125,863	-	-	125,863	
Pass-Through Florida State University	47.RD	8,867	-	-	8,867	
Pass-Through George Mason University	47.RD	739	-	-	739	
Pass-Through Harvard University	47.RD	47,963	-	-	47,963	
Pass-Through Institute for Systems Biology	47.RD	21,715	-	-	21,715	
Pass-Through Iowa State University	47.RD	298,570	-	-	298,570	
Pass-Through National Bureau of Economic Research, Inc	47.RD	17,039	-	-	17,039	
Pass-Through National Research Council	47.RD	-	-	-	-	
Pass-Through New Jersey Institute of Technology	47.RD	7,919	-	-	7,919	
Pass-Through New Mexico State University	47.RD	25,524	-	-	25,524	
Pass-Through North Carolina A&T State University	47.RD	-	-	-	-	
Pass-Through Pennsylvania State University	47.RD	1,302	-	-	1,302	
Pass-Through Purdue University	47.RD	154,743	-	-	154,743	
Pass-Through RioRey, Inc.	47.RD	32,998	-	-	32,998	
Pass-Through Siena College	47.RD	54,140	-	-	54,140	
Pass-Through SPIE	47.RD	11,313	-	-	11,313	
Pass-Through University of California, Irvine	47.RD	17,407	-	-	17,407	
Pass-Through University of California, Los Angeles	47.RD	210,559	-	-	210,559	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>NATIONAL SCIENCE FOUNDATION (NSF), cont.</u>						
Pass-Through University of California, San Diego	47.RD	66,347	-	-	66,347	
Pass-Through University of Colorado	47.RD	51,404	-	-	51,404	
Pass-Through University of Delaware	47.RD	68,350	-	-	68,350	
Pass-Through University of Miami	47.RD	36,471	-	-	36,471	
Pass-Through University of Michigan	47.RD	211,208	-	-	211,208	
Pass-Through University of New Hampshire	47.RD	81,363	-	-	81,363	
Pass-Through University of Southern California	47.RD	159,480	-	-	159,480	
Pass-Through University of Virginia	47.RD	(5,891)	-	-	(5,891)	
Pass-Through University of Washington	47.RD	135,498	-	-	135,498	
Pass-Through University of Western Michigan	47.RD	59,694	-	-	59,694	
Pass-Through University of Wisconsin	47.RD	1,401,327	-	-	1,401,327	
Pass-Through Venture Group	47.RD	(92)	-	-	(92)	
Pass-Through Virginia Commonwealth University	47.RD	99,622	-	-	99,622	
Pass-Through Virginia Institute of Marine Science	47.RD	20,954	-	-	20,954	
Total National Science Foundation					72,955,992	
<u>SMALL BUSINESS ADMINISTRATION (SBA)</u>						
Contract/Other	59.Unknown	-	-	365,999	365,999	
7(i) Technical Assistance	59.007	-	-	212,697	212,697	
Small Business Development Center	59.037	-	-	1,118,232	1,118,232	
Total Small Business Administration					1,696,928	
<u>VETERANS ADMINISTRATION (VA)</u>						
Contract/Other	64.IPA- AGREEMENT	144,883	-	-	144,883	
Contract/Other	64.IPA- AGREEMENT	-	-	52,587	52,587	
Veterans Health Administration -- Research and Development	64.RD	4,401,684	-	-	4,401,684	
Veterans State Domiciliary Care	64.014	-	-	7,880,132	7,880,132	
Burial Expenses Allowance	64.101	-	-	681,179	681,179	
Vocational and Educational Counseling for Service Members and Veterans	64.125	-	-	322,752	322,752	
Total VA					13,483,217	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>ENVIRONMENTAL PROTECTION AGENCY (EPA)</u>						
Pass-Through RTI International Research Triangle Institute	36.GS-10F-0283F	4,546	-	-	4,546	
Spec. Purpose Activities	66.034	-	-	20,067	20,067	
MD Transit Bus Retrofit Program	66.034	-	-	618,695	618,695	
Congressionally Mandated Projects	66.202	-	-	251,015	251,015	
Water Pollution Control: State and Interstate Program Support	66.419	-	-	40,864	40,864	
Surveys, Studies, Investigations, Demonstrations	66.436	-	-	163,101	163,101	
Construction Management Assistance	66.438	-	-	173,970	173,970	
Water Quality Management Planning	66.454	-	-	179,370	179,370	
Nonpoint Source Implementation Grants	66.460	-	-	2,384,668	2,384,668	
Wetlands Protection: Development Grants	66.461	-	-	151,353	151,353	
Water Quality Cooperative Agreements	66.463	-	-	121,268	121,268	
Chesapeake Bay Program	66.466	-	-	3,968,618	3,968,618	
Operator Certification Expense Reimbursement	66.471	-	-	22,905	22,905	
Beach Monitoring and Notification Program Implementation Grants	66.472	-	-	420,128	420,128	
Water Protection Grants to the States	66.474	-	-	93,763	93,763	
MD Regulatory Wetland Program Enhancement	66.479	-	-	151,290	151,290	
Assessment & Watershed Prot	66.480	-	-	142,368	142,368	
Environmental Protection Consolidated Research	66.500	-	-	13,970	13,970	
Off. of Res. and Dev. Cons Res.	66.511	-	-	52,887	52,887	
Science to Achieve Results Fellowship Program	66.514	-	-	9,129	9,129	
Performance Partnership Grants (PPGs)	66.605	-	-	10,399,551	10,399,551	
Surveys, Studies, Investigations and Special Purpose Grants	66.606	-	-	286,459	286,459	
Environmental Information Exchange Network Grant Program	66.608	-	-	189,738	189,738	
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	-	-	301,492	301,492	
Pollution Prevention Grants Program	66.708	-	-	96,640	96,640	
Superfund State Site: Specific Cooperative Agreements	66.802	-	-	701,207	701,207	
Solid Waste Management Assistance	66.808	-	-	1,308,882	1,308,882	
Superfund State and Indian Tribe Core Program: Cooperative Agreements	66.809	-	-	416,295	416,295	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>ENVIRONMENTAL PROTECTION AGENCY (EPA) (cont.)</u>						
State and Tribal Response Program Grants	66.817	-	-	623,866	623,866	
Brownfield's Assessment and Cleanup Cooperative Agreements	66.818	-	-	62,145	62,145	
Environmental Protection Agency	66.RD	450,119	-	-	450,119	
Pass-Through Chesapeake Research Consortium, Inc	66.RD	39,918	-	-	39,918	
Office of Research and Development	66.RD	1,018,236	-	-	1,018,236	
Pass-Through Center for Watershed Protection	66.RD	40,037	-	-	40,037	
Pass-Through Johns Hopkins University	66.RD	67,033	-	-	67,033	
Pass-Through Institute of Ecosystem Studies	66.RD	3,557	-	-	3,557	
Pass-Through Menzie Cura and Associates	66.RD	16,629	-	-	16,629	
Pass-Through Metropolitan Washington Council of Governments	66.RD	34,509	-	-	34,509	
Office of Prevention, Pesticides and Toxic Substances	66.RD	11,122	-	-	11,122	
Office of Water	66.RD	83,941	-	-	83,941	
Total Environment Protection Agency					25,135,351	
<u>NATIONAL REGULATORY COMMISSION (NRC)</u>						
Other National Regulatory Commission – Research and Development	77.RD	231,391	-	-	231,391	
Total National Regulatory Commission					231,391	
<u>DEPARTMENT OF ENERGY (DOE)</u>						
Contract / Other	81.050913825	-	-	153,354	153,354	
Contract / Other	81.DE-FG02-05ER64082	150,137	-	-	150,137	
Contract / Other	81.DE-FG02-01ER63230	12,515	-	-	12,515	
Contract / Other	81.DE-FG02-99ER62859	60,648	-	-	60,648	
Contract / Other	81.DE-FG02-07ER64399	19,888	-	-	19,888	
State Energy Program	81.041	-	-	597,372	597,372	
Weatherization Assistance for Low-Income Persons	81.042	-	-	2,456,517	2,456,517	
Institutional Conversation Program	81.052	-	-	29,968	29,968	
University Coal Research	81.057	1,011,222	-	-	1,011,222	
State Heating Oil and Propane Programs	81.090	-	-	8,301	8,301	
Energy Efficiency and Renewable Energy	81.117	-	-	141,082	141,082	
State Energy Program Special Projects	81.119	-	-	461,623	461,623	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF ENERGY (DOE) (cont.)</u>						
Office of Fossil Energy	81.RD	41,181	-	-	41,181	
Office of Nuclear Energy	81.RD	52,441	-	-	52,441	
Pass-Through North Carolina State University	81.RD	288,410	-	-	288,410	
Office of Science	81.RD	6,099,308	-	-	6,099,308	
Pass-Through HyperV Technologies, Inc	81.RD	17,970	-	-	17,970	
Pass-Through Northern Arizona University	81.RD	147,076	-	-	147,076	
Pass-Through Pennsylvania State University	81.RD	84,738	-	-	84,738	
Pass-Through University of Massachusetts	81.RD	40,935	-	-	40,935	
Other Department of Energy – Research and Development	81.RD	2,858,221	-	-	2,858,221	
Pass-Through Battelle Corporation	81.DE-AC05-76RL01830	5,819	-	-	5,819	
Pass-Through Battelle Energy Alliance	81.RD	58,201	-	-	58,201	
Pass-Through Harvard University	81.RD	14,935	-	-	14,935	
Pass-Through Sandia National Labs	81.RD	11,024	-	-	11,024	
Pass-Through University of California	81.RD	63,741	-	-	63,741	
Pass-Through University of Wisconsin-Madison	81.RD	17,143	-	-	17,143	
Total DOE					14,903,770	
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>						
Contract / Other	83.Unknown	-	-	13,420	13,420	
National Fire Academy Educational Program	83.010	-	-	5,500	5,500	
Crisis, Counseling (Hurricane Isabel)	83.105	-	-	432,500	432,500	
FY'03 State Dam Safety Program	83.550	-	-	32,512	32,512	
Total Federal Emergency Mgmt. Agency					483,932	
<u>DEPARTMENT OF EDUCATION (DED)</u>						
Contract/Other	4.ED-04-CO-013	-	-	2,890	2,890	
Adult Education: State Grant Program	84.002	-	-	10,480,886	10,480,886	
Title I Grants to Local Educational Agencies	84.010	-	-	164,789,196	164,789,196	
Pass -Through Baltimore City Public Schools	84.010	-	-	121,240	121,240	
Migrant Education: State Grant Program	84.011	-	-	190,198	190,198	
Title I Program for Neglected and Delinquent Children	84.013	-	-	2,047,831	2,047,831	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF EDUCATION (DED), cont.						
International Research & Studies	84.017	-	-	75,086	75,086	
International: Overseas: Group Projects Abroad	84.021	-	-	172,825	172,825	
Idea - Part E Innovation & Development	84.023	-	-	2,651,016	2,651,016	
Idea-Part C Services for Children with Deaf-Blindness	84.025	-	-	93,411	93,411	
Special Education Cluster:						
Special Education-Grants to States (IDEA Part B)	84.027	-	-	207,181,905	207,181,905	
Pass-Through Government of the District of Columbia	84.027	-	-	93,368	93,368	
Pass-Through North Carolina State Board of Education	84.027	-	-	25,447	25,447	
Special Education -Preschool Grts. (IDEA Preschool)	84.173	-	-	7,572,659	7,572,659	
Total Special Ed Cluster						214,873,379
DED Student Financial Aid Cluster:						
Federal Supplemental Educational Opportunity Grants	84.007	-	7,380,923		7,380,923	
Federal Family Educational Loans	84.032	-	284,322,315	-	284,322,315	
Federal Work-Study Program	84.033	-	7,368,133	-	7,368,133	
Federal Perkins Loan Program: Federal Capital Contributions	84.038	-	76,177,342	-	76,177,342	
Federal Pell Grant Program	84.063	-	67,621,386	-	67,621,386	
Federal Direct Student Loans	84.268	-	199,413,612	-	199,413,612	
Academic Competitiveness Grants	84.375	-	763,331	-	763,331	
National Science and Mathematics Access to Retain Talent (Smart) Grants	84.376	-	587,208	-	587,208	
Total DED SFA Cluster						643,634,250
Loan Cancellations	84.037	-	-	499,761	499,761	
TRIO Cluster:						
TRIO: Student Support Services	84.042	-	-	1,513,560	1,513,560	
TRIO: Talent Search	84.044	-	-	761,014	761,014	
TRIO: Upward Bound	84.047	-	-	4,685,681	4,685,681	
TRIO: Educational Opportunity Centers	84.066	-	-	264,304	264,304	
TRIO: McNair Post -- Baccalaureate Achievement	84.217	-	-	724,412	724,412	
Total Trio Cluster						7,948,971
Higher Education: Institutional Aid	84.031	-	-	9,704,738	9,704,738	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF EDUCATION (DED), cont.</u>						
Vocational Education: Basic Grants to States	84.048	-	-	18,141,844	18,141,844	
Consumer and Homemaking Education	84.049	-	-	224	224	
Leveraging educational assistance Partnership	84.069	-	-	548,739	548,739	
Fund for the Improvement of Postsecondary Education	84.116	-	-	402,206	402,206	
Pass-Through Baylor University	84.116	-	-	(188)	(188)	
Minority Science and Engineering Improvement	84.120	-	-	261,828	261,828	
Rehabilitation Services: Vocational Rehabilitation Grants to States	84.126	-	-	43,218,571	43,218,571	
Rehabilitation Long-Term Training	84.129	-	-	733,640	733,640	
National Institute of Disability and Rehabilitation Research	84.133	-	-	30,698	30,698	
Federal, State, and Local Partnership for Educational Improvement	84.151	-	-	(16,780)	(16,780)	
Business and International Education Projects	84.153	-	-	50,426	50,426	
Pass-Through Galludette University	84.160	-	-	118	118	
Rehabilitation Services: Client Assistance Program	84.161	-	-	243,222	243,222	
Eisenhower Mathematics and Science Education: State Grants	84.164	-	-	(38,335)	(38,335)	
Independent Living: State Grants	84.169	-	-	180,197	180,197	
Rehabilitation Service: Independent Living Services for Older Blind Individuals	84.177	-	-	541,975	541,975	
Special Education: Grants for Infants and Families with Disabilities	84.181	-	-	7,817,269	7,817,269	
Safe and Drug-Free Schools and Communities National Programs	84.184	-	-	126,116	126,116	
Robert C. Byrd Honors Scholarships	84.185	-	-	634,107	634,107	
Safe and Drug-Free Schools and Communities: State Grants	84.186	-	-	5,131,884	5,131,884	
Supported Employment Services for Individuals with Severe Handicaps	84.187	-	-	329,956	329,956	
Bilingual Education: Professional Development	84.195	-	-	289,549	289,549	
Education of Homeless Children & Youth	84.196	-	-	707,087	707,087	
Graduate Assistance in Areas of National Need	84.200	-	-	1,278,034	1,278,034	
Javits G/T	84.206	-	-	166,809	166,809	
Even Start: State Educational Agencies	84.213	-	-	2,743,984	2,743,984	
Fund for the Improvement of Education	84.215	-	-	533,507	533,507	
Pass-Through Baltimore County Public Schools	84.215	-	-	112,399	112,399	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF EDUCATION (DED), cont.</u>						
Pass-Through Wicomico County Board of Education	84.215	-	-	145,262	145,262	
Centers for International Business Education	84.220	-	-	139,586	139,586	
Assistive Technology	84.224	-	-	518,560	518,560	
Rehabilitation Services Demonstration and Training	84.235	-	-	687,365	687,365	
Tech--Prep Education	84.243	-	-	1,462,938	1,462,938	
Rehabilitation Training: Continuing Education	84.264	-	-	20,698	20,698	
Rehabilitation Training: State Vocational Rehabilitation Unit In-Service Training	84.265	-	-	184,417	184,417	
Pass-Through United Negro College Fund	84.269	-	-	78,211	78,211	
Goals 2000: State and Local Education Systemic Improvement Grants	84.276	-	-	(31,563)	(31,563)	
Eisenhower Professional Development State Grants	84.281	-	-	(18,834)	(18,834)	
The Charter School Program	84.282	-	-	4,748,256	4,748,256	
Ready-to-Teach Grant Program	84.286	-	-	342,953	342,953	
Twenty-First Century Community Learning Centers	84.287	-	-	9,665,176	9,665,176	
Innovative Education Program Strategies	84.298	-	-	2,236,610	2,236,610	
Even Start Statewide Family Literacy	84.314	-	-	(84,608)	(84,608)	
Technology Literacy Challenge Fund Grants	84.318	-	-	5,045,689	5,045,689	
Special Education: State Program Improvement Grants for Children with Disabilities	84.323	-	-	1,090,105	1,090,105	
Special Education: Research and Innovation to Improve Services and Results for Children with Disabilities	84.324	-	-	41,252	41,252	
Special Education: Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	-	-	2,528,779	2,528,779	
Special Education: Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	84.326	-	-	766,834	766,834	
Advanced Placement Incentive Program	84.330	-	-	1,312,051	1,312,051	
Grants to States for Incarcerated Youth Offenders	84.331	-	-	85,379	85,379	
Comprehensive School Reform Demonstration	84.332	-	-	1,303,961	1,303,961	
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	-	-	3,615,616	3,615,616	
Pass-Through Allegany County Board of Education	84.334	-	-	(3,421)	(3,421)	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF EDUCATION (DED), cont.						
Child Care Means Parents in School	84.335	-	-	28,070	28,070	
Teacher Quality Enhancement Grants	84.336	-	-	2,492,339	2,492,339	
Pass-Through Baltimore County Public Schools	84.336	-	-	29,756	29,756	
Reading Excellence Program	84.338	-	-	(14,412)	(14,412)	
Class Size Reduction	84.340	-	-	(11,841)	(11,841)	
Preparing Tomorrow's Teachers to Use Technology	84.342	-	-	296,494	296,494	
Underground Railroad Educational and Cultural Program	84.345	-	-	90,790	90,790	
Occupation and Employment Information State Grants	84.346	-	-	179,890	179,890	
Transition to Teaching	84.350	-	-	372,647	372,647	
School Renovation	84.352	-	-	(18,878)	(18,878)	
Reading First State Grants	84.357	-	-	10,822,718	10,822,718	
English Language Acquisition Grants	84.365	-	-	7,283,022	7,283,022	
Mathematics and Science Partnerships	84.366	-	-	1,683,437	1,683,437	
Improving Teacher Quality State Grants	84.367	-	-	41,896,601	41,896,601	
Pass-Through State of Delaware	84.367	-	-	230,077	230,077	
Grants for State Assessments and Related Activities	84.369	-	-	5,049,786	5,049,786	
Statewide Longitudinal Data System	84.372	-	-	478,852	478,852	
Pass-Through University of California	84.928	-	-	155,546	155,546	
Temp Emergency Aid - Impact Aid Katrina	84.938	-	-	1,871,805	1,871,805	
2004 Unsolicited Grants	84.955	-	-	622,563	622,563	
Pass-Through Anne Arundel County Public Schools	84.RD	99,026	-	-	99,026	
Pass-Through Baltimore City Public Schools	84.RD	91,111	-	-	91,111	
Institute of Education Sciences	84.RD	2,359,349	-	-	2,359,349	
Pass-Through George Mason University	84.RD	31,568	-	-	31,568	
Postsecondary Education	84.RD	2,531,068	-	-	2,531,068	
Special Education and Rehabilitative Services	84.RD	269,362	-	-	269,362	
Pass-Through Georgia Tech Research Corp	84.RD	33,462	-	-	33,462	
Pass-Through University of California, San Francisco	84.RD	33,090	-	-	33,090	
Total Department of Education					1,256,323,334	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>SMITHSONIAN INSTITUTION</u>						
Smithsonian Institution Fellowship Program	85.601	-	-	6,858	<u>6,858</u>	
Total Smithsonian Institution					<u>6,858</u>	
<u>NATIONAL ARCHIVES & RECORDS ADMINISTRATION</u>						
National Historical Publications & Records Grants	89.003	-	-	54,777	54,777	
National Archives and Records Administration – Research and Development	89.RD	187,732	-	-	<u>187,732</u>	
Total National Archives and Records Administration					<u>242,509</u>	
<u>ELECTION ASSISTANCE COMMISSION</u>						
Help America Vote Act	90.401			361,250	361,250	
Election Assistance Commission - Research & Development	90.RD	34,196	-	-	<u>34,196</u>	
Total Election Assistance Commission					<u>395,446</u>	
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS)</u>						
Contract / Other	93.Unknown	-	-	1,591,962	1,591,962	
Contract / Other	93.263MK60886	-	-	29,988	29,988	
Public Health and Social Services Emergency Fund	93.003	-	-	171,928	171,928	
COOP agreement to improve	93.004	155,697	-	-	155,697	
Minority Health State Partnership	93.006	-	-	118,363	118,363	
Demonstration Proj For Med Reserve Corporation	93.008	-	-	43,022	43,022	
Programs for Prevention of Elder Abuse	93.041	-	-	110,507	110,507	
Long term care ombudsman services for older indiv.	93.042	-	-	322,343	322,343	
Special Programs for the Aging: Title III, Part F: Disease Prevention and Health Promotion Services	93.043	-	-	356,094	356,094	
Aging Cluster:						
Special Programs for the Aging: Title III, Part B: Grants for Supportive Services and senior Centers	93.044			6,564,743	6,564,743	
Special Programs for the Aging: Title III, Part C: Nutrition Services	93.045			8,805,429	8,805,429	
Nutrition Services Incentive Program	93.053			929,772	<u>929,772</u>	
Total Aging Cluster						16,299,944
Special Programs for the Aging: Title IV: Training, Research and Discretionary Projects & Programs	93.048	-	-	218,141	218,141	
Alzheimer's Disease Demonstration Grants to States	93.051	-	-	289,899	289,899	
Nation Family Caregiver Support Program	93.052	-	-	2,437,025	2,437,025	

"See notes to Schedule of Expenditures of Federal Awards"

**STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007**

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) (cont.)</u>						
Healthy Marriage Promotion and Responsible Fatherhood	93.086	-	-	30,725	30,725	
Food and Drug Administration: Research	93.103	-	-	228,848	228,848	
Pass-Through American Psychological Association	93.106	-	-	(57)	(57)	
Maternal and Child Health Federal Consolidated Programs	93.110	-	-	275,334	275,334	
Maternal and Child Health Federal Consolidated Programs	93.110	28,847	-		28,847	
Biological Response to Environmental Health Hazards	93.113	-	-	449,044	449,044	
Project Grants and Cooperative agreements for Tuberculosis Control Programs	93.116	-	-	1,301,756	1,301,756	
Acquired Immunodeficiency Syndrome (AIDS) Activity	93.118	-	-	239,892	239,892	
Emergency Medical Services for Children	93.127	-	-	78,797	78,797	
Primary Care Services: Resource Coordination and Development: Primary Care Offices	93.130	-	-	234,625	234,625	
Centers for Research and Demonstration for Health Promotion and Disease Prevention	93.135	-	-	(57)	(57)	
Injury Prevention and Control Research and State and Community Based Programs	93.136	-	-	1,255,262	1,255,262	
Community Program to Improve Minority Health	93.137	-	-	154,331	154,331	
Project for assistance in Transition from Homelessness (PATH)	93.150	-	-	1,008,997	1,008,997	
Coordinated HIV Services and Access to Research for Children, Youth, Women and Families	93.153	-	-	1,221,674	1,221,674	
Grants for State Loan Repayments	93.165	-	-	127,338	127,338	
Research related to Deafness and Communication Disorders	93.173	-	-	274,396	274,396	
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) (cont.)</u>						
Nursing Workforce Diversity	93.178	-	-	140,587	140,587	
National Research Services Awards	93.186	-	-	179,696	179,696	
Allied Health Special Projects	93.191	-	-	15,079	15,079	
Quentin N. Burdick Programs for Rural Interdisciplinary Training	93.192	-	-	3,991	3,991	
Pass-Through Western Maryland Area Health Education Center	93.192	-	-	2,284	2,284	
Childhood Lead Poisoning Prevention and Surveillance of blood Lead Levels in Children	93.197	-	-	1,014,628	1,014,628	
Family Planning: Services	93.217	-	-	4,362,110	4,362,110	
Research on Healthcare Costs, Quality and Outcomes	93.226	1,504,510	-	-	1,504,510	
Traumatic Brain Injury State Demonstration Grant Program (TBI)	93.234	-	-	83,333	83,333	
Abstinence Education	93.235	-	-	644,831	644,831	
Mental Health Research Grants	93.242	-	-	155,022	155,022	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) (cont.)						
Pass-Through Johns Hopkins Applied Physics Laboratory	93.242	-	-	25,016	25,016	
Substance Abuse and Mental Health Services	93.243	-	-	2,367,183	2,367,183	
Suicide/Trauma Subgrant	93.243	-	-	2,523	2,523	
Advanced Education Nursing Grant Program	93.247	-	-	315,875	315,875	
Public Health Training Centers Grant Program	93.249	(1,550)	-	-	(1,550)	
Universal Newborn Hearing Screening	93.251	-	-	136,066	136,066	
Rural Access to Emergency Devices Grant	93.259	-	-	31,137	31,137	
Immunization Grants	93.268	-	-	5,336,634	5,336,634	
Drug Abuse Research Program	93.279	203,919	-	158,837	362,756	
Mental Health National Research Service Awards for Research Training	93.282	-	-	505,086	505,086	
Center for Disease Control and Prevention: Investigations and Technical Assistance	93.283	14,973	-	28,283,394	28,298,367	
Pass-Through DHMH CDC	93.283	80,920	-	-	80,920	
HHS Student Financial Aid Cluster:						
Health Professions Student Loans, Including Primary Care Loans/Loans for Disadvantaged Students	93.342	-	11,925,005	-	11,925,005	
Nursing Student Loans	93.364	-	2,567,290	-	2,567,290	
Scholarships for Health Prof. Students from Disadvantaged Backgrounds	93.925	-	355,629	-	355,629	
Total HHS SFA Cluster						14,847,924
Small Rural Hospital Improvement Grants	93.301	-	-	26,802	26,802	
General Clinical Research Centers	93.333	-	-	33,832	33,832	
Nurse Education Practice and Retention Grants	93.359	-	-	63,807	63,807	
Advanced Education Nursing Traineeships	93.358	-	-	18,902	18,902	
Minority Biomedical Research Support	93.375	-	-	190,251	190,251	
Research Infrastructure	93.389	1,262,847	-	221,998	1,484,845	
Cancer Biology Research	93.396	-	-	345,245	345,245	
Food Safety and Security Monitoring Project	93.448	-	-	194,909	194,909	
Promoting Safe and Stable Families	93.556	-	-	3,552,811	3,552,811	
Temporary Assistance for Needy Families (TANF)	93.558	-	-	206,234,101	206,234,101	
Child Support Enforcement (CSE)	93.563	-	-	74,208,139	74,208,139	
Child Support Enforcement Research	93.564	-	-	134,387	134,387	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) (cont.)						
Refugee and Entrant Assistance: State Administered Programs	93.566	-		5,098,741	5,098,741	
Low-income Home Energy Assistance (LIHEAP)	93.568	-	-	48,791,644	48,791,644	
Community Services Block Grant (CSBG)	93.569	-	-	6,649,133	6,649,133	
Community Services Block Grant Discretionary Awards	93.570	124,443			124,443	
Pass-Through NYSP	93.570	-	-	54,977	54,977	
CCDF Cluster:						
Child Care and Development Block Grant	93.575			17,427,691	17,427,691	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596			56,837,681	56,837,681	
Total CCDF Cluster						74,265,372
Refugee and Entrant Assistance: Discretionary Grants	93.576	-		558,516	558,516	
Targeted Assist	93.584	-		428,057	428,057	
State Court Improvement Program	93.586	-	-	196,735	196,735	
Pass-through R&D Kennedy Institute	93.591	84,041	-	-	84,041	
Family Violence Prevention and Services	93.592	-	-	64,196	64,196	
Grants to States for Access and Visitation Programs	93.597	-	-	195,297	195,297	
Education and Training Vouchers	93.599	-	-	1,172,849	1,172,849	
Head Start Program	93.600	1,497,038	-	508,518	2,005,556	
Basic Center Grant for Runaway and Homeless Youth	93.623	-	-	153,258	153,258	
Development Disabilities Basic Support and Advocacy Grants	93.630	-	-	1,047,353	1,047,353	
Development Disabilities Projects of National Significance	93.631	-	-	97,440	97,440	
Children's Justice Grants to States	93.643	-	-	309,567	309,567	
Child Welfare Services: State Grants	93.645	-	-	4,429,433	4,429,433	
Social Services Research and Demonstration	93.647	-	-	92,379	92,379	
Foster Care: Title IV-E	93.658	-	-	151,115,882	151,115,882	
Adoption Assistance	93.659	-	-	20,915,592	20,915,592	
Social Services Block Grant (SSBG)	93.667	-	-	55,222,339	55,222,339	
Child Abuse and Neglect State Grants	93.669	-	-	614,205	614,205	
Family Violence Prevention and Services/Grants for Battered Women's Shelters: States & Indian Tribes	93.671	-	-	1,460,987	1,460,987	
Chafee Foster Care Independent Living	93.674	-	-	3,610,191	3,610,191	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) (cont.)						
State Children's Insurance Program (CHIP)	93.767	-	-	167,615,779	167,615,779	
Medicaid Infrastructure Grants To Support the Competitive Employment of People with disabilities	93.768	-	-	433,502	433,502	
Hurricane Katrina Relief Program	93.776	-	-	395,007	395,007	
Medicaid Cluster:						
State Survey and Certification of Health Care Providers and Suppliers	93.777			5,191,406	5,191,406	
Medical Assistance Program (Medicaid)	93.778			2,784,440,732	2,784,440,732	
State Medicaid Fraud Control Units	93.775			1,591,677	1,591,677	
Total Medicaid Cluster						2,791,223,815
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	-	-	520,773	520,773	
Seed Grants to States for Qualified High-Risk Pools	93.781	-	-	2,997,813	2,997,813	
State Pharmaceutical Assistance Program	93.786	-	-	1,744,174	1,744,174	
Reimbursement of State Costs for Provisions of Part D Drugs	93.794	-	-	1,762,155	1,762,155	
Health Careers Opportunity Program: Pass- Western Maryland Area Health Education Program	93.822	-	-	225,655	225,655	
Pass-Through Western Maryland Area Health Education Center	93.822	-	-	8,900	8,900	
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	-	-	78,624	78,624	
Minority Biomedical Research	93.859	(131,789)	-	-	(131,789)	
Biomedical Research and Research Training	93.859	566,571		645,899	1,212,470	
Pass-Through American Psychological Association	93.859	-	-	3,676	3,676	
Center for Research for Mothers and Children	93.865	-	-	98,839	98,839	
Child Health & Human Development	93.865	-	-	34,245	34,245	
Aging Research	93.866	-	-	254,939	254,939	
Medical Library Assistance	93.879	-	-	21,002	21,002	
Minority Access to Research Careers	93.880	-	-	413,022	413,022	
National Bioterrorism Hospital Preparedness	93.889	-	-	7,667,837	7,667,837	
Rural Health Outreach – Rural Network Development Program	93.912	-	-	123,906	123,906	
Grants to States for Operation of Offices of Rural Health	93.913	-	-	129,984	129,984	
HIV Emergency Relief Project Grants	93.914	-	-	243,084	243,084	
HIV Care Formula Grants	93.917	-	-	7,208,283	7,208,283	
HIV Prevention Activities: Health Department Based	93.940	-	-	41,306,236	41,306,236	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS) (cont.)						
HIV Demonstration, Research, Public and Professional Education	93.941	-	-	120,009	120,009	
Epidemiologic Research Studies of Acquired AIDS	93.943	-	-	138,132	138,132	
HIV/AIDS Surveillance	93.944	-	-	2,498,292	2,498,292	
Pregnancy Risk Assessment	93.946	-	-	103,425	103,425	
Improving EMS/Trauma Care in Rural Areas	93.952	-	-	4,751	4,751	
Block Grants for Community Mental Health svcs	93.958	-	-	7,184,418	7,184,418	
Block Grants for Prevention and Treatment of Substance Abuse	93.959	-	-	30,751,868	30,751,868	
Preventive Health Services: Sexually Transmitted Diseases Control Grants	93.977	-	-	1,504,955	1,504,955	
Disaster Assistance	93.982	-	-	82,831	82,831	
Control Programs & Evaluation of Surveillance Systems	93.988	-	-	312,067	312,067	
Preventive Health & Health Services Block Grant	93.991	-	-	1,758,093	1,758,093	
Maternal and Child Health Services Block Grant to the States	93.994	-	-	12,779,248	12,779,248	
Agency for Health Care Policy and Research	93.RD	674,325	-	-	674,325	
Center for Disease Control	93.RD	28,359,866	-	-	28,359,866	
Pass-Through Johns Hopkins University	93.RD	5,627	-	-	5,627	
Pass-Through University of North Texas	93.RD	7,172	-	-	7,172	
Food and Drug Administration	93.RD	1,217,669	-	-	1,217,669	
Health Resources and Services Administration	93.RD	3,328,846	-	-	3,328,846	
National Institutes of Health	93.RD	215,210,958	-	-	215,210,958	
Pass-Through American Registry of Pathology	93.RD	36,463	-	-	36,463	
Pass-Through Boston University	93.RD	287,007	-	-	287,007	
Pass- Through Calibrant Biosystems, Inc	93.RD	110,069	-	-	110,069	
Pass-Through Children's Hospital of Pittsburgh	93.RD	3,282	-	-	3,282	
Pass-Through Childrens Research Institute	93.RD	24,070	-	-	24,070	
Pass-Through Columbia University	93.RD	68,370	-	-	68,370	
Pass-Through Cornell University	93.RD	171,807	-	-	171,807	
Pass-Through Daedalus	93.RD	46,644	-	-	46,644	
Pass-Through Fidelity	93.RD	(1,770)	-	-	(1,770)	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS), cont.</u>						
Pass-Through Georgetown University Lombardi Comprehensive Cancer Center	93.RD	98,141	-	-	98,141	
Pass-Through Hartford Hospital	93.RD	29,467	-	-	29,467	
Pass-Through Imperial College School of Medicine	93.RD	104,999	-	-	104,999	
Pass-Through Indiana University	93.RD	144,223	-	-	144,223	
Pass-Through Institute for Genomic Research	93.RD	163,640	-	-	163,640	
Pass-Through Johns Hopkins Applied Physics Laboratory	93.RD	188,506	-	-	188,506	
Pass-Through Johns Hopkins University	93.RD	820,887	-	-	820,887	
Pass-Through Kennedy Krieger Institute	93.RD	253,451	-	-	253,451	
Pass-Through New York University	93.RD	405,907	-	-	405,907	
Pass-Through Oregon Health Sciences	93.RD	17,862	-	-	17,862	
Pass-Through Pennsylvania State University	93.RD	16,282	-	-	16,282	
Pass-Through Profectus, Inc.	93.RD	24,064	-	-	24,064	
Pass-Through RAND Corp	93.RD	5,398	-	-	5,398	
Pass-Through Seahorse Bioscience, Inc	93.RD	13,720	-	-	13,720	
Pass-Through University of Alabama at Birmingham	93.RD	192,159	-	-	192,159	
Pass-Through University of Chicago	93.RD	48,803	-	-	48,803	
Pass-Through University of Cincinnati	93.RD	135,082	-	-	135,082	
Pass-Through University of Colorado	93.RD	34,341	-	-	34,341	
Pass-Through University of Massachusetts	93.RD	230,980	-	-	230,980	
Pass-Through University of Mississippi	93.RD	13,677	-	-	13,677	
Pass-Through University of Pennsylvania	93.RD	33,016	-	-	33,016	
Pass-Through University of Pittsburg	93.RD	166,015	-	-	166,015	
Pass-Through University of Rhode Island	93.RD	(15,726)	-	-	(15,726)	
Pass-Through University of Texas	93.RD	125,386	-	-	125,386	
Pass-Through University of Texas Southwestern Medical Center	93.RD	49,600	-	-	49,600	
Pass-Through University of Toronto	93.RD	312,897	-	-	312,897	
Pass-Through Virginia Commonwealth University	93.RD	159,659	-	-	159,659	
Administration for Children and Families	93.RD	1,333,048	-	-	1,333,048	
Pass-Through University of Chicago	93.RD	14,902	-	-	14,902	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
<u>DEPARTMENT OF HEALTH & HUMAN SERVICES (HHS), cont.</u>						
Pass Through Admin. For Children and Families	93.RD	46,206	-	-	46,206	
Centers for Medicare and Medicaid Services	93.RD	124,201	-	-	124,201	
Pass-Through Delmarva Foundation for Medical Care	93.RD	6,747	-	-	6,747	
Office of Population Affairs	93.RD	310,410	-	-	310,410	
Office of the Secretary	93.RD	148,027	-	-	148,027	
Pass-Through Morehouse University	93.RD	97,950	-	-	97,950	
Other Research and Development: Pass-Through UC Davis M.I.N.D. Institute	93.RD	32,792	-	-	32,792	
Total Dept. of Health and Human Services					4,092,982,031	
<u>COMMISSION ON NATIONAL & COMMUNITY SERVICE (CNCS)</u>						
State Commissions	94.003	-	-	388,021	388,021	
Learn and Serve America: School and Community Based Programs	94.004	-	-	291,242	291,242	
AmeriCorps	94.006	(66,727)	-	3,468,319	3,401,592	
Planning and Program Development Grants	94.007	-	-	162,782	162,782	
Training and Technical Assistance	94.009	-	-	70,398	70,398	
Foster Grandparent/Senior Companion Cluster:						
Foster Grandparents	94.011	-	-	336,725	336,725	
Total Foster Grandparent/Senior Companion Cluster						336,725
Volunteers in Service to America (VISTA)	94.013	-	-	29,010	29,010	
Corporation for National and Community Service	94.RD	1,047,174	-	-	1,047,174	
Total Comm. on National & Com. Services					5,726,944	
<u>SOCIAL SECURITY ADMINISTRATION (SSA)</u>						
Unallocated Federal Funds	96.Unknown	-	-	146,164	146,164	
Disability Insurance Cluster:						
Social Security: Disability Insurance	96.001			26,805,528	26,805,528	
Supplemental Security Income (SSI)	96.006			1,796,334	1,796,334	
Total Disability Insurance Cluster						28,601,862
Social Security Benefits Planning, Assistance, and Outreach Program (SSA Benefits Planning, Assistance, and Outreach Program)	96.008	-	-	361,452	361,452	
Developmental Disabilities Project	96.631	-	-	93,382	93,382	
Total Social Security Administration					29,202,860	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS
DEPARTMENT OF HOMELAND SECURITY						
Department of Homeland Security	97.RD	6,783,244	-	-	6,783,244	
Pass-Through DC Office of the Deputy Mayor for Public Safety and Justice	97.RD	1,000,000	-	-	1,000,000	
Homeland Security Cluster:						
State Domestic Preparedness Equipment Support Program	97.004			-	-	
Homeland Security Grant Program	97.067			15,105,120	15,105,120	
Total Homeland Security Cluster						15,105,120
Pilot Demonstration or Earmarked Projects	97.001	-	-	100,000	100,000	
Urban Areas Security Initiative	97.008	-	-	9,906,748	9,906,748	
Boating Safety Financial Assistance	97.012	-	-	3,109,453	3,109,453	
Pre-Disaster Mitigation (PDM) Competitive Grants.	97.017	-	-	12,855	12,855	
National Fire Academy Training Assistance	97.018	-	-	43,590	43,590	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	-	-	90,706	90,706	
Flood Mitigation Assistance (FMA2005)	97.026	-	-	79,813	79,813	
Flood Mitigation Assistance (FMA)	97.029	-	-	36,780	36,780	
Public Assistance Grants	97.036	-	-	11,778,358	11,778,358	
Hazard Mitigation Grant (HMGP)	97.039	-	-	374,577	374,577	
Chemical Stockpile Emergency Preparedness Program	97.040	-	-	(5,618)	(5,618)	
National Dam Safety Program	97.041	-	-	12,859	12,859	
Emergency Management Performance Grants	97.042	-	-	3,771,202	3,771,202	
State Fire Training Systems Grant	97.043	-	-	28,000	28,000	
Emergency Management - Cooperating Technical Partn	97.045	-	-	727,548	727,548	
Citizen Corps	97.053	-	-	266,113	266,113	
Port Security Grant Program for Critical National Seaport	97.056	-	-	95,658	95,658	
Map Modernization Mgmt. Support Program (MMMS)	97.070	-	-	192,797	192,797	
Metropolitan Medical Response Program	97.071	-	-	227,592	227,592	
K-9 Grant	97.072	-	-	778,132	778,132	
Law Enforcement Terrorism Prevention Program	97.074	-	-	5,855,363	5,855,363	
Homeland Security - MDOT Grant	97.075	-	-	1,602,868	1,602,868	
Buffer Zone Protection Program	97.078	-	-	1,555,971	1,555,971	
Total Homeland Security					63,529,729	

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2007

FEDERAL DEPARTMENT/PROGRAM TITLE	CFDA Number	RESEARCH AND DEVELOPMENT	STUDENT FINANCIAL ASSISTANCE	OTHER	TOTAL	CLUSTER TOTALS					
<u>AGENCY FOR INTERNATIONAL DEVELOPMENT</u>											
Pass-Through Institute International Education	98.001	-	-	126,817	126,817						
Pass-Through University Research Corporation International	98.001	-	-	37,534	37,534						
Non-Governmental Organizations Strengthening	98.004	-	-	50,226	50,226						
John Ogonowski Farmer-to-Farmer Program	98.009	-	-	113,301	113,301						
Architect of the Capitol	AOCO5P0836	4	-	-	4						
Total Agency for Internation Development					327,882						
<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 20%; text-align: right;">\$ 533,969,534</td> <td style="width: 20%; text-align: right;">\$ 658,482,174</td> <td style="width: 20%; text-align: right;">\$ 6,880,141,940</td> <td style="width: 20%; text-align: right;">\$ 8,072,593,648</td> <td style="width: 20%; text-align: right;">\$ 5,285,339,150</td> </tr> </table>							\$ 533,969,534	\$ 658,482,174	\$ 6,880,141,940	\$ 8,072,593,648	\$ 5,285,339,150
\$ 533,969,534	\$ 658,482,174	\$ 6,880,141,940	\$ 8,072,593,648	\$ 5,285,339,150							

"See notes to Schedule of Expenditures of Federal Awards"

STATE OF MARYLAND
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

1. SINGLE AUDIT REPORTING ENTITY

The State includes expenditures in its Schedule of Expenditures of Federal Awards for all Federal programs administered by the funds, agencies, boards and commissions, including component units, included in the State's reporting entity used for its basic financial statements, including the component unit higher education funds—the University System of Maryland, the Baltimore City Community College, Morgan State University, and St. Mary's College of Maryland. However, the Schedule of Expenditures of Federal Awards excludes the Maryland Water Quality Financing Administration of the Maryland Department of the Environment. A separate single audit is conducted for this entity, which is part of an enterprise fund of the State of Maryland.

2. BASIS OF ACCOUNTING

The Schedule of Expenditures of Federal Awards has been presented on the accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid.

The noncash expenditures of \$15,318,000 reported under CFDA No. 10.550, Food Donation, represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2006. These food commodities were received by the Maryland Department of Education from the U.S. Department of Agriculture for the year ended June 30, 2007.

The noncash expenditures of \$2,662,083 relating to the Emergency Food Assistance Program reported under CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities), represent the value of food commodity distributions calculated using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2006. The food commodities were received by the Maryland Department of Human Resources from the U.S. Department of Agriculture for the year ended June 30, 2007.

Expenditures of \$349,190,463 reported under CFDA No. 10.551, Food Stamps, represent the fair market value of food stamps distributed for participants' food-stamp purchases during the fiscal year ended June 30, 2007.

Noncash expenditures of \$217,729 for CFDA No. 39.003, Donation of Federal Surplus Personal Property, represents the average fair market value percentage, per the General Services Administration (GSA) of 25 percent of the federal government original acquisition cost (OAC) of the federal property transferred to recipients by the State.

STATE OF MARYLAND
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

3. CATEGORIZATION OF EXPENDITURES

The Schedule of Expenditures of Federal Awards reflects Federal expenditures for all individual grants that were active during the year. The categorization of expenditures by program included in the Schedule of Expenditures of Federal Awards is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued in June and December of each year. In accordance with the State's policy, the Schedule of Expenditures of Federal Awards for the fiscal year ended June 30, 2007 reflects CFDA changes issued through December 2006.

4. STATE NONMONETARY FEDERAL FINANCIAL ASSISTANCE

The State distributes Federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. The total inventory balance of Federal surplus food on hand as of June 30, 2007 was \$31,169 for CFDA No. 10.550, Food Donation Program and \$33,506 for CFDA No. 10.569, Emergency Food Assistance Program (Food Commodities). The surplus food was valued using the U.S. Department of Agriculture, Food and Nutrition Service Commodity Price List in effect as of July 1, 2006.

