

Audit Report

**Department of Human Services
Local Department Operations**

March 2022



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DEPARTMENT OF LEGISLATIVE SERVICES
MARYLAND GENERAL ASSEMBLY

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DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

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March 30, 2022

Senator Clarence K. Lam, M.D., Senate Chair, Joint Audit and Evaluation Committee
Delegate Carol L. Krimm, House Chair, Joint Audit and Evaluation Committee
Members of Joint Audit and Evaluation Committee
Annapolis, Maryland

Ladies and Gentlemen:

We have conducted a fiscal compliance audit of the Department of Human Services (DHS) – Local Department Operations (LDO) for the period beginning March 13, 2018 and ending February 18, 2021. LDO is a separate budgetary unit consisting of the funds appropriated to operate the State’s 24 local departments of social services (LDSS) and to support the various assistance activities they administer (including the Supplemental Nutrition Assistance Program and Temporary Cash Assistance, but excluding child support enforcement). Generally, the executive director of each LDSS reports to the DHS Secretary.

Our audit disclosed that DHS did not have an effective process to ensure that the LDSSs complied with State law, regulations, and DHS policies. Specifically, DHS relied primarily on statutorily required audits of each LDSS conducted by the DHS Office of the Inspector General (OIG) to monitor LDSS compliance. However, presently we found that these audits were not always completed within the statutorily required three-year period, which the OIG attributed to the ongoing COVID-19 pandemic. In addition, these audits did not routinely include reviews of certain critical LDSS procurement and disbursement processes, and audit findings were not always subject to follow up as intended by DHS policy. Nevertheless, in consideration of these circumstances and our assessment of the OIG’s audit coverage of the LDSSs, we relied primarily on the audit work performed by the OIG, and most of the findings in this report are based on the results of the OIG’s audit reports.

Our review of the most recent audit reports for the 16 LDSSs prepared by DHS’ OIG during our audit period and the remaining 8 LDSSs it audited during our

prior audit period disclosed that the reports collectively included 175 audit findings, including 53 deemed by the OIG to be repeat findings. The OIG audit findings were related to deficiencies in controls over certain critical areas of LDSS operations, such as fiscal management activities. For example, these audits disclosed deficiencies with respect to bank accounts, procurements, prepaid gift cards, and employee access to critical information systems. In addition, the OIG reported upon deficiencies in the administration of certain public assistance and social service programs, such as the investigation of potential payment or recipient eligibility errors, controls over electronic benefits transfer (EBT) cards, and the timely completion of child protective services investigations.

Based on our assessment that the scope of the OIG audits did not routinely include reviews of critical LDSS procurement and disbursement processes, such as contract monitoring to ensure the receipt of deliverables and the disbursement approval process, we reviewed certain procurement and disbursement activity at selected LDSSs. Our review disclosed monitoring deficiencies at one of these LDSSs and instances of non-compliance with certain procurement requirements at one other LDSS. For example, our review disclosed that one LDSS did not effectively monitor a \$25.5 million contract for medical case management for children in out-of-home placements.

Finally, based on the presentation of this report, which includes a compilation of OIG audit findings, we have disclosed repeat findings from the OIG reports and our associated findings. Therefore, a number of repeated audit findings in this audit report correspond to related OIG findings. As is our policy, our audit included a review to determine the status of the eight findings contained in our preceding audit report. We determined that DHS satisfactorily addressed three of these findings. The remaining five findings are repeated in this report and relate to re-occurring issues among the LDSSs, some of which are long-standing.

DHS' response to this audit, on behalf of LDO, is included as an appendix to this report. We have reviewed the response and while DHS generally agrees with the recommendations in this report, we identified one statement in the response that disagrees with one audit recommendation. In this instance, we reviewed and reassessed our audit documentation, and reaffirmed the validity of our finding and the related recommendation. In accordance with generally accepted government auditing standards, we have included an "auditor's comment" within DHS' response to explain our position, whereby we concluded that contrary to the language of the DHS response, there is agreement on the need for timely and adequate follow up as recommended. Finally, there are certain aspects of DHS' response which will require further clarification, but we do not anticipate that these will require the Joint Audit and Evaluation Committee's attention to resolve.

We wish to acknowledge the cooperation extended to us during the audit by DHS and OIG, and DHS' willingness to address the audit issues and to implement appropriate corrective actions.

Respectfully submitted,

A handwritten signature in black ink that reads "Gregory A. Hook". The signature is written in a cursive style with a prominent initial "G".

Gregory A. Hook, CPA
Legislative Auditor

Table of Contents

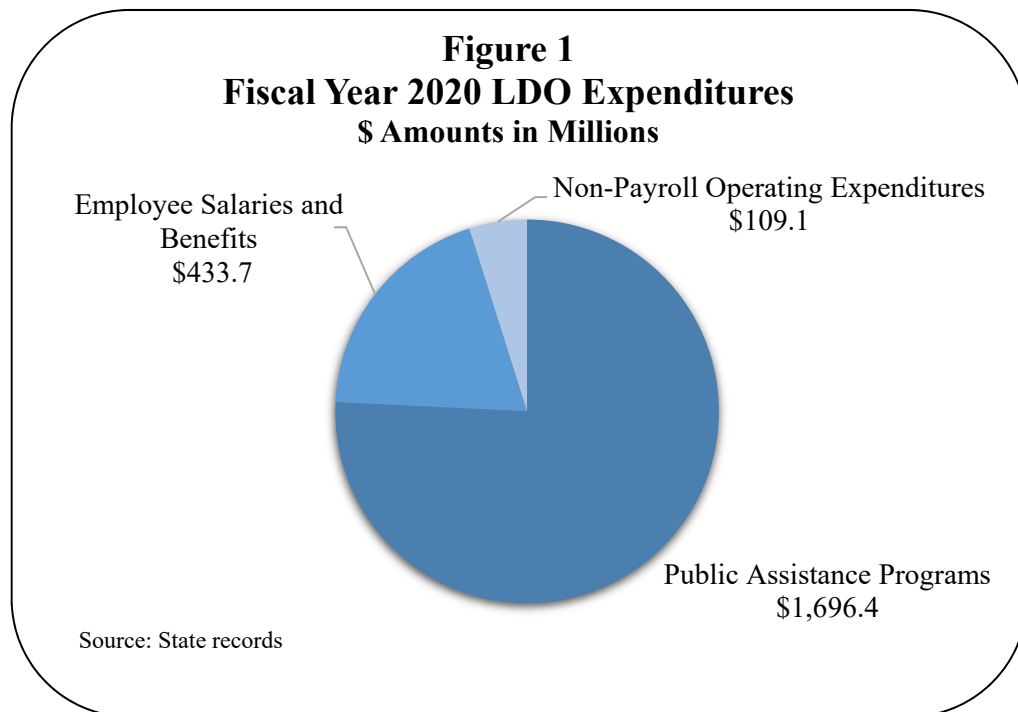
Background Information	6
Agency Responsibilities	6
Audit Approach	7
Status of Findings From Preceding Audit Report	7
Findings and Recommendations	9
Background	9
DHS Oversight of Local Departments of Social Services (LDSS)	
Finding 1 – The Department of Human Services’ (DHS) did not have an effective process to ensure that the LDSSs complied with State law, regulations, and DHS policies.	9
Office of the Inspector General Audit Findings on LDSSs	
* Finding 2 – DHS’ Office of the Inspector General (OIG) reported numerous instances in which LDSS controls over fiscal management activities were inadequate, including bank accounts, procurements, and gift cards.	11
* Finding 3 – The OIG reported numerous LDSS deficiencies related to critical Family Investment Administration policies, such as those intended to ensure the propriety of recipient eligibility for public assistance and food benefits.	12
* Finding 4 – The OIG reported numerous LDSS deficiencies related to critical Social Services Administration policies, including child protective services and the out-of-home placement program.	14
* Finding 5 – The OIG reported numerous LDSS deficiencies related to user access to critical computer systems.	15
OLA Findings at Local Departments of Social Services Reviewed	
* Finding 6 – LDSS contracts were not adequately monitored and sole source procurements were not adequately justified.	16
* Denotes item repeated in full or part from preceding audit report	

Audit Scope, Objectives, and Methodology	18
Exhibit 1 – Summary of OIG Audit Findings on LDSSs	21
Agency Response	Appendix

Background Information

Agency Responsibilities

Local Department Operations (LDO) is one of seven budgetary units of the Department of Human Services (DHS). It consists of the funds appropriated for operating the State's 24 local departments of social services (LDSS) and supporting the various assistance activities they administer.¹ These activities primarily involve the various DHS public assistance programs, such as the Supplemental Nutrition Assistance Program and Temporary Cash Assistance, which are administered by the LDSSs under policies promulgated by other units within DHS. According to the State's records, the LDO's fiscal year 2020 expenditures totaled approximately \$2.24 billion, which included \$1.70 billion in assistance program expenditures and \$542.8 million in operating expenditures (primarily employee salaries and benefits), see Figure 1.



The remaining units of DHS are audited and reported upon separately by our office. Specifically, the units of Child Support Administration, Family

¹ There is no State LDSS in Montgomery County. LDSS functions are performed by the Montgomery County government under agreement with DHS. The State provides annual funding to the County consistent with the other LDSSs, and the Office of the Inspector General audits those County operations in a similar fashion to the 23 LDSSs. For the purpose of our audit, and simplicity of presentation, we include the County in the 24 LDSSs referenced throughout our report.