The value of donated Federal surplus property on hand as of June 30, 2007 was \$217,729, which represents the GSA's OAC of the property. When the related surplus property is transferred to recipients, it is valued at 25 percent of its OAC, which represents an estimated fair market value of the property transferred. The adjusted amount is reported as noncash expenditure in the Schedule of Expenditures of Federal Awards under CFDA No. 39.003, Donation of Federal Surplus Personal Property Program.

5. OTHER AUDIT FINDINGS

Other audit reports exist that have also identified findings and questioned costs affecting the State's various Federal programs during the year ended June 30, 2007. Because those issues have been previously reported to the affected Federal agencies and based on guidance received from the State's cognizant agency, the issues identified in other audit reports have not been repeated in the single audit Findings and Questioned Costs for the year ended June 30, 2007.

The State believes that none of the matters questioned will have a significant impact on the Schedule of Expenditures of Federal Awards.

STATE OF MARYLAND
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

6. UNEMPLOYMENT INSURANCE

In accordance with the Department of Labor, Office of Inspector General instructions, the State recorded State Regular Unemployment Compensation (UC) benefits under CFDA No. 17.225 on the Schedule of Expenditures of Federal Awards. The individual State and Federal portions are as follows:

State Regular UC benefits	\$452,228,963
Federal UC benefits	14,861,869
Federal UC administrative costs	<u>56,978,418</u>
Total benefits	<u>\$524,069,250</u>

7. FEDERAL MORTGAGE PLANS

The State operates several programs that purchase Federally guaranteed loans, primarily mortgages, from the originators. As the State has no responsibility for determining eligibility or compliance, these guarantees are not considered Federal financial assistance for purposes of the single audit.

8. LOAN PROGRAMS

St. Mary's College of Maryland

The College administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038). The College received no Federal funds under the Program for the fiscal year ended June 30, 2007. The outstanding loan balance of \$386,966 as of June 30, 2006, and the outstanding loan balance of \$311,949 for the fiscal year ended June 30, 2007 are not considered current year Federal expenditures. The Schedule of Expenditures of Federal Awards includes \$17,000 for loans issued during fiscal year ended June 30, 2007.

During the fiscal year ended June 30, 2007, the College processed the following amount of new loans under the Federal Family Education Loan Program, which includes the Stafford Loan and PLUS Loan. Since this program is administered by outside financial institutions, new loans made during the fiscal year ended June 30, 2007 relating to this program are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made during the fiscal year ended June 30, 2007 are reported in the Schedule of Expenditures of Federal Awards.

STATE OF MARYLAND
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

8. LOAN PROGRAMS (Continued)

St. Mary's College of Maryland (Continued)

<u>CFDA Number</u>		<u>Loan Expenditures For Fiscal Year Ended June 30, 2007</u>
84.032	Stafford Loan Program	\$3,778,717
84.032	PLUS Loan	<u>5,704,748</u>
		<u>\$9,483,465</u>

Baltimore City Community College

The College administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038) and Nursing Student Loans (CFDA No. 93.364). The outstanding loan balances as of June 30, 2007 were \$201,682 and \$14,460, respectively. There were no new loans made in the fiscal year ended June 30, 2007. The outstanding balances are considered current-year Federal expenditures. These amounts are reported in the Schedule of Expenditures of Federal Awards.

Morgan State University

The University administers the Federal Perkins Loan Program – Federal Capital Contributions (CFDA No. 84.038). The outstanding loan balance of \$3,241,230 as of June 30, 2006, and the loan expenditures of \$508,087 for the fiscal year ended June 30, 2007, and the administrative cost allowance of \$25,404 are considered current-year Federal expenditures. These amounts are reported in the Schedule of Expenditures of Federal Awards.

During the fiscal year ended June 30, 2007, the University processed \$25,611,393 of new loans under the Federal Direct Loan Program (CFDA No. 84.268). Since this program is administered by outside financial institutions, new loans made in the fiscal year ended June 30, 2007 relating to this program are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended June 30, 2007 are reported in the Schedule of Expenditures of Federal Awards.

STATE OF MARYLAND
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

8. LOAN PROGRAMS (Continued)

University System of Maryland

During the year ended June 30, 2007, the System processed the following amount of new loans under the Direct Loan Program and Federal Family Education Loan Program, which includes the Stafford Loan, Plus Loan, School as Lender Program, Guarantor Flow Program and Graduate PLUS Loan Program. Since these loan programs are administered by outside financial institutions, new loans made in the fiscal year ended June 30, 2007 related to these programs are considered current-year Federal expenditures, whereas the outstanding loan balances are not. The new loans made in the fiscal year ended June 30, 2007 are reported in the Schedule of Expenditures of Federal Awards.

<u>CFDA Number</u>		<u>Loan Expenditures For Fiscal Year Ended June 30, 2007</u>
84.032	Stafford Loan Program	\$178,622,681
84.032	PLUS Loan	40,705,020
84.032	School as Lender Program	41,787,329
84.032	Guarantor Flow	4,053,631
84.032	Graduate PLUS Loan	9,670,189
84.268	Subsidized Ford Federal Direct Student Loan	87,245,215
84.268	Unsubsidized Ford Federal Direct Student Loan	<u>86,557,004</u>
	Total	<u>\$448,641,069</u>

The System also administers loans under the Economic Adjustment Assistance Program (CFDA No. 11.307). Under this program, the System uses revolving loan funds to enhance economic activity. The revolving loan fund assists business development and expansion. The outstanding loan balance as of June 30, 2006 of \$6,514,584 and new loans made in the fiscal year ended June 30, 2007 of \$1,200,000 are considered current-year Federal expenditures and are reported in the Schedule of Expenditures of Federal Awards.

The System administers the following Federal Student Financial Assistance Programs:

STATE OF MARYLAND
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

8. LOAN PROGRAMS (Continued)

University System of Maryland (Continued)

<u>CFDA Number</u>	<u>Outstanding Balance as of June 30, 2006</u>	<u>Loan Expenditures For Fiscal Year Ended June 30, 2007</u>
84.038 Perkins Loan Programs	\$59,235,097	\$12,932,604
93.364 Federal Nursing Loan – Undergraduate	1,814,261	566,103
93.364 Federal Nursing Loan – Graduate	172,466	-0-
93.342 Health Professional Loan – Dental	5,221,716	239,600
93.342 Health Professional Loan – Medical	244,689	-0-
93.342 Health Professional Loan – Pharmacy	1,290,190	170,600
93.342 Primary Care	<u>4,450,978</u>	<u>307,232</u>
Total	<u>\$72,429,397</u>	<u>\$14,216,139</u>

The outstanding loan balances as of June 30, 2006 and the loan expenditures for the fiscal year ended June 30, 2007 are considered current-year Federal expenditures. These amounts are reported on the Schedule of Expenditures of Federal Awards.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no

- Significant Deficiencies identified that are not considered to be material weaknesses? X yes _____no

Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified _____yes X no

- Significant deficiencies identified that are not considered to be material weakness(es)? X yes _____no

Type of auditor’s report issued on compliance for major programs Unqualified

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

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section I

Summary of Auditors' Results, Cont.

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster	Federal Expenditures
10.551, 10.561	Food Stamp Cluster	\$ 389,949,894
12.630	Basic, Applied, and Advanced Research in Science and Engineering	1,548,953
17.207, 17.801, 17.804	Employment Service Cluster	15,828,351
17.258, 17.259, 17.260	WIA Cluster	29,545,096
17.503	Occupational Safety and Health	4,068,178
20.106	Airport Improvement Program	16,949,013
20.205, 23.003	Highway Planning & Construction Cluster	608,553,263
20.505	Metropolitan Planning & Appalachian Dev'l Grants	7,803,710
20.600	State and Community Highway Safety	6,224,618
66.605	Performance Partnership Grant (PPG)	10,399,551
84.002	Adult Education State grant	10,480,886
84.181	Grants for Children & Families with Disabilities	7,817,269
84.186	Safe & Drug Free Schools and Communities	5,131,884
84.282	The Charter School Program	4,748,256
84.287	Twenty First Century Community Learning Centers	9,665,176
93.283	CDC Prevention and Investigation	28,283,394
93.563	Child Support Enforcement	74,208,139
93.566	Refugee & Entrant Assistance	5,098,741

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section I

Summary of Auditors' Results, Cont.

Identification of Major Programs

CFDA Number	Name of Federal Program or Cluster	Federal Expenditures
93.645	Child Welfare Service	4,429,433
93.659	Adoption Assistance	20,915,592
93.767	State Children Insurance Program	167,615,779
93.775, 93.777, 93.778	Medicaid Cluster	2,791,223,815
93.994	Maternal Child Health Service Block Grant	12,779,248
97.036	Public Assistance Grants	11,778,358
97.074	Law Enforcement & Terrorism	5,855,363
84.007, 84.032, 84.033, 84.038, 84, 063, 84.268, 84.375, 84.376, 93.342, 93.364, 93.925	Student Financial Assistance Cluster	658,482,174
Various	Research and Development Programs	533,969,534
None	Passenger Facility Charges	<u>34,957,967</u>
	Total Major Programs	<u>\$ 5,478,311,635</u>

The Passenger Facility Charge relates to collections by the Maryland Aviation Administration accordance with Section 158.67 © of 14 Code of federal Regulations Part 158, "Passenger Facility Charge" and are not technically considered to be Federal Financial Assistance as defined by OMB Circular A-133, but have been included in the scope of the audit.

Dollar threshold used to distinguish between Type A and Type B Programs: \$ 24,217,781

Auditee qualifies as low-risk Auditee? yes X no

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

- Section II** **Financial Statement Findings**
 GAS 2007-1
- Section III** **Federal Awards Findings and Questioned Costs**
 See Findings Number 2007-1 through 2007-17
- Section IV** **Schedule of Prior-Year Findings**
 See 2006- 1 through 2006-26
 See 2005- 1 through 2005- 3
 2005- 5 through 2005-14
 2005-16 through 2005-21
 2005-26 through 2005-33

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section II – Financial Statement Findings

Finding - GAS 2007-1

Morgan State University

Morgan State University has ineffective oversight of the University's financial reporting and internal controls

Condition:

During the audit we observed several significant weaknesses in internal controls; namely.

- a. Management was unable to locate student files when requested for testing of certain Maryland Higher Education Commission report criteria. This may cause concern over funding amounts provided to the University.
- b. Management was unable to provide financial data that reconciled with schedules provided for the audit. This condition required numerous adjusting entries to correct financial data, subsequent to report submission to the State.
- c. Management did not timely locate financial statement errors until the audit was underway, indicating inadequate oversight by management.
- d. Management did not discover errors in grants receivable detail reports. Significant audit procedures were required to identify corrections.

Criteria:

Statement of Auditing Standards (SAS 112) states in part, that a control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements this is more than inconsequential will not be prevented or detected by the entity's internal control. This significant deficiency did not result in a material misstatement in financial reporting for the State of Maryland.

Cause:

Ineffective oversight of the University's financial reporting and internal control by those charged with governance. The audit disclosed several errors identified in financial data provided to the

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section II – Financial Statement Findings, (Continued)

Finding - GAS 2007-1 (continued)

Cause (continued)

auditors, which created a need for management to correct and update the financial statements. Additionally, audit entries were required to adjust certain financial statement account balances, which occurred subsequent to submission to the State.

Effect:

The University does not submit audited financial statements by predetermined timelines set by the State of Maryland, General Accounting Department. The need for significant adjusting entries indicate a need to strengthen internal controls over financial reporting for the University, and contributes to some inaccurate balances being submitted to the State for the CAFR.

Questioned costs:

Unknown

Recommendation:

We recommend the following:

- a. Periodic reviews take place for balance sheet accounts to determine that all transactions are accurate and complete.
- b. The University place priority on the audit by designating authority and control to the Controller and/or Vice President of Finance who will coordinate and instruct other department heads on audit requirements and resolution of related issues.
- c. The University should analyze all balance sheet accounts monthly and continue to identify and timely resolve system problems and issues in order to achieve a truly automated and reliable accounting system.
- d. The University should review file maintenance procedures and implement additional procedures to safeguard student files and records to prevent future noncompliance concerns.
- e. The University should consider engaging dedicated staff whose responsibility would include timely identification of errors, preparing monthly reconciliations, and documenting the cause of reconciling entries to continue to strengthen and improve internal controls over financial reporting.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section II – Financial Statement Findings (Continued)

Finding - GAS 2007-1 (continued)

Auditee Response and Corrective Action Plan:

The University agrees with the auditors' finding and will take appropriate actions to enhance the audit process for future audits. In the future, the Assistant Vice President for Finance will be primarily responsible for coordinating and managing the audit process with the goal of addressing and resolving the issues raised by the auditors.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs

Finding 2007-1

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program-Medicaid Cluster

CFDA No. 93.778

State Children's Insurance Program (SCHIP)

CFDA No. 93.767

U.S. Department of Health and Human Services

Internal control deficiency over the eligibility determination process

Condition:

We reviewed Supervisory Review (SRS) cases from the Local Health Department (LHD) for all twenty-four Maryland jurisdictions to determine whether SRS review (MCHIP Quality Review) forms were timely submitted to the Department of Health and Mental Hygiene (DHMH) and on-site reviews were conducted to ensure the LHD's are meeting quotas according to SRS standards, case file accuracy, and case processing time limits. We noted that Howard County LHD did not submit MCHIP Quality Review forms from June 2006 through May 2007. We also noted DHMH failed to follow its procedures outlined in its January 25, 2006 Memorandum which provides that failure to submit the required SRS review forms in a timely manner would be reported to the Office of Eligibility Services.

Criteria:

The Supervisory Review System requirement was implemented March 2001 to ensure the Local Health Departments are meeting their quotas in regards to review standards, case file accuracy, and case processing time limits.

There are two (2) phases associated with the Supervisory Review System process. The first phase of the process requires all Local Health Departments Maryland Children's Health Program (MCHP) supervisors to review a minimum of two cases per case worker each month and submit the completed MCHP Quality Review Form to the Office of Inspector General/Program Integrity (OIG/PI) staff no later than the 5th of each month to ensure sufficient time for staff review. OIG staff reviews each of the Quality Review Forms submitted by the Local Health Departments and, at the end of each month of review, submits a written report with all pertinent documentation to the OIG Special Projects Supervisor for approval.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-1 (continued)

Criteria: (continued)

During the second phase OIG/PI review staff selects and schedules visits with two LHDs for Supervisory Review each month; this ensures that all 23 counties and Baltimore City will be reviewed during the course of a calendar year. The OIG review staff visits the selected Health Departments and reviews the actual case files and SRS review forms submitted from the prior month to OIG/PI. At the end of each month of review, a written report including all pertinent documentation is submitted to the OIG Special Projects Unit Supervisor for approval.

Cause:

DHMH failed to follow procedures for reporting a non-compliant LHD as described in the Memorandum dated January 25, 2006.

Effect:

Because the reports from Howard County's LHD were not timely submitted and, therefore, were not reviewed by OIG/PI's review staff during FY 07, DHMH was unable to determine whether Howard County's LHD was adhering to the Review System standards, ensuring case file accuracy, and processing cases within the prescribed time limits. Therefore, a control deficiency exists in DHMH's Internal Control for eligibility.

Questioned Costs:

Unknown

Recommendation:

We recommend that when DHMH discovers that LHD reports have not been timely submitted, the OIG/PI review staff immediately notifies his/her supervisor and that the supervisor take appropriate action to ensure compliance. We also recommend that DHMH adhere to the criteria set forth in the Memorandum dated January 25, 2006 when an LHD is non-compliant by notifying the Office of Eligibility Services.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-1 (continued)

Auditee Response and Corrective Action Plan:

We agree that the Department did not inform the Office of the Eligibility Services (OES) that Howard County was not in compliance with the Memorandum, dated January 25, 2006.

On November 28, 2007, a letter was sent to all local health departments reinstating the Supervisor Review System report deadlines. It also outlined corrective action plans if a local health department failed to meet the deadline or fails to submit the report. In addition, Office of Inspector General/Program Integrity (OIG/PI) will ensure that OES is notified when a Local Health Department is in non-compliance with the Memorandum.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 2

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program Medicaid Cluster
CFDA No. 93.778

US Department of Health and Human Services

Compliance and Internal control deficiency over the eligibility determination process.

Condition:

On July 1, 1985 the Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for Medical Assistance on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH. In addition, DHMH's Local Health Departments are responsible for determining eligibility for the Maryland Children's Health Insurance Program (MCHIP) covered under Title XIV of the Social Security Act.

We selected a total of 65 Medical Assistance claim files to review for eligibility determination. These 65 files were comprised of 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Charles County, Howard County, Cecil County, and Frederick County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients. All claims were processed during the fiscal year ended June 30, 2007. We noted the following exceptions:

Baltimore City

DHR's Department of Social Services failed to maintain the original signed application. We noted the application date was changed from 10/27/07 to 10/27/06 for one of the eight newly eligible files. The change on the application appeared to have been made in order to support the initial eligibility decision date of 11/09/06. However, the information contained in the application was inconsistent with the date of 10/27/06.

Howard County

Internal control deficiency in that one of the eight newly eligible files was not located.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 2 (continued)

Frederick County

Internal control deficiency in that one of the five existing eligible files could not be located.

Cecil County

No signed application, in that the signature page of the application for one of the eight newly eligible files was missing.

This is, in part, a repeat finding from Fiscal Years Ended June 30, 2004, 2005, and 2006 Single Audit Report finding number 2004-24, 2005-5, and 2006-14 respectively.

Criteria:

42 CFR 435.907 (a) states, “The agency must require a written application from the applicant, an authorized representative, or if the applicant is incompetent or incapacitated, someone acting responsibly for the applicant.”

42 CFR 435.948 (a) states, “Except as provided in paragraphs (d), (e), and (f) of this section, the agency must request information from the sources specified in this paragraph for verifying Medicaid eligibility and the correct amount of medical assistance payments for each applicant (unless obviously ineligible on the face of his or her application) and recipient. The agency must request, among other things:

- (1) State wage information maintained by the SWICA during the application period and at least on a quarterly basis.
- (2) Any additional income, resource, or eligibility information relevant to determinations concerning eligibility or correct amount of medical assistance payments available from agencies in the State or other States administering the following programs as provided in the agency’s State plan:
 - i. AFDC;
 - ii. Medicaid;
 - iii. State-administered supplementary payment programs under Section 1616(a) of the Act;

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 2 (continued)

Criteria: (continued)

- iv. SWICA;
- v. Unemployment compensation;
- vi. Food stamps; and
- vii. Any State program administered under a plan approved under Title 1 (assistance to the aged), X (aid to the blind), XIV (aid to the permanently and totally disabled), or XVI (aid to the aged, blind, and disabled in Puerto Rico, Guam, and the Virgin Islands) of the Act.”

42 CFR 435.913 (a) states, “The agency must include in each applicant’s case record facts to support the agency’s decision on his application”

Cause:

DHR and/or LHD personnel did not obtain or maintain the necessary documentation of facts to support the agency’s decision on the application.

Effect:

Since documentation and verifications were not performed in accordance with program requirements, DHMH does not have adequate assurance that eligibility for medical assistance benefits is being properly determined.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHR and the LHD’s comply with established Federal regulations for determining eligibility to include obtaining the required documentation and performing verifications to support eligibility decisions.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 2 (continued)

Auditee Response and Corrective Action Plan:

We agree with the recommendation. The Department followed up with the Department of Human Resources Local Department of Social Services offices in order to obtain the details of the four cases cited above:

- The Cecil County case was closed for failure to complete the interview process, which would explain why a signed application was missing.
- The file for the Frederick County case was found.
- The file for Howard County could not be located. The Medical Care Program Administration (MCPA) will send a letter requesting an investigation to the Family Investment Administration (FIA) at DHR referencing these issues and requesting that the documentation be obtained or that the case be closed.
- In addition, Baltimore City did not maintain the original signed application for the application filed on October 27, 2006. In that case, a new application was requested and received to support the eligibility decision made on November 9, 2006.

MCPA will ensure that DHR's LDSS maintain documentation to support the agency's eligibility determination by conducting ongoing trainings and by working with DHR and the LDSS to perform Supervisory Review System (SRS) and internal audits by the Bureau of Continuous Improvement.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-3

Department of Health and Mental Hygiene (DHMH)

State Children’s Insurance Program (SCHIP)

CFDA No. 93.767

US Department of Health and Human Services

Compliance and Internal control deficiency over the eligibility determination process

Condition:

The Local Health Departments (LHD) are responsible for determining eligibility under the Maryland Children’s Health Insurance Program on a uniform basis throughout the State for persons who are apply for the expanded State Children’s Insurance Program under Title XXI of the Social Security Act.

We selected a total of 65 SCHIP claims to review files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Frederick County, Howard County, Cecil County and Charles County. The test was composed of 8 newly established recipients and five existing recipients. All claims were processed during the fiscal year ended June 30, 2007. We noted the following exceptions:

Baltimore City

Did not comply with the requirement to verify and maintain proof of citizenship in one of the five existing files tested.

Frederick County

Internal control deficiency in that one of the five existing files could not be located

Howard County

Internal control deficiency in that two of the eight newly eligible files could not be located.

This is, in part, a repeat finding from fiscal year 2006, Finding 2006-18.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 3 (continued)

Criteria:

OMB A-133 states that “States are required to include in their State plans a description of the standards used to determine eligibility of targeted low-income children.” Under the State plan, only targeted low-income children who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage (including access to a state health benefits plan) are furnished child health assistance under the state child health plan.

The following are standards for eligibility determinations per OMB A-133 and Maryland’s State Plan:

1. Children under age 19
2. Countable income is at or below 200% of the federal poverty level (FPL)
3. Pregnant women of any age whose countable income is at or below 250% FPL
4. Current resident of the State of Maryland
5. Applicants are required to provide a Social Security Number or apply for a Social Security Number
6. A U.S. Citizen
7. Qualified aliens, as defined at 8 USC 1641, who entered the US on or after August 22, 1996, are not eligible for SCHIP for a period of five years, beginning on the date the alien became a qualified alien, unless the alien is exempt from this five year bar under the terms of 8USC 1613.
8. Eligibility must be redetermined at least every 12 months.

Cause:

LHD personnel did not obtain or maintain the necessary documentation to support the eligibility determinations.

Effect:

Since documentation and verifications were not performed in accordance with program requirements and cases could not be located, DHMH does not have adequate assurance that eligibility for SCHIP is being properly determined.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-3 (continued)

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH's Local Health Departments comply with established Federal and State regulations for determining eligibility to include obtaining and maintaining the required documentation and performing verifications to support eligibility decisions.