Investment Administration, and Social Services Administration are audited separately. The Office of the Secretary, the Office of Technology for Human Services, and the Operations Office are consolidated in one audit. Generally, these six units direct or support the activities (including public assistance programs) that are administered statewide by the 24 LDSSs, with the executive director of each LDSS reporting to the DHS Secretary.

Audit Approach

Section 3-602 of the Human Services Article of the Annotated Code of Maryland requires DHS to conduct, or contract for, a financial and compliance audit of each LDSS at least once every three years. As explained further in this report, the Office of the Inspector General (OIG) advised that, due in part to the ongoing COVID-19 pandemic, it had not completed audits of certain LDSSs within the statutorily required period. Nevertheless, in consideration of these circumstances and consistent with our prior audits of DHS – LDO, we performed audit procedures necessary to determine whether we could rely on the completed audit work of DHS’ OIG to accomplish our audit objectives. Our audit procedures were generally limited to obtaining a sufficient basis for that reliance. Specifically, we reviewed the audit reports and the related working papers of certain OIG audits performed during our audit period.

Based on this review, we concluded that the OIG’s audit coverage of the LDSSs generally provided a sufficient basis for reliance on its work. However, as commented upon elsewhere in this report, we noted that the OIG audits did not fully address certain critical procurement and disbursement processes performed by the LDSSs. Consequently, our audit procedures included conducting a review of certain procurement and disbursement transactions processed at selected LDSSs.

Status of Findings From Preceding Audit Report

Our audit included a review to determine the status of the eight findings contained in our preceding audit report dated June 7, 2019. As disclosed in Figure 2, we determined that three of these findings were satisfactorily addressed. The remaining five findings are repeated in this report. It should be noted that many of these findings represent compiled outcomes from 24 separate agencies (LDSSs); meaning that even if one or more of the LDSSs were to take corrective action on an issue, if the condition were to exist at other LDSSs the finding would be repeated. In addition, certain findings contained and repeated in this LDO report and the OIG reports might also be included in our own Social Services Administration or Family Investment Administration audit reports.

Figure 2
Status of Preceding Findings

Preceding Finding	Finding Description	Implementation Status
Finding 1	The Office of the Inspector General (OIG) reported numerous instances in which the Local Department of Social Services (LDSS) controls over fiscal management activities were inadequate, including bank accounts, procurements, and gift cards.	Repeated (Current Finding 2)
Finding 2	The OIG reported numerous LDSS deficiencies related to critical Family Investment Administration policies, such as those intended to ensure the propriety of recipient eligibility for public assistance and food benefits.	Repeated (Current Finding 3)
Finding 3	The OIG reported numerous LDSS deficiencies related to critical Social Services Administration policies, including child and adult protective services, and the out-of-home placement program.	Repeated (Current Finding 4)
Finding 4	The OIG reported numerous LDSS deficiencies related to user access to critical computer systems.	Repeated (Current Finding 5)
Finding 5	The scope of the LDSS audits conducted by the OIG did not routinely include reviews of certain critical procurement and disbursement processes.	Not repeated
Finding 6	The Department of Human Services did not have a process in place to ensure that Baltimore City Department of Social Services (BCDSS) contracts were adequately monitored, and that it complied with certain DHS and State procurement policies and regulations. Our review disclosed contract monitoring deficiencies and instances of non-compliance with certain procurement requirements.	Repeated (Current Finding 6)
Finding 7	BCDSS did not establish adequate controls to ensure all disbursement transactions were independently approved.	Not repeated
Finding 8	The OIG did not refer all instances of possible criminal or unethical employee conduct to the appropriate State authorities as required.	Not repeated

Findings and Recommendations

Background

The Department of Human Services (DHS) Office of the Inspector General (OIG) classifies the findings from its audits of the 24 local departments of social services (LDSSs) into several functional areas, referred to by the OIG as “critical areas.” These areas generally equate to each LDSS’s major operational responsibilities, which include implementing policies established by the Family Investment Administration (FIA) and the Social Services Administration (SSA) in accordance with State law, and adhering to fiscal and information system regulations and controls. A summary of all OIG audit findings for the most recent audit of each LDSS can be found in Exhibit 1 in this report. Using the results of the OIG’s audits of the 24 LDSSs, we summarized some of the more significant findings in certain critical areas as they appeared in selected reports.

DHS Oversight of Local Departments of Social Services

Finding 1

DHS did not have an effective process to ensure that the LDSSs complied with State law, regulations, and DHS policies.

Analysis

DHS did not have an effective process to ensure LDSS compliance with State law, regulations, and DHS policies. The LDSSs are responsible for administering various critical program services including public assistance and child welfare programs as dictated by State law and regulations with policy direction from other units within DHS. DHS relied primarily on audits of each LDSS conducted by the DHS Office of Inspector General (OIG) to monitor compliance in these areas. However, these audits were not always performed timely, did not routinely include certain critical LDSS procurement and disbursement processes, and audit findings were not always subject to follow up as intended by DHS policy.

LDSS Audits Were Not Always Performed Timely

The OIG did not perform audits of all 24 LDSSs every three years as required by State law. Specifically, we noted that the current audits for 12 LDSSs were initiated late or overdue by 6 to 16 months, including 7 audits due to start in calendar year 2020 that had not been started as of June 1, 2021. The OIG advised us that staff turnover and the ongoing COVID-19 pandemic were the primary factors contributing to these delays. Delays in the completion of audits hinders

DHS' ability to monitor and exercise oversight over the LDSSs and increases the risk that non-compliance, errors, abuse, or fraud could occur without detection.

Critical Procurement and Disbursement Processes Were Not Reviewed

OIG audits did not routinely include an examination of certain critical procurement and disbursement processes performed by the LDSSs. According to State records, during fiscal year 2020, LDSS non-payroll expenditures totaled approximately \$109.1 million, including \$61.4 million for contractual services.

Our preceding report noted that the scope of the OIG audits did not routinely include an examination of the propriety of the use of the sole source procurement method; contract monitoring procedures; and comprehensive reviews of the disbursement approval processes at the LDSSs, and recommended that the OIG expand its audit scope to include coverage of these areas. Although OIG audits initiated subsequent to our preceding report included some expanded scope; specifically, the reviews of sole source procurements, they did not include examinations of the LDSSs' contract monitoring procedures and disbursement approval processes. Consequently, we tested certain procurement and disbursement activity at selected LDSSs, which disclosed deficiencies at three of the LDSSs, as explained in finding 6 of this report.

In our opinion, the significant collective value of non-payroll expenditures at the LDSSs and the deficiencies noted in finding 6 of this report justify the continued expansion of the OIG's audit scope in these areas including the routine examination of contracts, and procedures for ensuring the receipt of all services and other deliverables prior to payment.

Repeat Audit Findings Were Not Addressed

The OIG did not follow up on repeat audit findings as intended by its policy, which provides for a follow-up review within one year of issuing the audit report to determine whether the LDSS corrected findings repeated from the prior audit report. Our review of five LDSS audit reports (containing 30 repeat findings) issued by the OIG between July 2018 and April 2020 disclosed that as of June 1, 2021, the OIG had only conducted follow-up reviews for two of the audits (with 17 repeat findings). At the time of our review, the OIG had not completed follow-up reviews for the remaining three audit reports (with 13 repeat findings) that were issued in February 2019, September 2019, and April 2020, respectively. As previously mentioned, the OIG advised that staffing shortages and the continuing COVID-19 emergency negatively impacted the timely conduct of its work, including its audit follow up.

As detailed further in findings 2 through 5 of this report, the most recent OIG audit reports contained 53 repeat findings, including certain findings that were similar to deficiencies we identified during our audits of other DHS units. Without timely follow-up reviews DHS is unable to determine if the LDSSs took timely and appropriate corrective action to address the repeat findings.

Recommendation 1

We recommend that DHS ensure LDSS compliance with State law, regulations, and DHS policy. Specifically, we recommend that DHS ensure

- a. audits of the 24 LDSSs are conducted at least once every three years, as required by State law;**
- b. the OIG’s audit scope is further expanded to routinely include an examination of contract monitoring and procedures to ensure the receipt of all services and other contract deliverables prior to payment; and**
- c. follow-up reviews are conducted as intended by OIG policy to ensure the LDSSs take appropriate and timely corrective action to address repeat audit findings.**

Office of the Inspector General Audit Findings on LDSSs

Finding 2

The OIG reported numerous instances in which LDSS controls over fiscal management activities were inadequate, including bank accounts, procurements, and gift cards.

Analysis

Controls and procedures were insufficient over certain LDSS fiscal management activities. Specifically, our reviews of the most recent OIG audit report for each of the 24 LDSSs disclosed 48 findings for 17 LDSSs related to fiscal areas such as bank accounts, procurements, and gift cards (see Exhibit 1). Of these 48 findings, 13 were also specifically included in our preceding LDO audit report². Our review of these OIG audit reports disclosed the following selected findings related to fiscal operations:

- LDSSs frequently lacked adequate controls over bank accounts, which were maintained to pay certain administrative and program-related expenditures. For example, the OIG reports disclosed instances in which there was a lack of

² The findings summarized and presented in Exhibit 1 for 8 LDSSs were also included in the comparable exhibit in our prior LDO audit report dated June 7, 2019 because, at the time of our current audit, DHS – OIG had not issued subsequent audit reports for these 8 LDSSs. OIG’s delay in starting and completing audits necessitated this approach.

accounting and control over returned checks, and bank account reconciliations were not always performed by independent employees. Consequently, there is the potential that unauthorized payments could be processed without prompt detection.