Auditee Response and Corrective Action Plan:

We agree with the recommendation. The Department followed up with the Local Health Department (LHDs) offices in order to obtain the details of the four cases cited.

- The Frederick County and Howard County case was found and the files were reviewed by the auditor.
- The other Howard County case was never in the LHD office, as the application was made to the Howard County Local Department of Social Services (LDSS.) The case is still active at that LDSS, but the file could not be located.
- Baltimore City case - We confirmed that the case manager did not acquire documentation of citizenship. The Department has received the LHD's assurance that the error will be corrected within 3 days.

Training will be conducted by DHMH to ensure that the Local Health Departments adhere to the established Federal and State regulations for determining eligibility to include obtaining and maintaining the required documentation and performing verifications to support eligibility decisions.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs

Finding 2007-4

Department of Health and Mental Hygiene (DHMH)

State Children’s Insurance Program (SCHIP)
CFDA No. 93.767

U.S. Department of Health and Human Services

Internal control deficiency over the Financial Reporting Process

Condition:

The State Children’s Health Insurance Program (SCHIP) uses form CMS-21 (Quarterly SCHIP Statement of Expenditures for Title XXI), which is a sub-report of form CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistant Program), to report its expenditures to the Centers for Medicare and Medicaid Services (CMS). The CMS 64 reports are reviewed by supervisors. After this review is completed, the reports are forwarded to upper level management to review for completeness and accuracy. A final oversight review is performed by the Director, who also signs the report.

We selected the four quarterly CMS-21 Base Reports for fiscal year 2007 for testing. We noted there was no signature by the Director, which is indicative of final review and approval, for the quarters ended 9/30/06, 3/31/07, and 6/30/07 prior to submission to CMS.

Criteria:

OMB Circular A-133 Sub part C Section .300(b) requires, “The auditee to maintain internal controls over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.” In addition, AICPA’s Audit Guide on Government Auditing Standards and Circular A-133 Audits provides in Chapter 10, section 10.05, page 181, that one of the objectives of internal control pertaining to compliance requirements for federal programs is that “transactions are properly recorded and accounted for to permit the preparation of reliable financial statements and federal reports.”

Cause:

DHMH failed to follow established procedures for review of the CMS-21 Base reports.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 4 (continued)

Effect:

Failure to review and sign the CMS-21 Base quarterly reports could result in the submission of inaccurate and unreliable financial data.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH follow established procedures to ensure final oversight review and approval of the CMS-21 Base reports prior to submission to the Centers for Medicare and Medicaid Services.

Auditee Response and Corrective Action Plan:

We agree with the recommendation. Even though the CMS-21 reports were not signed, they were reviewed and approved by the Medicaid Director of Finance before submission. Procedures have now been established to ensure sign off of the CMS-21 by the Director, Office of Finance.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-5

Department of Health and Mental Hygiene (DHMH)

State Children’s Insurance Program (SCHIP)

CFDA No. 93.767

U.S. Department of Health and Human Services

Internal control deficiency over the sub recipient monitoring process.

Condition:

The Department of Health and Mental Hygiene’s (DHMH) Office of Operations and Eligibility and Pharmacy Beneficiary Services Administration (Office of Operations) requires that each Local Health Departments (LHD) submit annual statistical reports by August 31st of each year. This requirement is contained in the Office of Operations’ instruction manual entitled Instructions for Preparing Narrative and Budget Maryland Children’s Health Program Eligibility Determination (Instructions). These Instructions specifically state, “if a local department does not comply with the Annual Report requirement DHMH could deny the next years funds as stated in the budget instructions and a condition of receiving a fiscal award.”

Of the twenty-four Local Health Departments reviewed, we noted Charles and Cecil Counties LHDs did not submit their annual statistical reports by August 31st. Despite this non-compliance, DHMH awarded SCHIP funds to these two counties.

This is a repeat finding from Fiscal Year Ended June 30, 2006 Finding 2006 -17.

Criteria:

OMB Circular A-133, Part 3-M states, “A pass-through entity is responsible for monitoring the sub-recipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub recipient administers Federal awards in compliance with laws, regulations, and the provisions of contract or grant agreements and the performance goals are achieved.”

Cause:

DHMH failed to comply with the requirements of OMB Circular A-133 and the provisions of its related instructions by awarding funds to LHD’s that failed to comply with its reporting requirements and deadlines.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 5 (continued)

Effect:

Funds were awarded to LHD's that were not eligible to receive those funds.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH monitor its adherence to the requirements of OMB-133 and the enforcement of the requirements set forth in its Budget Instructions given to the Local Health Departments for awarding SCHIP funding.

Auditee's Response and Corrective Action Plan:

DHMH agrees with the recommendation. We are now in receipt of the reports from the two local health departments. The primary causes for the delays in submission of the reports are ongoing staffing shortages and the untimely illness of Local Health Department Staff.

A corrective Action Plan has been discussed with the Maryland Children's Health Program (MCHP) Supervisors within the State of Maryland. We will amend procedures in the future to state that Local Health Departments must be in receipt of an approved extension if the report is not received by August 31st. The Annual Report will be added as a standard agenda item at the statewide MCHP quarterly meeting. We will discuss projected timetables and any issues that may lead to a delay in a timely issuance of the report from the Local Health Departments. We will reiterate the strict adherence to the specified timetable for submission as stated in current the budget instructions.

In addition, we will continue to enforce our current/previous year's standard of notifying the Local Health Department throughout the year via email and offering assistance, getting updates on the status of the Annual Report and the projected date of submission.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007-6

Department of Health and Mental Hygiene (DHMH)

Medical Assistance Program Medicaid Cluster
CFDA No. 93.778

U.S. Department of Health and Human Services

Compliance and Internal Control deficiency over Procurement and Suspension and Debarment.

Condition:

We reviewed 25 contracts between the Department of Health and Mental Hygiene and contractors/subrecipients. The purpose of our review was to determine whether suspension and debarment certifications were obtained in accordance with the provisions of OMB Circular A-102 and other procurement requirements specific to an award. We noted that 4 out of the 25 contracts did not have suspension and debarment certifications verifying that the entity is not suspended or debarred.

This is in part, a repeat finding from Fiscal Years Ended June 30, 2005 and 2006 Single Audit Report Finding numbers 2005-7 and 2006-15 respectively.

Criteria:

OMB Circular A-102 (d) states “**Debarment and Suspension-** Federal agencies shall not award assistance to applicants that are debarred or suspended, or otherwise excluded from or ineligible for participation in federal assistance programs under Executive Order 12549. Agencies shall establish procedures for the effective use of the List of Parties Excluded from Federal Procurement or Non-procurement programs to assure that they do not award assistance to listed parties in violation of the Executive Order. Agencies shall also establish procedures to provide for effective use and/or dissemination of the list to assure that their grantees and subgrantees (including contractors) at any tier do not make awards in violation of the non-procurement debarment and suspension common rule.”

OMB Circular A-133 (I) states, “Effective November 26, 2003, when a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007-6 (continued)

Criteria:

accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity.”

Cause:

DHMH failed to obtain evidence of suspended or debarred verifications by checking the EPLS maintained by GSA, collecting a certification from the entity, or adding a clause or condition to the covered transaction.

Effect:

Because DHMH failed to provide evidence of suspended or debarred verifications, there is no assurance that contracts or subawards to vendors were permissible under OMB Circulars A-102 and A-133.

Recommendation:

We recommend that DHMH adhere to the provisions of OMB Circulars A-102 and A-133 by obtaining and maintaining evidence of suspension and debarment certifications for all covered contracts and subawards.

Auditee Response and Corrective Action Plan:

We agree with the recommendation. The Office of Procurement and Support Services (OPASS) will adhere to the provisions of OMB Circulars A-102 and A-133 by obtaining and maintaining evidence of suspension and debarment certifications for all covered contracts and subawards. The OPASS feels that two of the cases were a one time only audit exception. The other two contracts cited were for one-day conferences. In the future, OPASS will obtain debarment information on all Memorandums of Understanding (MOU's) regardless of services provided.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs

Finding 2007-7

Department: Department of Health and Mental Hygiene (DHMH)
Program: Medical Assistance Program (Medicaid Cluster)
CFDA Number: 93.778

U.S. Department of Health and Human Services

Compliance and Internal Control deficiency over the Medicaid Eligibility Quality Control System (MEQC).

Condition:

The MEQC failed to submit the required reports on negative case reviews, error rate analysis, and corrective action plan for fiscal year 2007.

Criteria:

OMB Circular A-133, Part 4- Department of Health and Human Services-Compliance Supplement, Section III E.1.d.(1) indicates, “States are required to operate a MEQC system in accordance with requirements established by CMS.

42 CFR 431.816 (b)(3), states, “The agency must submit a monthly progress report on negative case reviews completed during the month unless the agency has an approved superior system in effect. The agency must submit a report on its findings by June 30 of each year for the previous April-September sampling period and by December 31, for the October-March sampling period.

42CFR431.820 states, “the agency must (a) Take action to correct any active or negative case action errors found in the sample cases; (b) Take administrative action to prevent or reduce the incidence of those errors; and (c) By September 15 each year, submit to CMS a report on its error rate analysis and a corrective action plan based on that analysis.”

Cause:

DHMH failed to follow the prescribed regulations.

Effect:

DHMH cannot provide CMS assurance that the MEQC program is effective in reducing erroneous expenditures.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 7 (continued)

Questioned Costs:

Unknown

Recommendation:

We recommend that DHMH follow the criteria outlined in 42CFR431.816 and .820 by submitting the required negative case reports, error rate analysis and corrective action plans by the required due dates.

Auditee Response and Corrective Action Plan:

The Department agrees that the reports should be filed timely, but disagrees that multiple reports should be filed. Per the Centers For Medicare and Medicaid Services (CMS) Medicaid Eligibility Quality Control (MEQC) staff, DHMH need only submit one summary report for each fiscal year, which is due in August. DHMH has permission from CMS to run a pilot program that conducts focused reviews and special studies, rather than a traditional MEQC program. In the report to CMS, DHMH need only provide a summary of its MEQC pilot activities and its negative case action review.

DHMH was late with this report due to internal reorganizations and leadership changes. The Office of Eligibility Services completed the report and sent it to CMS on February 22, 2008, thus fulfilling its reporting obligation and will submit future reports timely.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs

Finding 2007 - 8

Baltimore City Community College

Student Financial Assistance Cluster

CFDA No. 84.007 Federal Supplemental Education Opportunity Grant

CFDA No. 84.063 Federal Pell Grant Program

CFDA No. 84.033 Federal Work Study Program

CFDA No. 84.038 Federal Perkins Loan Program

CFDA No. 84.375 Academic Competiveness Grant

U.S. Department of Education (DED)

Baltimore City Community College of Maryland lacks effective internal controls over reporting of the FISAP with the general ledger.

Condition:

Institutions are required to submit the Fiscal Operations Report and Application to Participate (FISAP) by September 30, 2007 for the fiscal year ended June 30, 2007. The Fiscal Operations Report is used to report the institution's student financial aid expenditures in the previous award year and the Application to Participate is used to apply for funds for the next award year. OMB Circular A-133 requires that certain key line items be tested and traced to the institution's financial records.

We noted inconsistencies in the data between the FISAP and Baltimore City Community College (BCCC) general ledger and other supporting records as follows:

1. Total tuition and fees for undergraduates did not agree to the audited financial statements for the year ending June 30, 2007.
2. Total Federal Pell Grant expenditures for the 2006-2007 award years did not agree to the audited financial statements for year ending June 30, 2007.
3. Total expended for state grants and scholarships made to undergraduates for the award year July 1, 2006 to June 30, 2007 did not agree to the audited financial statements for the year ending June 30, 2007.
4. Funds advanced to students did not agree with Perkins Loan Program supporting documentation.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007 - 8 (continued)

We found that the reported amounts for the aforementioned items were inconsistent with BCCC's general ledger as of June 30 2007. BCCC was able to provide reconciliation for the differences, however during the reconciliation we observed that the FISAP overlapped two award years and did not agree with the audited financial statements.

Criteria:

Title 34 Part 668, Subpart B—Standards for Participation in Title IV, Higher Education Act (HEA) Programs, Sec. 669.24 (b) Fiscal records cites that an institution shall account for receipts and expenditures of Title IV, HEA programs funds in accordance with generally accepted accounting principles (GAAP). An institution shall establish and maintain on a current basis, financial records that reflect each HEA, Title IV program transaction and general ledger control accounts and related subsidiary accounts that identify each Title IV, HEA program transaction and separate those transactions from all other institutional financial activity. Each year an institution must submit the FISAP report and ensure that the information reported is accurate, and submitted timely as required..

Additionally, participation in Federal Perkins Loans programs, Federal Work Study programs, Federal Family Education Loans programs should follow procedures in 34 CFR 674.19, 34 CFR 675.19 and 34 CFR 682.610 respectively that require that an institution reconcile its records for Student Financial Aid at least monthly.

Cause:

BCCC has to strengthen internal controls to ensure that the FISAP report is in agreement with the audited financial statements, Schedule of Expenditures of Federal Awards, and in compliance with 34 CFR 674.19, 34 CFR 675.19 and 34 CFR 682.610.

Effect:

Without proper monitoring of controls over reporting of FISAP information, there is no assurance that the information reported to DED is accurate and complies with generally accepted accounting principles.

Questioned Costs:

Unknown

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007 - 8 (continued)

Recommendation:

We recommend that BCCC implement stronger control procedures over its' reporting of FISAP data to DED and its requirements for 34 CFR as noted above. At a minimum a supervisor from each contributing department should validate that the data submitted is accurate, and agrees with BCCC's audited financial statements and/or supporting documentation.

Auditee Response and Corrective Action Plan:

BCCC disagrees with this finding. The auditors seem to have confused the disbursement of summer awards with a perceived discrepancy between FISAP, Schedule of Expenditures of Federal Awards (SEFA) and the College's financial statements. The financial statements are based on fiscal year and the FISAP is based on an award year. The College provided the auditor with a reconciliation of the College's financial statements, SEFA and FISAP in addition to supporting documentation from FMIS, the College's financial system.

Additionally, the College does not actively participate in the Perkins Loan Program. The College indicates the balance of the outstanding loans as an expenditure on the SEFA. This amount is reconciled to our financial system and Campus Partners, the College's loan servicer. This reconciliation was provided to the auditor.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007 - 9

St. Mary's College of Maryland

Student Financial Assistance Cluster
CFDA No. 84.038 Federal Perkins Loans (FPL)
U.S. Department of Education (DED)

St. Mary's College lacks effective internal controls over FISAP reconciliation

Condition:

Institutions are required to submit the Fiscal Operations Report and Application to Participate (FISAP) by September 30, 2007 for the fiscal year ended June 30, 2007. The Fiscal Operations Report is used to report the institution's student financial aid expenditures in the previous award year and the Application to Participate is used to apply for funds for the next award year. OMB Circular A-133 requires that certain key line items be tested and traced to the institution's financial records.

We noted inconsistencies in the data between the FISAP and St. Mary's general ledger or other supporting records for the FPL as follows:

1. Total tuition and fees for undergraduates did not agree to the audited financial statements for the year ending June 30, 2007.
2. Total Federal Pell Grant expenditures for the 2006-2007 award year did not agree to the audited financial statements for year ending June 30, 2007.
3. Total expended for state grants and scholarships made to undergraduates for the award year July 1, 2006 to June 30, 2007 did not agree to the audited financial statements for the year ending June 30, 2007.
4. Funds advanced to students did not agree with Perkins Loan Program supporting documentation.

We found that the reported amounts for the aforementioned items were not reviewed and compared with the audited financial statements as per St Mary's general ledger. The FISAP needs to be revised to be in agreement with the official balances reported in the final audited statements for the year ending June 30, 2007. This action would be necessary to ensure that the FISAP was accurately reported and in agreement with the St. Mary's audited financial statements.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007-9 (continued)

Criteria:

U.S. Department of Education Office of Inspector General, Audit Guide for Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers, January, 2000 cite the Fiscal Operations Report and Application to Participate (FISAP) (ED Form 646-1)-This electronic report is submitted annually to receive funds for the campus-based programs and is described in the Instruction Booklet for Fiscal Operations Report and Application to Participate. The school uses the Fiscal Operation Report portion to report its expenditures in the previous award year and the Application to Participate portion to apply for the following year. The FISAP is required to be submitted by October 1 following the end of the award year (which is always June 30). For example, by October 1 1999, the institution should submit its' FISAP that includes the Fiscal Operations Report for the award year ended June 30, 1999 and the Application to Participate for the 2000-2001 award year. The institution receives an "Edit Report", that allows the institution to make correction to the FISAP. The "Edit Report", must be resubmitted by mid-December. Key FISAP items are: (FPL, FWS, FSEOG 34 CFR section 673.3).

Cause:

St. Mary lacks proper internal controls over monitoring the accuracy of information reported on the FISAP. The contributing information to the FISAP is not reviewed and compared to final audit balances.

Effect:

Without proper monitoring of controls over reporting of FISAP information, there is no assurance that the information reported to DED is accurate.

Questioned Costs:

Unknown

Recommendation:

We recommend that St. Mary implement stronger control procedures over its' reporting of FISAP data to DED. At a minimum a supervisor from each contributing department should validate that the data submitted is accurate, and agrees with the audited financial statements and/or supporting documentation.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007-9 (continued)

Auditee Response and Corrective Action Plan:

To enhance the quality and accuracy of the information submitted to Department of Education, the Bursar will be trained to create a set of workpapers whereby each number reflected in the FISAP report (that comes from the Business Office) is referenced to our financial statements prior to submitting them to the Financial Aid Office for submission to the Department of Education. In addition, the Comptroller will review and sign-off on the workpapers and backup information.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007 -10

Morgan State University

Student Financial Assistance Cluster

CFDA No. 84.007 Federal Supplemental Education Opportunity Grant

CFDA No. 84.063 Federal Pell Grant Program

CFDA No. 84.033 Federal Work Study Program

CFDA No. 84.038 Federal Perkins Loan Program

CFDA No. 84.375 Academic Competiveness Grant

U.S. Department of Education (DED)

Morgan State University of Maryland lacks effective internal controls over reporting of the FISAP with the general ledger.

Condition:

Institutions are required to submit the Fiscal Operations Report and Application to Participate (FISAP) by September 30, 2007 for the fiscal year ended June 30, 2007. The Fiscal Operations Report is used to report the institution's student financial aid expenditures in the previous award year and the Application to Participate is used to apply for funds for the next award year. OMB Circular A-133 requires that certain key line items be tested and traced to the institution's financial records.

We noted inconsistencies in the data between the FISAP and Morgan State University (Morgan) general ledger and other supporting records as follows:

1. Total Federal Pell Grant expenditures for the 2006-2007 award years did not agree to the audited financial statements for year ending June 30, 2007.
2. Total expended for state grants and scholarships made to undergraduates for the award year July 1, 2006 to June 30, 2007 did not agree to the audited financial statements for the year ending June 30, 2007.
3. Funds advanced to students did not agree with Perkins Loan Program supporting documentation.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007 - 10 (continued)

We found that the reported amounts for the aforementioned items were inconsistent with Morgan's general ledger as of June 30 2007. Morgan was able to provide reconciliation for the differences, however during the reconciliation we observed that the FISAP overlapped two award years and did not agree with the audited financial statements.

Criteria:

Title 34 Part 668, Subpart B—Standards for Participation in Title IV, Higher Education Act (HEA) Programs, Sec. 669.24 (b) Fiscal records cites that an institution shall account for receipts and expenditures of Title IV, HEA programs funds in accordance with generally accepted accounting principles (GAAP). An institution shall establish and maintain on a current basis, financial records that reflect each HEA, Title IV program transaction and general ledger control accounts and related subsidiary accounts that identify each Title IV, HEA program transaction and separate those transactions from all other institutional financial activity. Each year an institution must submit the FISAP report and ensure that the information reported is accurate, and submitted timely as required.

Additionally, participation in Federal Perkins Loans programs, Federal Work Study programs, Federal Family Education Loans programs should follow procedures in 34 CFR 674.19, 34 CFR 675.19 and 34 CFR 682.610 respectively that require that an institution reconcile its records for Student Financial Aid at least monthly.

Cause:

Morgan has to strengthen internal controls to ensure that the FISAP report is in agreement with the audited financial statements, Schedule of Expenditures of Federal Awards, and in compliance with 34 CFR 674.19, 34 CFR 675.19 and 34 CFR 682.610.

Effect:

Without proper monitoring of controls over reporting of FISAP information, there is no assurance that the information reported to DED is accurate and complies with generally accepted accounting principles.

Questioned Costs:

Unknown

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Cost (Continued)

Finding 2007 -10 (continued)

Recommendation:

We recommend that Morgan implement stronger control procedures over its' reporting of FISAP data to DED and its requirements for 34 CFR as noted above. At a minimum a supervisor from each contributing department should validate that the data submitted is accurate, and agrees with Morgan's audited financial statements and/or supporting documentation.

Auditee Response and Corrective Action Plan:

The University respectfully disagrees with the auditors. The finding noted by the auditors is due to the timing differences created by the University's interpretation of federal regulations as they relate to cross-over periods. Specifically, the University awards federal financial aid based on an award year that begins with the fall term and ends with the following summer term. The summer term bridges two fiscal years. Even though a portion of the summer term extends beyond June 30 into the next fiscal year, the University considers the aid awarded for that period when preparing the Fiscal Operations Report and Application to Participate (FISAP.) Whereas, the financial statements are prepared on a fiscal year basis, irrespective of which award year the expenditure is charged against. This is an acceptable practice, but does require adjustments and reconciliations between the FISAP report and the financial statements each year. The University firmly believes that federal regulations support this position and that it is a wide-spread industry practice.

Auditors' Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-11

Department of Labor, Licensing and Regulation (DLLR)
Federal Department of Labor

CFDA No. 17.258 – WIA Adult Program
CFDA No. 17.259 – WIA Youth Activities
CFDA No. 17.260 – WIA Dislocated Workers

Internal control weakness related to client file maintenance.

Condition:

Our test of a Local Workforce Investment Board's (LWIB) files disclosed internal control weaknesses in case file documentation. Several files we examined were incomplete or did not document employment verification follow-up or case closure.

Criteria:

OMB Circular A-133 (Compliance Supplement) states in part:

“Each State must conduct an annual on-site monitoring review of each local area's compliance with Department of Labor (DOL) uniform administrative requirements, including the appropriate administrative requirements and cost principles for subrecipients and other entities receiving Workforce Investment Act (WIA) funds.”