- State procurement regulations were not always followed. For example, bid documentation was not always retained and solicitations were not always posted on *eMaryland Marketplace (eMM)*³. Consequently, assurance was lacking that the related procurements were in the best interest of the State.
- Accountability was not established for prepaid gift cards provided to certain public assistance recipients in urgent need of support (such as to cover the cost of a meal). For example, physical inventories of prepaid gift cards were not documented or were not performed by independent employees. A lack of accountability could result in the misuse of the prepaid cards.

Similar deficiencies among the LDSSs were included in prior OIG reports and consequently commented upon in our preceding audit report.

Recommendation 2

We recommend that DHS establish appropriate accountability and control over fiscal operations. For example, DHS should ensure that the LDSSs

- a. establish adequate controls over bank accounts, including controls over returned checks (repeat);**
- b. comply with State procurement regulations (repeat); and**
- c. establish proper accountability over prepaid gift cards (repeat).**

Finding 3

The OIG reported numerous LDSS deficiencies related to critical FIA policies, such as those intended to ensure the propriety of recipient eligibility for public assistance and food benefits.

Analysis

Numerous LDSS deficiencies existed regarding the lack of compliance with critical policies promulgated by FIA. Specifically, our reviews of the most recent OIG audit report for each of the 24 LDSSs disclosed 32 findings from 16 LDSSs related to FIA policies for public assistance programs, including the Temporary Cash Assistance (TCA) program and the federal Supplemental Nutrition

³ *eMM* is an internet-based, interactive procurement system managed by the Department of General Services (DGS). Effective July 2019, DGS replaced *eMM* with *eMaryland Marketplace Advantage (eMMA)*.

Assistance Program (SNAP) (see Exhibit 1). Of these 32 findings, 13 were also specifically included in our preceding LDO audit report.

TCA provides cash assistance to needy families with dependent children when available resources do not fully address the family's needs and while preparing program participants for independence through work, and SNAP helps low-income households purchase food. Recipients access TCA and SNAP benefits through the Electronic Benefits Transfer (EBT) system; the associated EBT card functions as a debit card. Our review of these OIG audit reports disclosed the following selected findings related to FIA programs:

- Controls over EBT cards were not sufficient. For example, the LDSSs did not always reconcile the results of monthly physical inventory counts of EBT cards on hand with the related inventory control records. In addition, these counts were not always independent, since certain counts were conducted by employees who also had access to the EBT card inventory. As a result, there is a potential risk that missing cards could be improperly activated and used without prompt detection. Effective controls are needed to ensure that EBT cards are only issued to, and used by, the intended recipients.
- Required eligibility documentation for TCA and SNAP program participants was not always available.
- All potential payment or recipient eligibility errors disclosed by periodic FIA computer matches either were not pursued or were not pursued timely. The lack of timely computer match follow up could result in improper assistance payments not being detected timely.

Similar deficiencies among the LDSSs were included in prior OIG reports and consequently were commented upon in our preceding audit report. According to DHS records, during fiscal year 2020, SNAP disbursements, which are entirely federally funded, totaled approximately \$1.22 billion, and TCA disbursements, which are funded by both State and federal funds, totaled \$121.5 million.

Recommendation 3

We recommend that DHS ensure that the LDSSs comply with all FIA program requirements. For example, DHS should ensure that the LDSSs

- a. establish appropriate controls over the EBT card inventories (repeat),**
- b. obtain and retain required recipient eligibility documentation for the TCA and SNAP programs, and**
- c. perform timely follow up on all potential payment or eligibility errors identified through computer matches (repeat).**

Finding 4

The OIG reported numerous LDSS deficiencies related to critical SSA policies, including child protective services and the out-of-home placement program.

Analysis

Numerous LDSS deficiencies existed regarding the lack of compliance, accountability, and control over critical activities subject to SSA oversight. Specifically, the most recent OIG audit reports disclosed 73 findings for 23 LDSSs related to SSA activities, including child protective services, and the out-of-home placement program (see Exhibit 1). Of these 73 findings, 25 were also specifically included in our preceding LDO audit report.

SSA's Child Protective Services unit provides services to assist children believed to be neglected or abused by parents or other adults with parental responsibilities. The out-of-home placement program is a temporary service that provides short-term care and support services to children who are unable to live at home because of child abuse or neglect. Generally, these children are temporarily placed in either kinship care (with a relative) or a foster care setting (a fee-based individual foster home or group care environment). Our review of these OIG audit reports disclosed the following selected findings related to SSA programs:

- Child Protective Services investigations were frequently not completed timely in accordance with State regulations that require completion within 60 days of receipt of the allegations. In addition, the LDSSs did not always notify appropriate law enforcement, as required. These investigations help protect the welfare of children.
- Out-of-home placement case files did not always contain documentation that a caseworker had conducted a monthly visit with the child, as required by State regulations. Furthermore, caseworkers frequently did not record their visits with children in DHS records on a timely basis. Consequently, there was a lack of assurance that children in out-of-home placements were receiving vital services necessary for their emotional, physical, and educational well-being.
- Foster care trust accounts were not appropriately maintained. Specifically, trust accounts were not always established when children had the necessary funds. Therefore, there was an increased risk that children may be deprived of personal funds for their benefit and care.

Similar deficiencies among the LDSSs were included in prior OIG reports and consequently were commented upon in our preceding audit report. In addition,

deficiencies regarding a lack of compliance with requirements of the Child Protective Services program, and missing documentation of compliance with certain critical requirements for children in out-of-home placements were commented upon in our two preceding audit reports on SSA dating back to November 20, 2017.

According to DHS records, there were 4,581 children in the out-of-home placement program as of June 22, 2020. The related fiscal year 2020 expenditures totaled approximately \$293.8 million. In addition, 10,813 child protective services investigations were completed during the year ending June 30, 2020.

Recommendation 4

We recommend that DHS ensure that the LDSSs comply with all SSA program requirements. For example, DHS should ensure that the LDSSs

- a. complete child protective service investigations timely, and notify appropriate law enforcement, as required (repeat);**
- b. document all monthly visits between the caseworker and the out-of-home placement child, and record these visits in DHS records in a timely manner (repeat); and**
- c. adequately maintain foster care trust accounts (repeat).**

Finding 5

The OIG reported numerous deficiencies related to LDSS user access to critical computer systems.

Analysis

Numerous deficiencies existed related to LDSS user access to critical computer systems. Specifically, our review of the most recent OIG audit report for each of the 24 LDSSs disclosed 21 findings for 12 LDSSs related to computer security over critical computer applications, such as the Clients' Automated Resource and Eligibility System, which is used to record, authorize, and disburse TCA and SNAP benefits (see Exhibit 1). Of these 21 findings, 8 were also specifically included in our preceding LDO audit report.

The OIG audit reports disclosed that employees' assigned access capabilities were not properly monitored to ensure the access was necessary and appropriate. Specifically, the employees were granted access capabilities that were not required for their job duties, and the logon IDs of certain former employees were not removed timely. Depending on the nature of the unnecessary system access, such conditions could potentially result in unauthorized changes to critical data

without detection. Similar deficiencies among the LDSSs were included in prior OIG reports and consequently were commented upon in our preceding audit report.

Recommendation 5

We recommend that DHS establish appropriate accountability and control over information system access. For example, DHS should ensure that the LDSSs perform formal, periodic monitoring of employee system access to ensure assigned access capabilities are appropriate to each employee’s job duties and promptly delete the access of former employees (repeat).

OLA Findings at Local Departments of Social Services Reviewed

Finding 6

LDSS contracts were not adequately monitored and sole source procurements were not adequately justified.

Analysis

LDSS contracts were not adequately monitored, and sole source procurements were not adequately justified. A similar condition was noted in our preceding audit report. DHS advised they established a committee to provide oversight of LDSS procurement activity. However, DHS management advised that the committee did not review LDSS procurements for compliance with applicable DHS policies and State procurement regulations, nor review supporting documentation to ensure related billings were adequately supported.

Effective Contract Monitoring Was Not Established

Our review of two contracts valued at approximately \$33.5 million procured by the Baltimore City Department of Social Services (BCDSS) disclosed that BCDSS did not effectively monitor one of the contracts (valued at \$25.5 million) for medical case management and oversight services for children in out-of-home placement, such as foster care. The five-year contract, which began in July 2020, required the vendor to coordinate and oversee health care for these children, including ensuring that each child received medical care in accordance with State laws and regulations. According to State records, BCDSS paid the vendor approximately \$3.9 million as of July 13, 2021.

Our review disclosed that BCDSS did not review monthly reports of the health care status of each child that were received from the vendor, which indicated that required health care had not been provided. For example, the January 2021 report identified 796 foster children under 18 years of age who had not received an

annual medical exam in the preceding year as required by State regulations, including 341 children who had never received a medical exam despite being placed in foster care from 1 to 10 years prior to the report date.

This condition reflects a significant increase from our prior report, wherein we noted that the vendor's reports identified 335 foster children who had not received the required annual medical exams, including 92 children who had never received an exam since being placed in foster care. Although during our preceding audit the vendor had advised us and BCDSS that the reports may have been incomplete or inaccurate, at the time of our current audit, BCDSS could not document its efforts to investigate the reliability of the reports nor had it obtained revised reports.