Cause:

Out of 15 files selected for testing for a LWIB, we found 11 files had incomplete case management notes and 10 of the files contained no employment verification follow-up. In addition, we observed that a Federal Compliance Review cited similar findings including no documentation of WIA eligibility and files lacking organization.

Effect:

DLLR was unable to ensure that the LWIB's are in compliance with DOL administrative requirements for subrecipients receiving WIA funds and OMB Circular A-133.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-11 (continued)

Questioned Costs:

Unknown

Recommendation:

We observed that significant progress has been made with the implementation of DLLR's subrecipient monitoring program. We recommend that DLLR provide technical assistance to all LWIB's in meeting DOL administrative requirements and proper file maintenance and documentation, and DLLR's program monitors place added emphasis on file maintenance when performing subrecipient monitoring.

Auditee Response and Corrective Action Plan:

This agency concurs with the recommendation to provide technical assistance to all LWIB's in meeting DOL administrative requirements and proper file maintenance and documentation and DLLR's program monitors place added emphasis on file maintenance when performing subrecipient monitoring. The period covered by this audit occurred prior to the training that was provided by DLLR. Due to the transition in staff and a new administration, DLLR was unable to provide case management training to the local Workforce Investment Areas until October 30, 2007. This training session included WIA eligibility, file maintenance and case management. In addition to case management training and providing ongoing technical assistance, DLLR will perform random checks of participant files at the local areas. The program monitors will use different methodologies to sample participant files during the next monitoring cycle which is scheduled to begin April 2008.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 12

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support Enforcement
U.S. Department of Health and Human Services

Inadequate internal controls over child support Inter- and Intra-State cases

Condition:

When the Department of Human Resources local offices receive an application for Child Support Services, the local agency must open the case within no more than twenty (20) days of the receipt of the referral or of the filing of an application for services. During our review, we noted that in six (6) of thirteen (13) initiating cases, or 46.15% of the cases reviewed, that the case was not opened in twenty (20) days of receipt of the referral or application.

When the Child Support Administration division is receives an interstate case, Maryland as the initiating state, has twenty (20) days to refer the case to the responding state's central registry after determining that the non-custodial parent is located in another state, and if necessary, receipt of any necessary information to process the case. During our review, we noted that in seven (7) out of thirteen (13) initiating cases, or 53.85% of the cases reviewed, that the case was not referred to the responding state's central registry within twenty (20) days after determining that the non-custodial parent was located in another state and after receipt of all information necessary to process the case.

When the Child Support Administration division receives a request for more information from a responding state, Maryland as the initiating state has thirty (30) calendar days to either provide the responding state with the requested information or notify the responding state when the information will be provided. In three (3) out of thirteen (13) initiating cases reviewed, or 23.08% of the cases, the requested information was not provided to the responding state nor was the date that the requested information would be provided documented in the case file.

When the Child Support Administration division receives an interstate case and Maryland is responding state, within ten (10) calendar days Maryland's central registry must: acknowledge receipt of the case; ensure that all documentation received from the initiating state is complete; request any missing information necessary to process the case; forward the case to the correct local agency for location services or processing; and inform the initiating state where the case was sent for processing. In four (4) of the twelve (12) responding cases reviewed (33.33% of cases reviewed), one or more of the actions required in the ten (10) day timeframe was not completed.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007- 12 (continued)

Condition: (Continued)

When Maryland's central registry receives an inquiry from a responding state pertaining to the case's status or for a review, the central registry has five (5) days to respond to the initiating state's request. In three (3) of the twelve (12) responding cases, (25.00% of cases reviewed), Maryland's response to an initiating state's request for a case's status or for a review was not noted in the case file within five (5) days of receipt of the initiating state's inquiry.

When Maryland, as the responding state, receives an interstate Child Support Transmittal form, within seventy five (75) days, Maryland must; provide location services if the initiating states request is for location services or if the initiating state did not provide sufficient information to locate the non-custodial parent; notify the initiating state if more information or corrected information is necessary to process the case; and process the case to the extent possible pending necessary action by the initiating state. In six (6) of the twelve (12) responding cases reviewed, one or more of the actions required in the seventy-five (75) day time frame was not completed.

After a Child Support order has been established, within thirty (30) days of identifying a delinquency, Maryland as the responding/enforcing state must take and document some enforcement action was taken and documented unless a service of process is necessary. In one (1) of twelve (12) responding cases, or 8.33% of responding cases reviewed, no enforcement action was taken and documented within thirty (30) days of identifying a delinquency.

This is a repeat finding from the Fiscal Year 2004, Single Audit Report finding number 2004-44; Fiscal Year 2005, Single Audit Report finding number 2005-16; and Fiscal Year 2006, Single Audit Report finding number 2006-5.

Criteria:

Per the Child Support Manual Section B.102, the Child Support Enforcement Agency must open a case in no more than 20 days of the receipt of a referral or the filing of an application for services.

45 CFR 303.7 (b) (2) states, "... within 20 calendar days of determining that the noncustodial parent is in another State, and, if appropriate, receipt of any necessary information needed to process the case, refer any interstate IV-D case to the responding State's interstate central registry for action, including requests for location, document verification, administrative reviews in Federal income tax refund offset cases, income withholding, and State income tax refund offset in IV-D cases."

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-12 (continued)

Criteria:(continued)

45 CFR 303.7 (b) (4) states that the initiating state must “provide the IV-D agency or central registry in the responding State with any requested additional information or notify the responding State when the information will be provided within 30 calendar days of receipt of the request for information by submitting an updated form, or a computer-generated replica in the same format and containing the same information, and any necessary additional documentation.”

45 CFR 303.7 (a) (2) states that “Within 10 working days of receipt of an interstate IV-D case from an initiating State, the central registry must:

- (i) Ensure that the documentation submitted with the case has been reviewed to determine completeness;
- (ii) Forward the case for necessary action either to the State PLS for location services or to the appropriate agency for processing;
- (iii) Acknowledge receipt of the case and ensure that any missing documentation has been requested from the initiating State; and
- (iv) Inform the IV-D agency in the initiating State where the case was sent for action.”

45 CFR 303.7 (a) (4) states that “The central registry must respond to inquiries from other States within 5 working days of receipt of the request for a case status review.

45 CFR 303.7 (c) (4) states that “Within 75 calendar days of receipt of an Interstate Child Support Enforcement Transmittal Form and documentation from its interstate central registry, the IV-D agency must:

- (i) Provide location services in accordance with Sec. 303.3 of this part if the request is for location services or the form or documentation does not include adequate location information on the noncustodial parent;
- (ii) If unable to proceed with the case because of inadequate documentation, notify the IV-D agency in the initiating State of the necessary additions or corrections to the form or documentation.
- (iii) If the documentation received with a case is inadequate and cannot be remedied by the responding IV-D agency without the assistance of the initiating State, the IV-D agency must process the interstate IV-D case to the extent possible pending necessary action by the initiating State.”

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-12 (continued)

Criteria:(continued)

45 CFR 303.6 (c) (2) states that the Child Support Enforcement agency must take "...any appropriate enforcement action (except income withholding and Federal and State income tax refund offset) unless service of process is necessary, within no more than 30 calendar days of identifying a delinquency or other support-related non-compliance with the order or the location of the noncustodial parent, whichever occurs later. If service of process is necessary prior to taking an enforcement action, service must be completed (or unsuccessful attempts to serve process must be documented in accordance with the State's guidelines defining diligent efforts under Sec. 303.3(c)), and enforcement action taken if process is served, within no later than 60 calendar days of identifying a delinquency or other support-related non-compliance with the order, or the location of the noncustodial parent, whichever occurs later..."

Cause:

The inadequate internal controls over the various child support cases caused DHR to be out of compliance with several of the Federal guidelines and, at times, resulted in misuse of resources.

Effect:

DHR is unable to meet and follow Federal guidelines in child support cases and is non-compliant with certain areas of the Federal guidelines.

Questioned Costs:

Unknown

Recommendation:

We recommend that DHR put a process in place in which DHR ensures all staff members are aware of the Federal guidelines and timelines and put tracking mechanisms in place to ensure that the guidelines and timelines are being met such as system prompts when all Federal timelines are coming due. DHR adhere to documented internal controls so that a supervisor's are also aware of impending Federal timelines for Child Support interstate and intrastate case to ensure compliance with Federal guidelines.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-12 (continued)

Auditee Response and Corrective Action Plan:

The Child Support Enforcement (CSEA) agrees that 5 out of 13 initiating cases were out of compliance for failure to forward the cases to the responding states' central registry within 20 days after determining that the non-custodial parents were in other states. CSEA also agrees that 1 out of 13 initiating cases was out of compliance for not providing the responding state with requested information.

However, CSEA does not concur with the finding that the Administration does not have adequate internal controls in place for Interstate and Intra state cases. Since February 2007, corrective action plans have been further strengthened for future case processing so that errors will not occur again. A review of cases from February 2007 will confirm timely case processing achievements from the previous years.

We also disagree with the auditor's statement on "**Cause**" The inadequate internal controls over the various child support cases caused DHR to be out of compliance with several of the Federal guidelines and, at times, resulted in misuse of resources." The Administration disagrees that it does not have activities in place to facilitate internal controls over Interstate cases. Activities in place include participation in the annual Self Assessment Review, the annual Data Reliability Audit, the Quality Control Report, and ongoing CSEA staff Academy training.

The Self Assessment Review Tool, which is required by the Federal Office of Child Support, is used to conduct the Program Audit on Interstate case processing (45 CFR 303.7). Additionally, this tool evaluates and measures whether the state of Maryland is meeting the Federal case processing criteria. Maryland's CSEA passed the Self Assessment review in both 2006 and in 2007.

As per CFR: 45 CFR Section 308.2(g) addresses interstate services audit review. The review criterion includes the initiating State's responsibility to refer cases to the responding State within 20 days of determining that the noncustodial parent is in another

State pursuant to section 303.7(b)(2); providing responses to the responding State with requested additional information within 30 calendar days of the request pursuant to section 303.7(b)(4); notifying the responding State of new information within 10 working days pursuant to section 303.7(b)(5); and sending a request for review of a child support order within 20 calendar days after receiving a request for review and adjustment under the Uniform Interstate Family Support

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-12 (continued)

Auditee Response and Corrective Action Plan: (Continued)

Act (UIFSA) pursuant to section 303.7(b)(6). *In recognition of the fact that passage of UIFSA and other Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) administrative enforcement actions have changed the way interstate cases are processed, we encourage States to use one-state action to take any enforcement action they can on a case, rather than referring all cases for two-state action. We have revised the final rule to provide for the referral of interstate cases where appropriate.*

Section 308.2(b), (c), and (f) contain language that previously appeared in the former Federal audit regulations at section 305.20 relative to certain missed timeframes. As we stated in the preamble to the final Federal audit regulations in 1994 (59 FR 66204), *the State should not be penalized when timeframes are missed in a case if a successful result is achieved (paternity or a support order is established, an order is adjusted, income is withheld, or a collection is made or distributed), since these results are the main goals of the child support enforcement program.*

CSEA re-reviewed the 13 cases mentioned in the statement “We noted that in six (6) of thirteen (13) initiating cases, or 46.15% of the cases reviewed, that the case was not opened in twenty (20) days of receipt of the referral or application.” *We concluded that 12 are active and paying on their cases and one was closed case. Therefore an exception to the rules on Federal criterion on treating audit cases applies.*

The Data Reliability Audit (DRA) measures eight areas of data input reliability and five areas of Performance Measures. CSEA has passed the DRA two years in a row. In all the categories, the Administration has achieved 95% or better; DRA has been a very successful audit review tool earning the Administration 15 million dollars in two years.

In Maryland, CSEA provides training for new staff by way of the New Staff Academy. The *Introduction to Child Support Enforcement* course, trains on the basic elements of child support and educates staff on the Federal timelines.

Also in March 2008, the Administration began providing training for supervisors on the basic elements of Child Support Enforcement, with a re-training on the Federal guidelines. The training will be conducted on an annual basis.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007-12 (continued)

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007 - 13

Department of Human Resources (DHR)

CFDA No. 93.563 – Child Support

U.S. Department of Health and Human Services

DHR has internal controls weaknesses over payment of invoices.

Condition:

DHR processes invoices in batches. The required documents in a batch are a Transmittal Cover Sheet, which lists the total amount being paid in the batch; the detail pages to the transmittal, which list all invoices that have been paid in the batch in order of document number, and invoices for all payments included in the batch.

During our review of twenty-five expenditures, we noted:

1. One instance where the transmittal cover sheet and transmittal detail pages were not provided.
2. One instance where neither the transmittal cover sheet nor the invoice were approved for payment.

This is a repeat finding from the Fiscal Year 2006, Single Audit Report finding number 2006-6.

Criteria:

49 CFR 18.20 a (2) states in part, "...Fiscal control and accounting procedures of the State...must be sufficient to...(2) Permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of applicable statutes..."

49 CFR 19.20 a (6) Source Documentation states, "Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and sub-grant award documentation, etc."

Cause:

Department of Human Resources does not have adequate management controls and oversight to ensure all proper documentation is retained.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007 – 13 (continued)

Effect:

We cannot attest to the propriety of the respective transactions and expenditures charged to the federal grant.

Questioned Costs:

None

Recommendation:

We recommend that the Department of Human Resources establish proper internal control procedures to maintain adequate documentation to support all federal grant expenditures.

Auditee Response and Corrective Action Plan:

Complete documentation was provided to the auditors for the all expenditures selected for review. The last two were provided on March 10, 2008.

With regards to the one invoice tested where there was no evidence of the invoice review and approval, the expenditure was for a photocopier service agreement. While there was no evidence of a review on the monthly invoice, a copy of the purchase order was attached to the invoice verifying the purchase of a monthly service agreement at the amount billed. And, while the file copy of the Transmittal Coversheet was made before the approver signed it, had the Transmittal Cover Sheet not been signed the State Comptroller's Office would not have processed payment.

The following control will be implemented immediately to address the audit recommendation. All copies of invoices that do not have documented receiving in the Financial Management Information System (FMIS), will be initialed or signed as being approved. In addition the original and copy of the Transmittal Cover Sheet will either be signed or a copy will be made of the signed original at the discretion of the fiscal officer.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007 - 14

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support

U.S. Department of Health and Human Services

DHR has internal controls weaknesses over Sub-Recipient Monitoring.

Condition:

DHR enters into agreements, called Cooperative Reimbursement Agreements, with local government departments, such as sheriffs departments, State's Attorney's Offices and County Masters for these entities to conduct such tasks as to issue warrants and summonses related to establishing or enforcing Child Support; conducting hearings to establish paternity, child support or medical support obligations, and conducting hearings to enforce or modify support orders.

The Contract Services Division is responsible for monitoring the local government entities' performance on the contracts. The Contract Services Division performs its monitoring duties by issuing five monitoring reports for the year for each entity and requiring corrective action plans when actual performance falls below expected performance.

During our testing, we noted:

1. Monitoring reports were not issued on a quarterly basis for one of the eight cooperative monitoring agreements reviewed.
2. All corrective action plans were not received by DHR on a timely basis for three of the eight cooperative monitoring agreements reviewed.
3. For three of the cooperative reimbursement agreements reviewed, all quarterly monitoring reports were not reviewed by a supervisor as evidenced by a supervisor's initials.
4. As a result of not receiving all of the monitoring reports or corrective action plans, DHR does not monitor Cooperative Reimbursement Agreement Agencies according to established procedures.
5. As a result of not receiving all of the monitoring reports or corrective action plans, we could not determine whether CSEA provided reasonable assurance that sub recipients used Federal awards for authorized purposes, complied with laws, regulations, contracts and grant agreements and achieved performance goals.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007 – 14 (continued)

Condition:

6. As a result of not receiving all of the monitoring reports or corrective action plans, we could not determine whether CSEA maintained adequate records of any noncompliance.
7. As a result of not receiving all of the monitoring reports or corrective action plans, we could not determine whether Cooperative Reimbursement Agreement agencies were monitored according to established procedures.

Criteria:

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

Cause:

Department of Human Resources personnel did not provide the necessary reports from the sub-recipient to ensure compliance.

Effect:

Since documentation and verifications were not performed in accordance with program requirements, DHR does not have adequate assurance that sub-recipient monitoring is in compliance with the Child Support Program.

Questioned Costs:

Unknown

Recommendation:

We recommend that the Department of Human Resources strengthen its internal control procedures to adequately monitor sub-recipient compliance with the audit requirements of OMB Circular A-133 subpart D.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III – Federal Award Findings and Questioned Costs (Continued)

Finding 2007 – 14 (continued)

Auditee Response and Corrective Action Plan:

CSEA agrees with this recommendation. CSEA has implemented a system that will eliminate any and all deficiencies identified above.

The process to strengthen Cooperative Reimbursement Agreements (CRA) performance monitoring has been implemented. The process includes comparing data reported by the entities to performance goals and requiring Corrective Action Plan from CRA whose performance is below contract goals. Supervisory review and sign-off were also implemented.

The changes in procedures implemented include a requirement that all documents related to all contracts would have an original or copy in the supervisor's office. Also, an electronic tickler system has been put in place to remind staff to follow-up on all actions required.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Schedule III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 - 15

Maryland Department of Transportation – State Highway Administration (SHA)
CFDA No. 20.205

U.S. Department of Transportation

SHA was noncompliance over Unallowable Costs to federal grants

Condition:

State Highway Administration included employees and contractors to participate in a National Highway Institute course. The State Highway Administration received reimbursements from non-state participants in the amount of \$29,400 but charged the tuition federal grant with the cost of all participants.

Criteria:

Surface Transportation Program (STP) funds may be used by the State for the cost of tuition and direct educational expenses (excluding salaries) of state and local transportation agency employees.

Cause:

The bill sent to the Federal Highway Administration for reimbursement included, ineligible participants for federal reimbursement.

Effect:

The State Highway Administration was reimbursed by the Federal Highway Administration for ineligible costs.

Questioned Costs:

\$29,400

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Schedule III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 – 15 (continued)

Recommendation:

We recommend that the State Highway Administration establish and communicate procedures to control the process of costs for tuition and direct educational expenses paid with federal grants.

Auditee Response and Corrective Action Plan:

We agree with the recommendation. The transaction was corrected and the federal bill reduced on January 18, 2008. In addition, State Highway Administration will reissue guidelines on Education & Tuition Reimbursement by March 30, 2008.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 –16

Maryland Department of Transportation – State Highway Administration (SHA)
CFDA No. 20.205

U. S. Department of Transportation

SHA was noncompliant over Suspension and Debarment records maintenance

Condition:

The State Highway Administration did not have documentation supporting the efforts to check the Excluded Parties List System for debarred and suspended contractors and subcontractors for the 15 contracts reviewed.

Criteria:

OMB A-133 requires that States and government sub-recipients of States shall use the same State policies and procedures used for procurements from non-Federal funds. Non-Federal entities are prohibited from contracting with or making sub-awards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred.

Cause:

The State Highway Administration did not maintain adequate documentation supporting the efforts to check the Excluded Parties List System for debarred and suspended contractors and subcontractors on each contract.

Effect:

The State Highway Administration was noncompliant with the requirement to substantiate that it is not contracting with or making sub-awards under covered transactions with parties that are suspended or debarred or whose principals are suspended or debarred.

Questioned Costs:

None

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 –16 (continued)

Recommendation:

We recommend that the State Highway Administration document and retain their efforts to check the Excluded Parties List System for debarred and suspended contractors and subcontractors for contracts awarded.

Auditee Response and Corrective Action Plan:

We agree with the recommendation, and by March 30, 2008 we will reissue guidance on the use of the existing access database. This database details that the Excluded Parties List has been consulted and the contractor and his sub contractors were not found.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 – 17

University System of Maryland – Bowie State University and University of Maryland, Eastern Shore

Student Financial Aid Cluster
CFDA No. 84.032 and 84.268

Untimely and Inaccurate Submission of Student Status Changes to the NSLDS.

Condition:

Bowie State University

During our testing of student status changes, we noted 15 student status changes were not timely reported to the National Student Loan Disbursement System (NSLDS) within the 30 or 60 day requirement.

University of Maryland, Eastern Shore

During our testing of student status changes, we noted 2 students that had status changes and those changes were not properly reported to NSLDS. There were also 2 students who withdrew and the date reported to NSLDS was reported outside of the 30 and 60 day requirement.

Criteria:

Per 34 CFR Section 682.610 (c), a school shall-

- (1) Upon receipt of a student status confirmation report form from the Secretary or a similar student status confirmation form from any guaranty agency, complete and return that report within 30 days of receipt to the Secretary or the guaranty agency, as appropriate; and
- (2) Unless it expects to submit its next student status confirmation report to the Secretary or the guaranty agency within the next 60 days, notify the guaranty agency or lender within 60 days –If it discovers that a Stafford Loan or plus loan has been made to or on behalf of a student, but who has ceased to be enrolled on at least a half-time basis;
 - i. If it discovers that a Stafford or Plus loan has been made to or on behalf of a student who has been accepted for enrollment at that school, but who failed to enroll on at least a half-time basis for the period for which the loan was intended;

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 - 17 (Continued)

Criteria: (Continued)

- ii. If it discovers that a Stafford, SLS, or Plus loan has been made to or on behalf of a full-time student who has ceased to be enrolled on a full-time basis; or
- iii. If it discovers a student who is enrolled and who has received a Stafford or SLS loan has changed his or her permanent address.

Cause:

Bowie State had technical difficulties submitting data to the NSLDS. The University of Maryland, Eastern Shore did not have the proper controls in place to ensure that proper reporting was being performed.

Effect:

The student status changes were not submitted to the NSLDS within the required timeframes.

Questioned Costs:

None

Recommendation:

We recommend that Bowie State University ensure its system is operating properly to submit the necessary data to the clearinghouse in accordance with the Federal requirements. When encountering technical difficulties with its system, we recommend that Bowie contact the clearinghouse and obtain a waiver or approval for non submission. We recommend that University of Maryland, Eastern Shore ensure there are procedures in place to ensure the necessary data is submitted to the clearinghouse in accordance with Federal requirements.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section III - Federal Award Findings and Questioned Costs (Continued)

Finding 2007 - 17 (Continued)

Auditee Response and Corrective Action Plan:

Bowie State University - The University agrees with the finding. The National Clearinghouse file upload had not been sent on a regular basis due to a list of errors that were generated from the submission that prohibited the information from being accepted by the clearinghouse. The technical issues that caused the errors were resolved during the summer of 2007. As of fall 2007, the University has caught up with all submissions and has changed the data upload frequency to monthly beginning with September, 2007. Submissions have been and will continue to be made on a monthly basis. If we encounter difficulties in the future that prevent timely submission we will contact the clearinghouse and obtain a waiver or approval for non submission.

University of Maryland Eastern Shore - We acknowledge that two student samples were not reported to the NSLDS via the Clearinghouse transmissions due to technical difficulties with a new school setup. This problem has been rectified.

We also acknowledge that the change in status for two student samples was not reflected in the actual Clearinghouse transmissions although this information was compiled in the statistics periods on the student information system which clearly showed the change prior to the submission of the first Clearinghouse transmission. This issue appears to be a glitch within the system and will be sent to our internal 'Administrative Computing' Department to be investigated and corrected.

Proper controls are in place for this process. Once the student information is initially compiled, a random check of students is performed. This includes reviewing the statistical period to make sure it has populated the basic, load/level and withdrawal data. In an effort to address additional scenarios, we will increase our sample size during the random check.

Auditor's Conclusion:

Based on the above, the finding remains as stated.

SECTION IV – STATUS OF PRIOR-YEAR FINDINGS

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings

Finding 2006 – 1

**University System of Maryland
Federal Student Aid Cluster**

**CFDA 84.032 Federal Family Education Loans
CFDA 84.268 Federal Direct Student Loans**

U.S. Department of Education

The University of Maryland University College (UMUC) did not comply with Title IV requirement to return funds within the required time frame for a student that withdrew from classes. The controls in place did not allow them to properly identify all withdrawals that result in the return of Title IV funds.

Condition:

During single audit testing, we noted that one student from a selection of ten withdrew on December 19, 2005 from the fall semester. We calculated that \$1,141 should have been returned to the Title IV program based on the total aid the student received and the days the student earned. As of the date of testing, no funds were remitted to the Title IV program due to this withdrawal. Due to the results of this test, on July 27, 2006 the institution returned the unearned portion to the Title IV program. For UMUC to be in compliance with OMB Circular A-133, the funds should have been returned to the Title IV program within 30 days of the withdrawal date which was January 18, 2006.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

UMUC continues to perform a semi-monthly review and approval process at a supervisory level to ensure that all 'Return of Title IV' calculations are completed within the regulatory time frames. All 'Return of Title IV' funds calculations are being completed within the regulatory limit. Documentation of this is retained by the Office of Financial Aid.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-2

State Board of Elections

MD Voters & Direct Recording Electronic (DRE) Voting System and Optical Scan Absentee Voting System

CFDA 90.401 Help America Vote Act

U.S. Department of General Services Administration

The State of Maryland did not comply with the level of effort for State expenditures for activities funded by the requirements payments.

Condition:

We noted that the State did not maintain the level of effort for State expenditures for activities funded by the requirements payment, at a level that was not less than the level of such expenditures of \$1,994,914 in fiscal year ending prior to November 2000. The level of expenditures totaled \$ -0- for fiscal year 2006.

Comment:

Resolved by the Federal Government.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-3

Department of Human Resources (DHR)

CFDA No. 93.563 – Child Support Enforcement

U.S. Department of Health and Human Services

DHR did not comply with draw down procedures required in accordance with proper Cash Management of Federal funds.

Condition:

All funds drawn for Child Support are to be drawn based on the Cash Management Improvement Act Agreement. Child Support uses two types of draw methods. The “Drawdowns at Fixed Intervals – Monthly (modified)” method is used for Administrative Costs and Vendor Payments. The “Dollar Weighted Clearance – Modified” method is used for Payroll costs. Both of the aforementioned draw methods have a clearance pattern of one day.

During our review of 25 draws (10 Administrative and 15 Payroll draws) we noted three instances where the draw did not clear in one day as specified by the clearance pattern used. Two instances were for Administrative draws and one instance was for a Payroll draw.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The Department agrees with the recommendation that controls need to be in place to ensure a one-day clearance for draws.

The Department implemented additional controls and corrective actions to ensure the State Treasurer’s Office has ample time to draw funds within the clearance pattern of one day. Since implementation of the controls the Department has been in compliance with draw down procedures in accordance with Cash Management of Federal Funds requirements.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-4

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support

U.S. Department of Health and Human Services

The Child Support Program had weaknesses in internal controls and is noncompliant over record keeping for equipment inventory management.

Condition:

During the Equipment Management testing, we verified that invoices were reviewed and approved for payment. In one instance, the invoice for the purchase could not be located.

We also tested to determine whether equipment items were included in the fiscal inventory count when necessary. Items that are not counted in the inventory count include software and internal parts. We found fourteen instances where one or more pieces of equipment were not included in the inventory count. In twelve of the fourteen instances, we could not verify whether the equipment was recorded in inventory because record of the equipment may or may not have been included on a broken scanner from which DHR was unable to download information.

We also tested to determine whether sensitive items were given asset tag numbers and if serial numbers were recorded. In five instances, equipment was purchased by a local department and no asset tag or serial number was assigned to the equipment in the records at DHR's central office. Asset tags and requests for serial numbers were sent to the local departments after testing was performed. In two instances, we noted the asset tag number was not provided to DHR's central office from the local department. A serial number was not required.

During the Equipment Management testing, we noted one disposal of equipment. Once equipment is removed from a DHR site, it is processed by Maryland Surplus. DHR was unable to provide information as to the status of the disposed equipment and we were unable to verify whether the equipment was purchased with Federal funds, or if the equipment was sold if the Federal government was reimbursed their share of the selling price.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-4 (continued)

Auditors' Comment:

This finding was resolved by the federal government by letter dated October 12, 2007. However, we found continuing problems for fiscal year 2007 and a repeat finding was issued, as Finding 2007-16.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-5

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support Enforcement
U.S. Department of Health and Human Services

Inadequate internal controls over child support Inter- and Intra-State cases

Condition:

When a Child Support Enforcement Interstate Case is initiated by the State of Maryland (Maryland), Maryland has 10 days to review the case and notify the responding State of any change or deviation in the case. When a Child Support Enforcement Interstate Case is initiated by another State and Maryland is responding, Maryland has 10 days to review and notify the initiating State of any changes or deviations in the case. During our review, we noted that in 7 out of 13 initiating cases, or 53.85%, the responding State was not notified within the proper time frame of a change in the case.

After a non-custodial parent has been located the Child Support Enforcement division has 90 days to obtain a court order to begin the process of securing a support order, which may or may not include establishing paternity. During our review, we noted that in 1 out of 13 initiating cases, or in 7.69%, that a court order was not obtained to establish paternity within 90 days of locating the non-custodial parent.

When the Child Support Enforcement division is processing an interstate case and Maryland is the initiating state, the division has 20 days to refer the case to the responding state's central registry after determining that the non-custodial parent is located in another state. During our review we noted that in 1 out of 13 initiating cases, or 7.69%, that the case was not referred to the responding state's central registry within 20 days.

This is a repeat finding from FY 2004 and 2005.

Auditors' comments:

This finding was resolved by the federal government by letter dated October 12, 2007. However, we found similar problems existed for fiscal year 2007 and a repeat finding was issued, as Finding 2007-13.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-6

Department of Human Resources (DHR)

CFDA No. 93.563 – Child Support

U.S. Department of Health and Human Services

DHR has internal controls weaknesses over payment of invoices.

Condition:

DHR processes invoices in batches. The required documents in a batch are a Transmittal Cover Sheet which lists the total amount being paid in the batch; the detail pages to the transmittal which list all invoices that have been paid in the batch in order of document number, and invoices for all payments included in the batch.

Rent is paid in advance of receiving an invoice. DHR receives “Rent Registration” sheets which list all rents due for the month from the Department of General Services and the invoices are received later. Since the invoices are received after payment has been made, they are filed separately from the batches.

During our review of 25 expenditures, we noted one instance where an invoice for rent was not present.

The approval of an invoice for payment is a multi-step process which involves review by a staff level Accounts Payable employee, the Accounts Payable Supervisor, and the Accounting Manager. All invoices are to be signed individually by an Accounts Payable employee to evidence that they are approved for payment.

During our review of 25 expenditures, we noted three instances where the invoice/supporting documentation did not have the signature of a supervisor to verify that it was reviewed and approved.

The Department does not concur that proper internal controls were not established over the processing of invoice transactions.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-6 (continued)

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The Department utilizes a Rent Register to ensure timely payments to landlords, reconciles invoices received with information on the rent register and pursues missing invoices, and works with the Real Estate Division to discuss variances and other real estate issues. The Rent Register is an acceptable alternative to actual invoices and is approved by the State Comptroller's General Accounting Division because it contains all pertinent lease information including the Board of Public Works authorization number and date for which each lease was approved. Landlord invoices received are matched to the rent register to ensure the vendor's mailing address has not changed, however, the amount paid is fixed by the terms of the lease. The AP Manager contacts landlords in an attempt to obtain missing invoices, and works closely with the Department's Director of Real Estate Operations to periodically review the rent register and discuss any upcoming changes, moves, or amendments.

With respect to supervisory review and approval of disbursement documents, the Department utilizes an approval process as described in Maryland Department of Budget and Management Application Systems Management Internal Control and Security Policy and Procedures Manual. Specifically, the person performing document approval, via the system document transmittal screen (Accounts Payable Supervisor), carefully reviews supporting documents for all transactions and initials the transmittal report that contains information on all documents included in the transmittal to evidence this second review. (Persons with security to transmit cannot also initiate and process disbursement transactions.) The review is to ensure that the related goods or services were received, and that the invoice names, addresses and amounts match with the detail on the transmittal report. The transmittal report and original invoices are then reviewed by a third person who is authorized to sign the transmittal cover sheet.

Invoices with a purchase order are processed using a three-way-match: verification between the purchase order specifications, the receiving reports, and the invoice amounts. With these invoices, amounts invoiced above what was procured and received are not allowed by the system. These invoices do not require a separate signature authorization according to the Department of Budget Management's Internal Control and Security Policy and Procedures.

Auditors' Comment:

We noted improvements occurred during fiscal year 2007, however, a repeat finding was issued as Finding 2007-14.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-7

Department of Human Resources (DHR)
CFDA No. 10.561 – Food Stamps Program

U.S. Department of Agriculture

The Food Stamps Program had weaknesses in internal controls over record keeping for equipment inventory management.

Condition:

The Department of Human Resources could not independently identify 6 items of equipment acquired under the Food Stamps Program. We were unable to trace the selected purchases from the schedule of acquisitions and receiving reports to the bi-annual inventory report.

Comment:

Resolved by the Federal Government.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-8

Department of Human Resources (DHR)
CFDA No. 10.561 – Food Stamps Program

U.S. Department of Health and Human Services

The Food Stamps Program had internal control weaknesses over the Financial Reporting Process. Some required reports were filed late.

Condition:

The Food and Nutrition Service (FNS) 46 Issuance Reconciliation Report is a reconciliation report of food stamp benefits actually issued with the State's Master Issuance File. Generally, one FNS-46 covers the entire State if it operates only one issuance (EBT). The Master Issuance contains records on all households eligible to receive benefits. Actual issuances may be recorded in the Record for Issuance (RFI) or an alternative filing system. The RFI is created from the Master Issuance File and discloses the amount of benefits the household is eligible to receive and the actual amount issued. The FNS-46 report is prepared on a monthly basis and is required to be submitted ninety (90) days after the month's end to the U.S. Department of Agriculture.

We reviewed 4 monthly FNS-46 Reports for testing and noted that 4 monthly reports were submitted more than ninety days after the month's end to the U.S. Department of Agriculture. This is a repeat finding.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The Department concurs with the finding. Based on the auditor's recommendations, procedures for submission of the FNS-46 report are in place to ensure timely submissions. The procedures include preparation of a schedule of FNS-46 report due dates each federal fiscal year and supervisory monitoring of report submissions to ensure reports are submitted on or before the due dates. In fiscal year 2007, all FNS-46 reports were submitted on time.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-9

Department of Labor, Licensing and Regulation (DLLR)
U.S. Department of Labor

CFDA No. 17.258 – WIA Adult Program
CFDA No. 17.259 – WIA Youth Activities
CFDA No. 17.260 – WIA Dislocated Workers

Internal control weakness related to client file maintenance.

Condition:

Our test of a Local Workforce Investment Board's (LWIB) files disclosed internal control weaknesses in case file documentation. Eleven files we examined were incomplete or did not document employment verification follow-up or case closure.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The agency concurs with the recommendation to provide technical assistance to all LWIBs in meeting DOL administrative requirements and proper file maintenance. DLLR has provided regular training on the MWE system with a focus on the importance of case notes and follow-up. In addition the Maryland Institute for Workforce Excellence has developed an on-line 9 hour course on case management and follow-up, specifically targeted to meeting federal requirements. DLLR is encouraging all case management staff to take this course.

Also, DLLR has revised its policy directive concerning case file organization, and used this document as the basis for mandatory training for all case managers and programmatic monitors. Workforce Investment Field Instruction (WIFI) No. 12-04 Change 1 informs LWIBs that:

- each local area may continue to use the MWE to record case notes;
- a printed copy of the case notes must be maintained in the file folders;
- each local area must ensure that they develop a system to organize information contained in participant records;
- the information must document services provided from point of registration to the point of exit; and

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-9 (continued)

Auditee Updated Response and Corrective Action Plan (continued):

- o each area is expected to use a standardized format for their staff.

On October 30, 2007 DLLR provided training to the local WIA staff on WIA Eligibility, File Maintenance, and Case Management.

The agency concurs with the recommendation to place added emphasis on file maintenance when performing sub recipient monitoring. DLLR has replaced the supervisory staff previously responsible for the programmatic monitoring of the LWIBs. The supervisory staff will ensure that oversight for programmatic monitoring will include emphasis on training, file maintenance, documentation, and reviewing the monitoring visits of the three Regional Representatives.

Auditors' Comment:

Resolution of the finding continues to be in progress with substantial improvement noted, however, a repeat finding was issued as Finding 2007-11.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-10

Department of Labor, Licensing and Regulations (DLLR)

U.S. Department of Labor

CFDA No. 17.207 Employment Services

U.S. Department of Labor

Internal Control weakness exists in reporting the earmarking requirements.

Condition:

DLLR Division of Workforce Development did not accurately report the ten percent earmark for Employment Services due to an error in typing the data in the remarks section of the SESA Financial Status Report -Std. Form 269 (SF 269). The amount reported was overstated by \$9,601,696, and the error was not caught and corrected by DLLR.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

Managers in the Department have reviewed the reporting of earmarking in each successive quarter after the typographical error was made. Earmarking was reported correctly in each case and a copy was provided to the auditors.

In addition DLLR has requested the Department of Labor to correct the electronic filing form to prevent similar mathematical errors from occurring in the future. A copy of this request has been provided to the auditors.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-11

Department of Health and Mental Hygiene (DHMH)
Maternal and Child Health Program

CFDA No. 93.994

U.S. Department of Health and Human Services

Compliance and Internal Control Weakness over Subrecipient Monitoring.

Condition:

We reviewed twenty-five (25) files that contain documents related to the award of Federal funds by the Department of Health and Mental Hygiene (DHMH) to local health departments (LHDs) and private vendors (“subrecipients”) to obtain reasonable assurance that site visits to evaluate financial and programmatic records were conducted in accordance with the General Requirements of OMB Circular A-133 and the conditions of grant award imposed by DHMH. Although DHMH asserts that site visits were conducted for all local health departments in fiscal year 2006, we found that three (3) out of the 25 files reviewed contained no evidence of such visits or other means of assuring that the local health departments are complying with laws, regulations and provisions of their agreements with DHMH.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Updated)

The Department’s previous response and corrective action plan remains unchanged. The Department previous response indicated that the Department concurs with the finding but does not concur with the recommendation. The Department points out that one of the criteria cited does not cover the federal grant award under review. The criteria states, in part, “In addition, DHMH through its Human Services Agreements-Conditions of Grant Awards document imposes a general condition...which states ‘jurisdictions family planning programs must comply with the Family Planning Clinical and Administrative Site Review Process, including self reviews and on-site state reviews.’” For the record, it should be noted that the audit was conducted on the Maternal and Child Health Title V federal grant award, not on the Family Planning Title X federal grant award.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-11 (continued)

Because the three grants referred to in the audit exception were not family planning grants, they were not subject to “site visits” as required in the Conditions of Award referenced in the finding. These grants are subject to a condition requiring participation in conferences with grant monitors to review mid-year progress and identify areas for “technical assistance and consultation” (Condition 5 in the Center for Maternal and Child Health section of the Conditions of Award). These conferences may or may not be conducted on-site. These three grants were also subject to conditions requiring mid-year and end-of –year progress reports in addition to the year-end budget reconciliation submitted on the DHMH 440 (Conditions 3 and 4 in the Conditions of Award).

While grant files for the three grants Anne Arundel Co. (Improved Pregnancy Outcome), Baltimore City (Childhood Lead Poisoning Prevention), and Prince George’s Co. (High Risk Infant)) did not contain documentation of site visit reports or other documentation of grant monitoring activities as required by OMB Circular A-133 General Requirement, Part 3, subpart M, this was a failure to retain documentation rather than a lack of monitoring. The program agrees that documentation should be consistently maintained for all monitoring activities, which are carried out consistent with the grant requirements, OMB Circular A-133 General Requirement, Part 3, subpart M, and the DHMH Human Services Agreements Conditions of Award.

Auditors’ Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-12

**Department of Health and Mental Hygiene
Medical Assistance Program Medicaid Cluster**

**CFDA No. 93.778
U.S. Department of Health and Human Services**

DHMH has not complied with the State Agency standards of receiving a risk assessment report once every two years.

Condition:

DHMH has established and maintains a program for conducting periodic risk analysis to ensure appropriate, cost effective safeguards are incorporated into the MMIS-II application. As part of the analysis, DHMH received a review of the ADP system security supporting the application. The contractor was responsible for preparing the most recent MMIS-II Risk Assessment Report. The report was issued on September 8, 2003 covering the period January 8, 2003 through August 15, 2003. This is a repeat finding.

The risk analysis identified sixty-seven (67) vulnerabilities covering twenty (20) vulnerability areas. The fifty (50) most severe vulnerabilities were noted in the report. The contractor recommended that these vulnerabilities be corrected to avoid losses to the MMIS-II assets and resources. CG also recommended twenty –two (22) safeguards which, if implemented, would substantially reduce the losses to DHMH if these threats occurred or would prevent the threats from occurring all together.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged. The previous response indicated that the Medical Care Programs Administration has complied with the State Agency Standard of receiving a Risk Assessment. The Risk Assessment was completed on April 4, 2007.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-13

Department of Health and Mental Hygiene (DHMH)
Medical Assistance Program (Medicaid Cluster)
CFDA No. 93.778 – Medical Assistance Program

U.S. Department of Health and Human Services

The Department of Health and Mental Hygiene received and credited Federal funds earlier than the required clearance pattern of 8 days from the date of disbursement.

Condition:

We noted that DHMH did not comply with the Clearance Pattern for Provider payments (Non-Voucher only, not processed through the Maryland Medicaid Information System (MMIS). Every Tuesday, the Division of General Accounting prepares a Letter of Credit to request Federal funds for expenditures paid during the Monday through Friday of the previous week based on a Memorandum submitted by the Office of Planning and Finance Budget, Accounting and Revenue Division. We noted on Letter of Credit for Week 48, dated May 30, 2006, which represented expenditures made the week of May 22 through May 26, 2006, that Provider payments (Non-Voucher only, not processed through MMIS), DHMH requested Federal funds that were deposited on June 6, 2006 which represents the seventh (7th) day after expenditures. The Division of General Accounting uses the date of the memorandum as the expenditure date and starts counting for clearance pattern purposes, the next day. The clearance pattern for reimbursements not processed in MMIS is eight (8) days. Therefore, DHMH was not entitled to receive funds until June 7, 2006.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged.

The previous response indicated that the prior period adjustment of \$17.00 was included in the fiscal year 2007 Cash Management Improvement Act report due to the Treasurer in October 2007.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-14

Department of Health and Mental Hygiene (DHMH)

Medicaid Assistance Program Medicaid Cluster
CFDA No. 93.778

U.S. Department of Health and Human Services

Internal control weakness over the eligibility determination process for medical assistance.

Condition:

On July 1, 1985 the Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for Medical Assistance on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH.

The DHR Local Department of Social Service (LDSS) offices did not obtain the necessary documentation and perform the necessary verifications of income and resources to support eligibility determinations for medical assistance benefit payments.

We selected a total of 65 Medical Assistance claims to review the files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Baltimore County, Howard County, Prince Georges County and Anne Arundel County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department has implemented the corrective action plan described in the Department's original corrective action plan. DHR has confirmed that the case errors have been corrected. Furthermore, on an ongoing basis, DHMH's Office of Eligibility Services discusses persistent case errors at the joint DHMH/DHR quarterly meetings for local office supervisors.

Auditors' Comment:

A repeat finding was issued for fiscal year 2007 as Finding 2007-2.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-15

Department of Health and Mental Hygiene (DHMH)
Medical Assistance Program (Medicaid Cluster)

CFDA No. 93.778

U.S. Department of Health and Human Services

Compliance and Internal Control Weakness over Procurement Requirements and Suspension and Debarment Certifications Missing.

Condition:

We reviewed 25 contract files between the Department of Health and Mental Hygiene and the contractor/subrecipient to ensure that the suspended and debarred certifications were obtained in accordance with the provisions of OMB Circular A-102 and other procurement requirements specific to an award. We noted that 13 out of the 25 contracts made to contractors/subrecipients did not have suspension and debarment certifications verifying that the entity is not suspended or debarred.

We also noted that 23 of the 25 contracts reviewed did not contain evidence of a Contract Fulfillment Team as specified in DHMH's Procurement Policy.

Comment:

Resolved by the Federal Government.

Auditors' Comment:

A repeat finding was issued for fiscal year 2007 as Finding 2007-6.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-16

Department of Health and Mental Hygiene (DHMH)
Maternal and Child Health Program

CFDA No. 93.994

U.S. Department of Health and Human Services

Compliance and Internal Control Weakness over Procurement, Suspension and Debarment.

Condition:

We reviewed twenty-five (25) files that contain documents related to the award of Federal funds by the Department of Health and Mental Hygiene (DHMH) to Local Health Departments (LHDs) and private vendors (“subrecipients”) to determine whether suspension and debarment certifications were obtained in accordance with the provisions of OMB Circular A-102 and A-133 and other procurement requirements. We noted that four (4) out of the 25 awards made to subrecipients did not have suspension and debarment certifications verifying that the entity is not suspended or debarred.

Comment:

Resolved by the Federal Government.

Auditors’ Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-17

**Department of Health and Mental Hygiene (DHMH)
State Children’s Insurance Program (SCHIP)**

CFDA No. 93.767

U.S. Department of Health and Human Services

Internal control weakness related to sub-recipient monitoring. DHMH did not adhere to the policy requiring each Local Health Departments to submit annual reports timely in order to qualify for SCHIP funding.