Sole Source Justifications Were Not Adequate

Our test of nine sole source procurements made by the Prince George's County and St. Mary's County LDSSs totaling \$172,000 (ranging from \$11,400 to \$43,700) disclosed three transactions totaling approximately \$63,600 were not adequately justified by one LDSS. Specifically, for three procurements procured by St. Mary's County LDSS, the justifications on file did not adequately document that no other vendors were available to provide the particular services. As of the time of our review, this LDSS had paid approximately \$48,500 to these vendors for staff training and COVID cleaning.

State procurement regulations stipulate that the sole source procurement method can only be used when no other source for the item is acceptable or suitable, and its use must be supported with a written justification approved by the agency head. Based on our review, the nature of these three procurements suggests that other vendors were likely available to supply these services.

Recommendation 6

We recommend that DHS ensure that LDSS contracts, including the aforementioned BCDSS contract, are adequately monitored, and that procurements comply with State procurement regulations. Specifically, we recommend that DHS

- a. ensure that the LDSSs obtain and review adequate documentation supporting vendor compliance with all material contract requirements (repeat); and**
- b. ensure that LDSSs use the sole source procurement method only when there is adequate documentation of the steps taken to conclude that no other vendors were available to provide the related goods or services, as required by State regulations (repeat).**

Audit Scope, Objectives, and Methodology

We have conducted a fiscal compliance audit of the Department of Human Services (DHS) – Local Department Operations (LDO) for the period beginning March 13, 2018 and ending February 18, 2021. The audit was conducted in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

As prescribed by the State Government Article, Section 2-1221 of the Annotated Code of Maryland, the objectives of this audit were to examine LDO's financial transactions, records and internal control, and to evaluate its compliance with applicable State laws, rules, and regulations.

In planning and conducting our audit, we focused on the major financial-related areas of operations based on assessments of significance and risk. The areas addressed by the audit included DHS Office of Inspector General (OIG) audits, and certain procurement and disbursement activity at certain local departments of social services. We also determined the status of the findings contained in our preceding audit report.

Our audit did not include certain support services provided to LDO by the DHS Office of the Secretary. These support services (such as payroll, maintenance of certain accounting records, and related fiscal functions) are included within the scope of our audit of the DHS Office of the Secretary. In addition, our audit did not include an evaluation of internal controls over compliance with federal laws and regulations for federal financial assistance programs (such as the Supplemental Nutrition Assistance Program) and an assessment of LDO's compliance with those laws and regulations because the State of Maryland engages an independent accounting firm to annually audit such programs administered by State agencies, including LDO.

Section 3-602 of the Human Services Article of the Annotated Code of Maryland requires DHS to conduct, or contract for, a financial and compliance audit of each LDSS at least once every three years. As previously noted in this report, although OIG did not conduct audits of all 24 LDSSs during our audit period, based on our assessment of the OIG's audit coverage of the LDSSs, we performed audit procedures necessary to determine whether we could rely on the audit work of DHS' OIG to accomplish our audit objectives pertaining to LDO's major

financial-related areas of operations based on significance and risk. These areas addressed by the OIG audits included the LDSS responsibilities to implement various DHS assistance programs as well as their financial processes. Our audit procedures were generally limited to obtaining a sufficient basis for that reliance.

We reviewed the audit reports and the related working papers of certain OIG audits performed during our audit period and reviewed certain aspects of OIG's audit operations, including those related to our prior audit report findings. Based on this review, we concluded that the OIG's audit coverage of the LDSSs generally provided a sufficient basis for reliance on its work, except with respect to certain critical procurement and disbursement processes performed by the LDSSs. While we did not conduct audits of the LDSSs, our audit procedures did include reviewing certain critical procurement and disbursement processes at selected LDSSs. Consequently, the findings in this report, while primarily based on the results reported by the OIG for the 16 LDSSs it audited during our audit period and the remaining 8 LDSSs it audited during our prior audit period, also include the results of audit procedures we performed at the selected LDSSs.

Our assessment of internal controls was based on agency procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period of March 13, 2018 to February 18, 2021, but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, tests of transactions, and to the extent practicable, observations of LDO's operations. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. As a matter of course, we do not normally use sampling in our tests, so unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, unless sampling is specifically indicated in a finding, the results from any tests conducted or disclosed by us cannot be used to project those results to the entire population from which the test items were selected.

We also performed various data extracts of pertinent information from the State's Financial Management Information System (such as revenue and expenditure data). The extracts are performed as part of ongoing internal processes established by the Office of Legislative Audits and were subject to various tests to

determine data reliability. We determined that the data extracted from this source were sufficiently reliable for the purposes the data were used during this audit. Finally, we performed other auditing procedures that we considered necessary to achieve our objectives. The reliability of data used in this report for background or informational purposes was not assessed.