Condition:

The Department of Health and Mental Hygiene’s (DHMH) Office of Operations and Eligibility and Pharmacy Beneficiary Services Administration (Office of Operations) requires that each Local Health Departments (LHD) submit annual statistical reports by August 31st of each year. This requirement is contained in the Office of Operations Instructions for Preparing Narrative and Budget Maryland Children’s Health Program Eligibility Determinations (Instructions) document. We noted that DHMH failed to recognize that three of the twelve LHD’s reviewed did not comply with this requirement.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department’s previous response and corrective action plan remains unchanged. The Department’s previous response indicated that the Department concurs. Some of the annual reports are late due to staffing difficulties at the Local Health Departments (LHD). DHMH staff works closely with the LHDs to assist them in completing the reports; however, some jurisdictions require closer monitoring and technical assistance. The Department will procure the reports more timely in the future.

Auditors’ Comment:

A repeat finding was issued in fiscal year 2007 as Finding 2007-5.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-18

Department of Health and Mental Hygiene (DHMH)
State Children’s Health Insurance Program (SCHIP)

CFDA No. 93.767

US Department of Health and Human Services

Internal control weakness over the eligibility determination.

Condition:

The Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for SCHIP on a uniform basis throughout the State for persons who are ineligible for Medicaid or not covered under a group health plan or health insurance coverage according to regulations, guidelines and procedures established by DHMH.

The DHR Local Health Departments (LHD) offices did not obtain the necessary documentation and perform the necessary verifications of income and resources to support eligibility determinations for SCHIP.

We selected a total of 65 SCHIP claims to review the files for eligibility determination. We tested 13 files from each of the following five Maryland Jurisdictions: Baltimore City, Baltimore County, Howard County, Prince Georges County and Anne Arundel County. The test was composed of a selection of 8 newly established recipients and 5 existing recipients.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department has implemented the corrective action plan described in the Department’s original corrective action plan. Local Health Department’s have confirmed that the case errors have been corrected. Furthermore, on an ongoing basis, DHMH’s Office of Eligibility Services discusses persistent case errors at the joint Maryland Children’s Health Insurance Program quarterly meetings for local office supervisors.

Auditors’ Comment:

A repeat finding was issued fiscal year 2007 as Finding 2007-3.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-19

Department of Health and Mental Hygiene
CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and
Technical Assistance

U.S. Department of Health and Human Services

Internal control weaknesses and non-compliance over the National Breast and Cervical Cancer Early Detection Program earmarking requirement.

Condition:

We noted that the calculations performed by individuals with the Department of Health and Mental Hygiene (DHMH) related to the earmarking requirements for the National Breast and Cervical Cancer Early Detection Program (NBCCEDP) were based on estimated expenditures for screening, non-screening and administration.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged. The Department's previous response indicated that the Department of Health and Mental Hygiene (DHMH) concurs with the recommendation, and to address the earmarking requirement, DHMH implemented the use of time studies to track actual expenditures at the local level at the beginning of state fiscal year 2007 (July 1, 2006). Local Breast and Cervical Cancer Program (BCCP) staff were trained on how to complete time studies in May 2006. The time studies are sent to DHMH quarterly. Quarterly reports for the period ending September 30, 2006 and December 31, 2006 were used to verify that actual expenditures charged to the NBCCEDP cooperative agreement are in compliance with the earmarking requirements under Center for Disease Control and Prevention Program Announcement 02060. Based on the first and second quarter times studies from Fiscal Year 2007, the BCCP is in compliance with the earmarking requirements under CDC Program Announcement 02060. Monitoring of the earmarking requirements occurs on a quarterly basis.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-20

Department of Health and Mental Hygiene

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and
Technical Assistance**

U.S. Department of Health and Human Services

Internal control weaknesses and non-compliance over the Financial Status Reporting process.

Condition:

DHMH is required to submit an annual Financial Status Report (FSR) ninety days after the end of the budget period for the CDC Grant , Bioterrorism Program. The FSR was due November 30, 2006, however, the report was not filed timely and has not been filed through end of fieldwork. We also noted that DHMH's documentation was not in agreement with expenditures reported on the FSR and a reconciliation needs to take place.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

DHMH filed the Financial Status Report for fiscal year 2007 timely. The Department will review policies and procedures and take appropriate action in the future to ensure accurate preparation and timely submission of required reports.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-21

Department of Housing and Community Development (DHCD)
CFDA 14.871 Section 8 Housing Choice Vouchers

U.S. Department of Housing and Urban Development

The Department of Housing and Community Development did not have adequate documentation to support purging two individuals from the wait list.

Condition:

During single audit testing SBC noted that two individuals purged from the wait list had no supporting documentation that they had returned mail or that notices were sent to determine why a pre-application had not been submitted to DHCD upon request.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

DHCD implemented changes to Chapter 4 of the Administrative Plan for the Section 8 Housing Choice Voucher Program to require the retention of file copies of letters requesting the applicant to confirm their interest in participating in the program as well as letters advising the applicant of their removal from the waiting list sent if the applicant fails to respond to the initial letter. These copies are now maintained in the applicant file. Retention of copies of the original envelope and letter returned by the Post Office was previously included in the policy and applicant file. No correspondence has been received from the U.S. Department of Housing and Urban Development regarding this finding.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-22

Department of Housing and Community Development (DHCD)
CFDA 93.569 Community Services Block Grant

U.S. Department of Health and Human Services

DHCD did not perform full subrecipient monitoring for all subrecipients receiving funds under the Community Services Block Grant.

Condition:

During single audit testing SBC noted that one subrecipient selected for testing did not have a full subrecipient monitoring report in the file that was performed within a three year period as required.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

DHCD performed an analysis of the expiration of the three year period for onsite reviews and implemented a monitoring schedule to ensure the timeliness of the reviews for the Community Services Block Grant program (CSBG). During the January 2005 through December 2007 period, DHCD completed a full onsite review of each of the 18 Community Action Agencies. A new cycle of reviews began in January 2008, with six monitoring visits scheduled at agencies last reviewed in calendar year 2005. Approximately six reviews are scheduled for each year, these will continue on a rolling basis in accordance with review expirations, in order to maintain compliance with requirements for CSBG program monitoring. Additional staff resources have also been allocated to support CSBG monitoring activities. No correspondence has been received from the U.S. Department of Health and Human Services (HHS) regarding this finding. However, on July 3, 2007 HHS notified DHCD of its finding that the State of Maryland is in compliance with Federal statutory assurances in the implementation and operations of the CSBG Program as a result of the State Assessment conducted by HHS during the period December 12, 2006 to January 17, 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-23

Maryland State Department of Education (MSDE)
CFDA No. 84.287 – 21ST Century Community Learning Centers

U. S. Department of Education

MSDE has internal controls weaknesses over verifying the eligibility of Local Education Agencies (LEA)

Condition:

Determining the eligibility of an LEA involves the approval of the LEA's proposed budget by an LEA's Superintendent or Designee, an LEA's Finance Officer and an MSDE Program Officer. During our review of 25 LEAs, we noted 4 instances, or 16% of the LEAs, where the approval of the LEA's Superintendent or Designee was missing from the proposed budget.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The corrective action reported in our last update has been implemented.

Since the above finding, MSDE has met with all grantees to remind them of dual signatures needed on all C-125 forms. Any forms received without dual signatures, have been returned to grantees for proper signatures. Forms submitted with signatures but lacking signatures of proper authority have been returned.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-24

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

CFDA No. 84.038 – Federal Perkins Loans (FPL)

CFDA No. 84.007 – Federal Supplemental Educations Opportunity Grants (FSEOG)

U.S. Department of Education

Morgan State University lacks adequate documentation for return of Title IV funds.

Condition:

Morgan State University's (Morgan) methodology used to satisfy the requirement of returning unearned Title IV funds to the Department of Education (ED) when students withdraw from the institution, is not properly documented to provide required audit trails.

We reviewed the refund calculation for 25 students and found that although, the Title IV funds were not physically returned, they were netted using a methodology of reducing Morgan's request/drawdown by 10% to offset the physical return of Title IV funds.

Auditee Updated Response and Corrective Action Plan:

(February, 2008, Update)

With the newly implemented administrative management system (Banner), the University utilizes the netting of disbursements and withdrawals to manage return of Title IV funds. As a result of this system enhancement, return of Title IV funds are done within the required time frame. Documentation is available for audit verification.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-25

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

U.S. Department of Education

Morgan State University did not perform reconciliations for loan disbursements for the Direct Loan program.

Condition:

Morgan does not perform monthly reconciliations of the Direct Loan Student Account Statement to the institution's financial records. We noted that the Financial Aid department is not performing monthly reconciliations as required by the ED with the School Account Statement (SAS). Each month Morgan receives from the Common Origination and Disbursement (COD) a Student Account Data File consisting of a Cash Summary, Cash Detail and Loan Detail Records. Morgan must report all loan disbursements to the Direct Loan Servicing Center via COD within 30 days of the disbursement. This is a repeat finding.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The University has always and will always continue to reconcile the Direct Loan Disbursements with the Dept of Education. The documentation is held on file with the Quality Control Supervisor. Disbursements (reductions and increases) are transmitted twice weekly and a monthly reconciliation is completed.

Auditors' Comment:

There was no repeat finding for fiscal year 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-26

Student Financial Aid cluster

CFDA No. 84.038 Federal Perkins Loans (FPL)

CFDA No. 84.033 Federal Work Study Program (FWS)

CFDA No. 84.007 Federal Supplemental Educational Opportunity Grants (FSEOG)

U.S. Department of Education (DED)

Morgan State University lacks effective internal controls over reconciliation of the FISAP with the general ledger.

Condition:

Institutions are required to submit the Fiscal Operations Report and Application to Participate (FISAP) by September 30, 2006 for the fiscal year ended June 30, 2006. The Fiscal Operations Report is used to report the institution's student financial aid expenditures in the previous award year and the Application to Participate is used to apply for funds for the next award year. OMB Circular A-133 requires that certain key line items be tested and traced to the institution's financial records.

We noted inconsistencies in the data between the FISAP and Morgan's general ledger or other supporting records for the FPL, FSEOG and FWS as follows:

1. Cash on hand and in depository as of June 30, 2006 did not agree to the accounting records for the Perkins Loan.
2. Tuition and Fees for undergraduates and graduate/professionals did not agree to the audited financial statements for the year ending June 30, 2006.
3. Direct Loans advanced to Students did not agree to supporting documents.

We found that the reported amounts for the aforementioned items were preliminary numbers obtained prior to completion of the financial statement audit. However, the FISAP was not revised for the final audited statement amounts upon completion of the audit. This action would be necessary to ensure that the FISAP was accurately reported and in agreement with the audited financial statements.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV – Status of Prior Year Findings (Continued)

Finding 2006-26 (Continued)

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The University did send revised FISAP reports for fiscal years 2006 and 2007. The amounts in question do reconcile between the Department of Education's records and the University. The University has now implemented a process to reconcile the FISAP and its financial statement on a timely basis.

Auditors' Comment:

This finding was not repeated in fiscal year 2007. However a FISAP finding was issued in fiscal year 2007 as Finding 2007-10.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-1

Morgan State University

CFDA No. 43.001 NASA – Aerospace Education Services Program

Morgan State University lacks internal controls over record keeping for inventory management of equipment.

Condition:

Morgan State University (Morgan) did not independently identify equipment acquired under NASA award during the current year. As a result, we were unable to trace selected purchases to the property records. We were also unable to determine if there were any dispositions of equipment due to lack of identification of equipment.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

This finding has been satisfactorily addressed.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-2

Maryland State Department of Education (MSDE)

CFDA No 84.027 Special Education – Grant to States (IDEA, Part B)

Internal control weakness exists over monitoring earmarking compliance requirements.

Condition:

We applied the Federal Awards allocation table to calculate the limit to which Maryland State Department of Education (MSDE) may use program funds for administration cost and compared this figure to the amount charged to the program for administration as reflected on MSDE's general ledger. We noted that MSDE charged the program actual administration costs in excess of the amount allocated in the Federal award notice. MSDE expended \$3,477,654 for administration cost; whereas, the limit allowed per the Federal allocation table was \$3,222,132, resulting in excess administration expenses of \$255,522.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The corrective action response in our last update has been implemented.

As reported earlier, for fiscal Year 2005 MSDE determined that non-administrative costs were inaccurately charged to this fund. These costs were reclassified thereby bringing MSDE into compliance for fiscal Year 2005. For fiscal Year 2006, Administrative expenses were \$226,840 under the federal threshold. For fiscal Year 2007, an additional fund code was established to solely record Administrative expenses for IDEA Part B. This coding allows more timely and accurate tracking of Administrative expenses. Finally, for fiscal Year 2007 Administrative expenses were \$310,197 under the federal threshold.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-3

Maryland State Department of Education (MSDE)

CFDA No 84.120 - Rehabilitation Services – Vocational Rehabilitation

MSDE should comply with eligibility determination requirements on a consistent basis.

Condition:

We noted that Rehabilitation Services failed to properly determine whether individuals were eligible for Vocational Rehabilitation (VR) services within a time frame less than or equal to 60 days after an individual submits an application as required by 29 United States Code (USC) 722. We found that services were provided outside the required timeframe in 7 of 25 closed case files selected for testing. The time frames for the 7 case files ranged from 65 days to 120 days.

We also noted that 2 of the case files did not have supervisor signatures as a sign off.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The corrective action reported in our last update has been implemented.

Division of Rehabilitation Services (DORS) agency management continues to closely monitor case flow by all staff and is ensuring that eligibility decisions are in compliance with OMB Circular A-133 and 29 USC Sec. 722. Local managers are reviewing each month's Activity Due Report to ensure that eligibility decisions are made within established timeframes. As a result of this closer monitoring the average number of days to make an eligibility decision is down to 38 days statewide. It continues to be an agenda item at monthly Field Services Senior Management meetings.

Counselors that fail to demonstrate an ability to make decisions in a timely manner are receiving a deficiency rating on their agency performance evaluations. Local and regional managers must also demonstrate an ability to ensure that staff are making timely eligibility decisions. The

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-3 (continued)

supervisors and regional managers whose staff do not demonstrate timely decisions are also receiving deficiency ratings.

Central Office staff are monitoring Activity Due Reports for the State and address specific areas of concern with the regional managers. The Agency is regularly conducting district case reviews in order to determine that staff are improving in their ability to meet the standard. This has been evident in the improvement in rating in this area on the reviews.

During DORS's 2007 107 compliance review by the US Department of Education (USDOE), Rehabilitation Services Administration, USDOE accepted this finding and DORS was not cited for being non-compliant with the 60 day eligibility requirement.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-5

Department of Health and Mental Hygiene (DHMH)
Medicaid Assistance Program Medicaid Cluster

State Children's Health Insurance Program
CFDA 93.778 and 93.767

U.S. Department of Health and Human Services

Internal control weakness over the eligibility determination process for medical assistance benefits.

Condition:

On July 1, 1985 the Maryland State Department of Health and Mental Hygiene (DHMH) entered into an agreement with the Maryland State Department of Human Resources (DHR). DHR agreed to determine eligibility for Medical Assistance on a uniform basis throughout the State for persons who are indigent or medically indigent according to regulations, guidelines and procedures established by DHMH.

The DHR Local Department of Social Service (LDSS) offices did not obtain the necessary documentation and perform the necessary verifications of income and resources to support eligibility determinations for medical assistance benefit payments.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged.

As a result of communications in August, 2005 between the Department of Health and Mental Hygiene (DHMH) Secretary McCann and the Department of Human Resources (DHR) Secretary McCabe apprising DHR of the issues relating to the audit finding, DHMH was provided corrective actions to all the cases cited. In addition, Secretary McCann sent a letter to Secretary

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-5 (continued)

McCabe on May 5, 2006, identifying the continuing problems and requesting the establishment of an inter-agency workgroup. On May 15, 2006, the Executive Director from the Office of Operations, Eligibility and Pharmacy (DHMH) and the Executive Director from the Family Investment Administration (DHR) met to discuss these issues. On July 7, 2006, the Executive Directors of both agencies and several staff met to review and resolve ongoing issues relating to eligibility.

Both agencies have also worked individually to correct some of these issues. DHMH staff has begun working on the missing Social Security numbers and has notified individual district offices for them to take action. DHMH and DHR both continue to provide training to new and existing workers emphasizing the need to obtain required documentation and verification.

Furthermore, as a result of the interagency workgroup meetings, DHR and DHMH developed a methodology of extracting missing Social Security Numbers from Medicaid Management Information System (MMIS) and then distributing them to the Local Department of socials Services and Local Health Departments for processing on Client Automated Resource Eligibility System (CARES).

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-6

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.767 – State Children’s Insurance Program (SCHIP)

Internal control weakness over the Financial Reporting Process

Condition:

The CMS-21 (Quarterly SCHIP Statement of Expenditures for Title XXI) form is a sub-report within the overall CMS-64 (Quarterly Medicaid Statement of Expenditures for the Medical Assistant Program) quarterly report. The Junior Level staff at the Department of Health and Mental Hygiene (DHMH) receives all vendor invoices for goods ordered and services rendered. The supervisor is responsible for reviewing the junior level staffs’ work relative to CMS-64 reports. The reports are forwarded to upper level management review for completeness and accuracy. After upper level management reviews the reports, a final oversight review is performed by the Director, who also signs the report.

We selected two quarters of the CMS-21 Base Reports for testing and noted that there was no signature of a final oversight review and approval prior to submission to the Centers for Medicare and Medicaid Services (CMS).

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

We agree with the finding. The reports referenced above display sign off by the Director as well as by senior management for fiscal year 2006 submissions. Fiscal year 2007, however, senior management signoff was not obtained for all quarterly submissions. In the future, DHMH’s Office of Finance will ensure compliance with established procedures.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-7

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.778 – Medical Assistance Program – Medicaid Cluster

The Department of Health and Mental Hygiene did not maintain audit evidence verifying that subrecipients were not suspended or debarred.

Condition:

We reviewed 22 contract files between the Department of Health and Mental Hygiene and the contractor/subrecipient to ensure that the suspended and debarred certifications were obtained in accordance with the provisions of OMB Circular A-102 and other procurement requirements specific to an award. We noted that 4 out of the 22 contracts made to subrecipients did not have suspension and debarment certifications verifying that the entity is not suspended or debarred. This is a repeat finding.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

In April, 2007 the Office has updated the internal checklist. The information needed to insure that the debarment and suspension form is included in each contract folder. The Office is complying with the auditors' recommendations.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-8

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.778 – Medical Assistance Program

DHMH has not complied with the State agency standards of receiving a risk assessment report once every two years

Condition:

DHMH has established and maintains a program for conducting periodic risk analyses to ensure appropriate, cost effective safeguards are incorporated into the MMIS-II application. As part of the analysis, DHMH received a review of the ADP system security supporting the application. An independent accounting firm was responsible for preparing the most recent MMIS-II Risk Assessment Report. The report was issued on September 8, 2003 covering the period January 8, 2003 through August 15, 2003.

The risk analysis identified 67 vulnerabilities covering 20 vulnerability areas. The 50 most severe vulnerabilities were noted in the report. The accounting firm recommended that these vulnerabilities be corrected to avoid losses to the MMIS-II assets and resources. The accounting firm also recommended twenty-two (22) safeguards which, if implemented, would substantially reduce the losses to DHMH if these threats occurred or would prevent the threats from occurring altogether.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Medical Care Program Administration has complied with the State Agency Standard of receiving a Risk Assessment. The Risk Assessment was completed on April 4, 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-9

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.778 – Medical Assistance Program Cluster

DHMH did not adequately monitor the contract for inpatient and outpatient bill audits to ensure that the contractor was in compliance with the contract requirements.

Condition:

On July 1, 2000, the Department of Health and Mental Hygiene (DHMH) entered into a contract with Integrated Healthcare Auditing Services, Inc. (IHAS) to perform audits of inpatient bills. The contract required that IHAS review a minimum of 25% of the inpatient bills submitted to them by DHMH. DHMH did not monitor and evaluate the performance of IHAS to ensure that they conducted audits covering at least 25% of the inpatient bills. During our review, we noted that of the 7,529 inpatient bills, IHAS completed only 1,344 or 18% of the inpatient bills.

On May 1, 2003, the Department of Health and Mental Hygiene (DHMH) entered into a contract with Integrated Healthcare Auditing Services, Inc. (IHAS) to perform audits of outpatient bills. The contract required that IHAS review a minimum of 50% of the outpatient bills submitted to them by DHMH. DHMH did not monitor and evaluate the performance of IHAS to ensure that they conducted audits covering at least 50% of the inpatient bills. During our review, we noted that of the 6,530 outpatient bills, IHAS completed only 1,933 or 30% of the inpatient bills. This is a repeat finding.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged.

The previous response indicated that although DHMH agrees with the auditor's Finding that the contractor did not meet the contract requirements for the inpatient and outpatient bills submitted by DHMH, the agency does not agree that the Department inadequately monitored the contracts.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-9 (continued)

As specified in the 2004 audit response, the Department realized that the 25 percent and 50 percent requirements, respectively, were not reasonable standards because the financial return is not significant enough for a contractor to earn an adequate contingency fee. Consequently, we modified the contract requirements to more reasonable standards.

Effective August 1, 2005, the contract for inpatient bills requires the contractor to audit 100 percent of the bills identified through a special selection criteria. The modification changes the selection of targeted bills from a random 25 percent of each tape to 100 percent of those bills identified as having potential savings. The Department approves the selection criteria and receives a monthly summary of the auditor's Findings.

Effective December 1, 2005, the contract for outpatient bills requires the contractor to audit 100 percent of the bills identified through a special selection criteria. The modification changes the selection of targeted bills from a random 50 percent of each tape to 100 percent of those bills identified as having potential savings. The Department approves the selection criteria and receives a monthly summary of the auditor's Findings.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-10

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.778 – Medical Assistance Program Cluster

Internal control weakness over the Financial Reporting Process

Condition:

The PMS 272 Federal Cash Transaction Report is a report of all drawdowns posted to the Payment Management Systems (PMS), which is maintained by the Division of Payment Management (DPM). The PMS 272 report is prepared quarterly and is required to be submitted forty-five (45) days after the end of the quarter.

We selected two PMS 272 Quarterly Cash Transactions Reports for testing and noted that the 2nd quarter report was not submitted forty five (45) days after the end of the quarter to the Payment Management System.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged.

The previous response indicated that the Department agrees that the 2nd quarter Payment Management Systems (PMS) 272 report was filed three days late. The Department has developed a report which will facilitate the timely filing of the PMS 272 report.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-11

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.778 – Medical Assistance Program

Internal control weakness over the Schedule G Reconciliation process.

Condition:

State agencies are required to prepare Schedule G and G-1, if applicable, for all federal assistance received. Data on the schedule G must agree with program level data shown in R*STARS for federal funds, and the reconciling items must be disclosed and fully explained on the form. We noted that DHMH recorded more expenditures on the Centers for Medicare and Medical Services (CMS) 64 report than was recorded on R*STARS and Schedule G. The CMS 64 is the vehicle used by DHMH to report expenditures to the Federal Government. After all known reconciling items were applied, DHMH still had an unreconciled difference of \$1,629,471 between the CMS 64 and Schedule G expenditures.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

Due to significant turnover in personnel, we did not have the resources to perform a reconciliation of CMS 64 to the Schedule G at June 30, 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-12

Department of Health and Mental Hygiene (DHMH)
Medicaid Cluster

CFDA No. 93.778 – Medical Assistance Program

The Department of Health and Mental Hygiene needs to improve the internal controls over procedures to determine quarterly if uncashed or cancelled checks are credited to the Centers for Medicare and Medicaid Services in Accordance with Federal regulations.

Condition:

On a quarterly basis, the Maryland State Department of Health and Mental Hygiene (DHMH) is required to identify and refund all Federal Financial Participation (FFP) claimed and received for checks which remained uncashed or cancelled beyond a period of 180 days after issuance. In fiscal year 2005, the FFP portion of escheated warrants was credited on the CMS 64 quarterly reports and as of the audit date, DHMH was current with refunding FFP for all uncashed or cancelled checks. However, the amounts credited through the Maryland Medicaid Information System (MMIS II) represented refund of FFP for fiscal years 1997 through December 2003. Therefore, the refunded FFP associated with escheated warrants was not in agreement with what was processed and reflected on MMIS II reports.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department of Health and Mental Hygiene has made timely, quarterly adjustments in fiscal year 2007 and is reconciled and current with regard to the return of appropriate Federal Financial Participation.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-13

Department of Labor, Licensing and Regulation (DLLR)

CFDA No. 17.258 – WIA Adult Program

CFDA No. 17.260 – WIA Dislocated Workers

CFDA No. 17.259 – WIA Youth Activities

Internal control weakness related to client file maintenance.

Condition:

We noted that our test of a Local Workforce Investment Board's (LWIB) subrecipient disclosed internal control weaknesses in case management file documentation. Out of 14 files selected for testing for a LWIB, we found 7 files that had missing documentation for case management, intensive services, and core services received.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The agency concurs with the recommendation. DLLR's case management documentation is maintained in both participant folders and the Maryland Workforce Exchange (MWE), a state-of-the-art case management system. The MWE was created to improve access to case management records and documentation for services received.

DLLR's two Regional Representatives conduct annual programmatic and eligibility monitoring. DLLR has revised the scope of the annual monitoring reviews, increasing the focus on file maintenance and documentation. Additional questions regarding Individual Employment Plan (IEP) development, case management, and follow-up documentation have been added to the monitoring questionnaires. Programmatic monitoring, for all Local Workforce Investment Boards (LWIBs) has been performed for Fiscal Years 2005, 2006 and 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-13 (continued)

The agency concurs with the recommendation to provide training to case managers to instruct them in proper file maintenance procedures. DLLR has provided training to local case managers on the use of the

MWE to document both case management and follow-up services. In addition the Maryland Institute for Workforce Excellence has developed an on-line 9 hour course on case management and follow-up, specifically targeted to meeting federal requirements. DLLR is encouraging all case managers take the course, and receive a certificate upon completion.

Also, DLLR has revised its policy directive concerning case file organization. Workforce Investment Field Instruction (WIFI) No.12-04 Change 1 informs LWIBs that:

- each local area may continue to use the MWE to record case notes, however, a printed copy of the case notes must be maintained in the file folders,
- each local area must ensure that they develop a system to organize information contained in participant records,
- the information must document services provided from the point of registration to the point of exit,
- each area is expected to use a standardized format for file maintenance for their staff.

The policy directive, WIFI 12-04, Change 1 will be the basis for the mandatory training that DLLR is planning for all case managers and programmatic monitors.

On October 30, 2007 DLLR provided training to the local Workforce Investment Act (WIA) staff on WIA Eligibility, File Maintenance, and Case Management.

The auditors recommended DLLR implement supervisory review to monitor adherence to stipulated procedures. The agency concurs with the recommendation. The Division of Workforce Development (DWD) has restructured the Office of Field Operations, replacing the supervisory staff responsible for the oversight of the programmatic monitors. The new DWD Director of Field Operation and One-Stop Manager are using their programmatic experience to place emphasis on training and reviewing the monitoring visits of the three Regional Representatives.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-14

Department of Labor, Licensing and Regulation (DLLR)

CFDA No. 17.258 – WIA Adult Program

CFDA No. 17.260 – WIA Dislocated Workers

CFDA No. 17.259 – WIA Youth Activities

Internal control weakness related to subrecipient monitoring

Condition:

We noted that the Department of Labor, Licensing and Regulation (DLLR) failed to properly monitor and follow up on findings for one of the local Workforce Investment Board's (LWIB). DLLR informed us that a LWIB had been placed on probation for problems noted during fiscal year ended June 30, 2005. Upon review of the special report prepared by the State Legislative auditors, it has been determined that DLLR had not conducted an evaluation of this LWIB in fiscal years 2001 and 2004 and that the prior evaluation in fiscal year 1999 disclosed significant problems at the LWIB requiring follow up, namely; questioned costs for expenditures and lack of supporting documentation. We noted as well, that problems occurred for this LWIB in fiscal year 2004 to include; (1) excess funding overpayment due back to DLLR, (2) failure to complete the fiscal year 2004 audit report and (3) questionable fiscal integrity observed. These problems were not resolved during fiscal year 2005.

Comments:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The agency concurs with the recommendation to conduct annual monitoring reviews in accordance with Federal requirements. DLLR has replaced the supervisory staff previously responsible for overseeing monitoring of the LWIBs. DLLR has hired three fiscal monitors to complete the required on-site monitoring in a timely manner. As required, DLLR has completed the annual on-site monitoring for all of the LWIBs for Fiscal Years 2005 and 2006, and 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-14 (continued)

The agency concurs with the recommendation to provide timely follow up to ensure that the LWIB's compliance with corrective actions has been satisfied.. DLLR has ensured that the LWIB is in compliance with all of the required corrective actions. Specifically,

1. DLLR has severed all ties to the now defunct Prince George's Workforce Service's Corporation. DLLR has designated the County as the grant recipient and Economic Development Corporation of the County as the new administrative entity for the Federal Workforce Investment Act funds. These steps will ensure County government oversight on all financial transactions.
2. DLLR, in conjunction with the United States Department of Labor, has worked with County officials to establish administrative control in accordance with Federal requirements and generally accepted accounting procedures (GAAP).
3. Prince George's County has issued a letter accepting responsibility for the reimbursement for all legitimate expenses incurred by Prince George's Workforce Service's Corporation. DLLR has successfully pursued the full recovery of all funds owed to the State by the LWIB.
4. The Fiscal Year 2004 Single Audit for the LWIB was received by DLLR on April 12, 2006. Prince George's County reimbursed DLLR for \$876,036 in disallowed costs. These funds have been returned to the Department of Labor.
5. The LWIB's audit reports for FY 2005 and FY 2006 have been completed and received by DLLR.

DLLR has implemented comprehensive quarterly follow-up reports with all of the LWIBs to insure compliance with all corrective action requirements.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-16

Department of Human Resources (DHR)
CFDA No. 93.563 – Child Support Enforcement

Inadequate internal controls over child support Inter-and Intra-State cases

Condition:

To be considered eligible to receive Child Support services, a filer must complete an application. The filer is also required to pay an application fee unless she/he is referred by another State support program, such as the Temporary Cash Assistance program. In 1 of the 13 Initiating Cases, there was no application in the case file.

When a Child Support Enforcement Interstate Case is initiated by the State of Maryland (Maryland), Maryland has 10 days to review the case and notify the responding State of any change or deviation in the case. When a Child Support Enforcement Interstate Case is initiated by another State and Maryland is responding, Maryland has 10 days to review and notify the initiating State of any changes or deviations in the case. During our review, we noted that in 1 out of 13 initiating cases, or 7.69 percent, the responding State was not notified within the proper time frame of a change in the case.

After an application is filed, the Child Support Intake Division is obligated to locate or document attempts to locate the non-custodial parent within 75 days. If the non-custodial parent is not located within the specified time frame the Intake Division is to document the reason for the delay. During our review, we noted that in 1 out of 12 responding cases, or 8.33 percent, the non-custodial parent was not located within 75 days and no documentation was provided as to why she had not been located.

When a delinquency is acknowledged, the Child Support Enforcement division has 30 days to perform some action of enforcement and it must be documented. During our review we noted that 1 out of the 25 Interstate cases, or 4 percent, performed no enforcement action after a delinquency was acknowledged.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-16 (continued)

The Child Support Enforcement division is obligated to determine whether adequate health insurance policy has been obtained and, if so, must obtain the policy name, number, and name(s) of the person(s) covered. During our review of the 25 interstate cases, we noted that in the 1 case in which the custodial parent requested medical insurance be provided and there was no insurance information obtained, nor any documentation or reasoning for not obtaining the information in the case files.

This is a repeat finding from the Fiscal Year 2004, Single Audit Report finding number 2004-44.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

In 2006 the Department implemented a standardized Quality Control Review (QCR). The QCR is designed to ensure that cases are processed properly. The QCR requires the random selection of a statistically valid sample of cases on a quarterly basis. The supervisor reviews cases, documents the review results, indicates what, if any, action needs to be taken, and follows up to determine that the required action was completed by the caseworker.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-17

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

CFDA No. 84.038 – Federal Perkins Loans (FPL)

CFDA No. 84.007 – Federal Supplemental Educations Opportunity Grants (FSEOG)

Morgan State University lacks internal controls over the return of Title IV funds.

Condition:

Morgan State University (Morgan) does not calculate and return unearned Title IV funds to the Department of Education (ED) when students withdraw from the institution.

We reviewed the refund calculation for 25 students and was unable to obtain audit evidence to verify that the funds were returned within the 30 day timeframe for 13 of those students. We also noted that there was no management approval for review of the calculated unearned amount or for the return of these unearned funds to the ED.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

With the newly implemented administrative management system (Banner), the University utilizes the netting of disbursements and withdrawals to manage return of Title IV funds. As a result of this system enhancement, return of Title IV funds are done within the required time frame. Documentation is available for audit verification.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-18

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.007 – Federal Supplemental Educations Opportunity Grants (FSEOG)

CFDA No. 84.038 – Federal Perkins Loans (FPL)

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

Morgan State University lacks adequate documentation of the cash drawdown process for Federal ED programs.

Condition:

Per our test of the University's procedures for forecasting cash needs and cash drawdown requests, we tested five drawdown requests and reviewed the accounting procedures to agree to the accounting records. We were unable to agree the drawdowns to the accounting records because drawdown amounts were inconsistently calculated based on a formula used by the Finance Department.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

Effective fall of 2007, the University is drawing down funds based on disbursements on the operating ledger. The grant accountant utilizes the operating ledger disbursement amount and draws down 100 percent of the receivable.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-19

Morgan State University

Student Financial Aid Cluster

CFDA No. 84.268 – Federal Direct Student Loans (FDLP)

Morgan State University did not perform reconciliations for loan disbursements for the Direct Loan program.

Condition:

Morgan does not perform monthly reconciliations of the Direct Loan Student Account Statement to the institution's financial records. We noted that the Financial Aid department is not performing monthly reconciliations as required by the ED with the School Account Statement (SAS). Each month Morgan receives from the Common Origination and Disbursement (COD) a Student Account Data File consisting of a Cash Summary, Cash Detail and Loan Detail Records. Morgan must report all loan disbursements to the Direct Loan Servicing Center via COD within 30 days of the disbursement. This is a repeat finding.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The University has always and will always continue to reconcile the Direct Loan Disbursements with the Dept. of Education. The documentation is held on file with the Quality Control Supervisor. Disbursements (reductions and increases) are transmitted twice weekly and a monthly reconciliation is completed.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-20

Morgan State University

Student Financial Aid cluster

CFDA No. 84.063 – Federal Pell Grant Program (PELL)

Pell Payment Data (disbursement records) are not being submitted to the Department of Education in the required time period.

Condition:

Institutions are required to submit disbursement records by September 30th following the end of the award year. The reporting process includes preparation and submission of origination records and disbursement records. We noted no evidence to support that Morgan is preparing and submitting the Pell Payment Data to the ED.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

Currently, twice weekly, the Financial Aid Office (FAO) Quality Control Officer submits PELL payment data to the Department of Education (ED). The FAO Director assures compliance with the requirement and maintains the appropriate record in the form of an ED account statement which is also provided to the Restricted Funds Accounting Office. Monthly reconciliation records are held on file with FAO Quality Control Officer.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-21

Morgan State University

Student Financial Aid cluster

CFDA No. 84.268 – Federal Direct Student Loans

Morgan State University lacks effective internal controls over notifying National Student Loan Data System of changes in student's status timely and accurately.

Condition:

Institutions are required to report to the National Student Loan Data System (NSLDS) student status changes within 30 days unless the institution anticipates completing its next Roster File within 60 days. We reviewed the student status change for 25 students and noted that Morgan State University (MSU) did not process changes for 19 of the 25 tested in a timely manner. Timely reporting of student status changes impacts the timeliness of establishing a repayment plan for the loan.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The Student Status Confirmation Report (SSCR) report is processed and run every 60 days. This ensures that the University stays in compliance with reporting student enrollment changes to the Dept. of Education. Once the University is able to join the Clearinghouse we will not have to submit the SSCR report.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005- 26

Department of Health and Mental Hygiene (DHMH)
Maryland State Children's Insurance Program (SCHIP)

CFDA No. 93.767

Internal control weakness over the Schedule G Reconciliation process.

Condition:

State agencies are required to prepare Schedule G and G-1, if applicable, for all federal assistance received. Data on the schedule G must agree with program level data shown in R*STARS for Federal funds, and the reconciling items must be disclosed and fully explained on the form. We noted that DHMH recorded more expenditures on the Centers for Medicare and Medical Services (CMS) 64 report than was recorded on R*STARS and Schedule G. The CMS 64 is the vehicle used by DHMH to report expenditures to the Federal Government. After all known reconciling items were applied, DHMH still had an unreconciled difference of \$878,709 between the CMS 64 and Schedule G expenditures.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

Due to significant turnover in personnel, we did not have the resources to perform a reconciliation of the Centers for Medicare and Medical Services (CMS) 64 report to the Schedule G at June 30, 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-27

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.778 - Medical Assistance Program (Medicaid Cluster)

DHMH should develop internal controls over the interface process of the eligibility system, Client Automated Resource Eligibility System (CARES), to the medical payment system, Medicaid Management Information System II (MMISII) and resolve identified errors in a timely manner.

Condition:

The Department of Human Resources (DHR) determines the eligibility status of medical assistance participants and documents such status in the Client Automated Resource Eligibility System (CARES). Due to interfacing problems between the eligibility system, CARES, and the payment system, Medicaid Management Information System II (MMIS II), a significant number of recipients encounter errors as part of the enrollment process. This results in recipients potentially having delayed or extended benefits until the identified errors are corrected.

Comments:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department of Health and Mental Hygiene's (DHMH) previous response and corrective action plan remains unchanged. The Department's previous response indicated that the error reports that are generated on a daily basis must be handled manually. DHMH staff correct those cases where they can determine the error and make the necessary changes to the appropriate database. In instance where they are unsure of the correct resolution, the Local Department of Social Services is contacted and appropriate action to the database is taken. While this daily file may not be completed in the day in which it was received, all corrections are made within one week of receipt. This occurs occasionally because at certain times, usually the end of the month,

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-27(continued)

this file is much larger than normal. In addition, the majority of the errors or discrepancies are not substantial and do not result in erroneous payments.

The Department of Human Resources (DHR) will continue to send DHMH a monthly Client Automated Resource Eligibility System (CARES) and Medicaid Management Information System II (MMIS II) reconciliation file. The monthly file, which is now designed to identify those cases where a payment error could occur, has gone from a manual process to a mostly (90%) automated process. Staff is able to complete the 10% manual processing required timely in the month in which it was reported.

As stated previously, Medical Care Programs Administration (MCPA) has identified those cases where it is cost effective and administratively feasible to collect erroneous payments.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-28

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.283 - Center for Disease Control and Prevention: Investigation and Technical Assistance

Internal control weaknesses and non-compliance over the Federal cash management process.

Condition:

We noted that one individual within the Department of Health and Mental Hygiene (DHMH) determines the drawdown amount, prepares the request for Federal reimbursement and forwards the request to the State Treasurer's Office for processing. DHMH's internal controls do not require a supervisor to review the drawdown for accuracy nor approve the drawdown request prior to requesting reimbursement for the Federal government.

We also noted that drawdown requests for Local Health Departments (LHD), which are extensions of the State, were based on allocations of funds made available to the LHD rather than actual expenditures of the LHD. DHMH's internal controls over the drawdown of funds related to LHD allocations are not in compliance with 31 CFR 205 Subpart B. Refer to the table below for the differences between actual cumulative expenditures posted to R*STARS and actual funds drawdown (related to LHD's) on monthly basis.

Comments:

Unresolved by Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged. The Department previous response indicated that the department agrees with the finding and supervisory review and approval is required on all draw down requests. The Department changed its current practice of requesting funds for certain local health departments based on their award rather than actual expenditures during its corrective action plan in July 2005. A monthly request for funds is made based on expenditures as of the previous month.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-29

Department of Health and Mental Hygiene (DHMH)

CFDA No. 93.283 - Center for Disease Control and Prevention: Investigation and Technical Assistance

Internal control weakness and non-compliance over the Period of Availability monitoring process. DHMH charged expenditures to awards subsequent to 90 days after the end of the funding period.

Condition:

We noted that \$341,984 in obligations relating to the Pfiesteria-Related Illness Surveillance and Prevention Cooperative Agreement U50/CCU315411-05 were liquidated subsequent to the ninety day closeout period after the end of the funding period.

Comments:

Unresolved by Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged. The Department's previous response indicated that the Department agrees with the finding and is utilizing FMIS, the State's computer system, feature to ensure that grants are closed 90 days after the end of the funding period. The Department implemented its corrective action plan in fiscal Year 2006.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-30

Department of Health and Mental Hygiene

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and
Technical Assistance**

Internal control weaknesses and non-compliance over the Financial Status Reporting process.

Condition:

DHMH is required to submit a final Financial Status Report (FSR) ninety days after the end of the budget period for the Pfiesteria-Related Illness Surveillance and Prevention cooperative agreement (U50/CCU315411-05). The expenditures reported on the FSR are reported on the cash basis. We noted that DHMH does not have a control in place to ensure that this report is submitted within the required time period.

Comments:

Unresolved by Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged. The Department's previous response indicated that the Department agrees with the finding and has established a tracking system that ensures Financial Status Reports are filed timely after the review and approval of an appropriate supervisor. The Department implemented its corrective action plan in Fiscal Year 2006.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-31

Department of Health and Mental Hygiene

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and
Technical Assistance**

**Internal control weaknesses and non-compliance over the National Breast and Cervical
Cancer Early Detection Program earmarking requirement.**

Condition:

We noted that the calculations performed by individuals with the Department of Health and Mental Hygiene (DHMH) related to the earmarking requirements for the National Breast and Cervical Cancer Early Detection Program (NBCCEDP) were based on estimated expenditures for screening, non-screening and administration.

Comments:

Unresolved by Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department's previous response and corrective action plan remains unchanged. The Breast and Cervical Cancer Program (BCCP) has received time studies from all of the local jurisdictions for the first and second quarters in fiscal year 2007. Analysis of the information included in the time studies indicates that the BCCP is in compliance with the earmarking requirements under the Centers for Disease Prevention and Control. The BCCP will continue to perform and monitor time studies in the future to ensure compliance with the earmarking requirements. Completed May 1, 2007.

STATE OF MARYLAND
Schedule of Prior Year Findings
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005-32

Department of Health and Mental Hygiene

**CFDA No. 93.283 – Center for Disease Control and Prevention: Investigations and
Technical Assistance**

**Internal control weakness and non-compliance over the subrecipient monitoring process.
DHMH did not classify subrecipients in accordance with OMB Circular A-133.**

Condition:

We noted that one of the twelve contracts tested was improperly classified as a vendor. DHMH's internal controls over subrecipient and vendor determinations are not in accordance with OMB Circular A-133. This internal control weakness also resulted in non-compliance with the subrecipient monitoring requirement of identifying to the subrecipient the Federal award information and applicable compliance requirements (at the time of the award).

Comments:

Unresolved by Federal Government.

Auditee Updated Response and Corrective Action Plan:

(January, 2008 Update)

The Department implemented its corrective action plan at the close of fiscal year 2005.

STATE OF MARYLAND
Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

Section IV - Status of Prior Year Findings (Continued)

Finding 2005- 33

Department of Human Resources (DHR)
CFDA No. 10.561 – Food Stamps Program

The Food Stamps Program had internal control weakness over the Financial Reporting Process. We noted some reports were filed late, one lacked supervisory signature and submittal date.

Condition:

The Food Nutrition Service (FNS) FNS-46 Issuance Reconciliation Report is a reconciliation report of food stamp benefits actually issued with the State's Master Issuance File. Generally, one FNS-46 covers the entire State if it operates only one issuance (EBT). The Master Issuance contains records on all households eligible to receive benefits. Actual issuances may be recorded in the Record for Issuance (RFI) or an alternative filing system. The RFI is created from the Master Issuance File and discloses the amount of benefits the household is eligible to receive and the actual amount issued. FNS-46 report is transmitted to the U.S. Department of Agriculture. The FNS-46 report is prepared on a monthly basis and is required to be submitted ninety (90) days after the month's end.

We reviewed 4 monthly FNS-46 Reports for testing and noted that 3 monthly reports were submitted more than ninety days after the month's end to the U.S. Department of Agriculture and one had a missing submittal date and signature.

Comment:

Unresolved by the Federal Government.

Auditee Updated Response and Corrective Action Plan:

(February, 2008 Update)

The Department concurs with the finding. Based on the auditor's recommendations, procedures for submission of the FNS-46 report are in place to ensure timely submissions. The procedures include preparation of a schedule of FNS-46 Report due dates each federal fiscal year, and supervisory monitoring of report submissions to ensure reports are submitted on or before the due dates. In fiscal year 2007, all FNS-46 reports were submitted on time.