LDO's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records; effectiveness and efficiency of operations, including safeguarding of assets; and compliance with applicable laws, rules, and regulations are achieved. As provided in *Government Auditing Standards*, there are five components of internal control: control environment, risk assessment, control activities, information and communication, and monitoring. Each of the five components, when significant to the audit objectives, and as applicable to LDO, were considered by us during the course of this audit.

Because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Also, projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate.

Our reports are designed to assist the Maryland General Assembly in exercising its legislative oversight function and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

This report includes findings relating to conditions that we consider to be significant deficiencies in the design or operation of internal control that could adversely affect LDO's ability to maintain reliable financial records, operate effectively and efficiently, and/or comply with applicable laws, rules, and regulations. Our report also includes findings regarding significant instances of noncompliance with applicable laws, rules, or regulations. Other less significant findings were communicated to LDO that did not warrant inclusion in this report.

The response from DHS, on behalf of LDO, to our findings and recommendations is included as an appendix to this report. As prescribed in the State Government Article, Section 2-1224 of the Annotated Code of Maryland, we will advise DHS regarding the results of our review of its response.

EXHIBIT 1
Summary of OIG Audit Findings on LDSSs
Reported by DHS Office of the Inspector General (OIG)
Most Recent Audit of Each of the 24 Local Departments of Social Services as of March 2021

Local Department of Social Services (LDSS)	Number of OIG Reportable Findings by Area					Total OIG Findings	Number of Repeat OIG Findings	Percentage of Repeat OIG Findings	Fiscal Year 2020 Expenditures
	Social Services Admin.	Fiscal Management	Family Investment Admin.	Computer System Security	Other				
Allegany County*	1	1	1	n/a	n/a	3	0	0%	\$47,230,754
Anne Arundel County	6	2	1	2	n/a	11	1	9%	116,879,755
Baltimore City*	11	6	5	4	n/a	26	10	38%	690,759,914
Baltimore County*	4	2	4	3	n/a	13	4	31%	293,013,199
Calvert County	3	n/a	n/a	n/a	n/a	3	0	0%	23,529,979
Caroline County	2	2	n/a	n/a	n/a	4	0	0%	20,741,060
Carroll County	2	n/a	1	n/a	n/a	3	2	67%	32,645,847
Cecil County*	3	n/a	n/a	1	1	5	1	20%	47,819,603
Charles County	6	4	2	3	n/a	15	8	53%	49,019,031
Dorchester County	n/a	n/a	n/a	1	n/a	1	0	0%	25,427,059
Frederick County*	3	3	1	n/a	n/a	7	0	0%	53,183,959
Garrett County	3	4	1	n/a	n/a	8	1	13%	15,203,918
Harford County	2	5	2	1	n/a	10	3	30%	74,624,924
Howard County	4	3	6	1	n/a	14	7	50%	53,994,620
Kent County*	1	n/a	1	n/a	n/a	2	0	0%	10,049,217
Montgomery County	5	3	2	1	n/a	11	8	73%	176,588,133
Prince George's County	4	4	2	1	n/a	11	4	36%	271,381,244
Queen Anne's County*	1	n/a	n/a	n/a	n/a	1	0	0%	12,305,575
Somerset County	2	2	1	1	n/a	6	1	17%	20,656,683
St. Mary's County	4	1	n/a	n/a	n/a	5	2	40%	38,967,746
Talbot County	3	4	n/a	n/a	n/a	7	1	14%	15,894,809
Washington County	1	1	n/a	n/a	n/a	2	0	0%	77,853,399
Wicomico County	1	n/a	1	2	n/a	4	0	0%	51,272,726
Worcester County*	1	1	1	n/a	n/a	3	0	0%	20,092,320
TOTAL	73	48	32	21	1	175	53	30%	\$2,239,135,474

Source: DHS - OIG Audit Reports and DHS financial records

n/a – Not applicable; no findings in this area.

*The specific findings summarized and presented in this exhibit for this LDSS (eight in total) were also included in the comparable exhibit found in our preceding LDO audit report dated June 7, 2019. Our presentation of past audit data was necessary because, at the time of our current audit, DHS – OIG had not issued subsequent audit reports for these eight LDSSs.

APPENDIX



Larry Hogan, Governor | Boyd K. Rutherford, Lt. Governor | Lourdes R. Padilla, Secretary

March 28, 2022

Mr. Gregory A. Hook
Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards,
351 West Camden Street, Suite 400,
Baltimore, Maryland 21201

Dear Mr. Hook:

Please find enclosed the Department of Human Services' (DHS) response to the draft Legislative Audit Report of the Local Department Operations (LDO) for the period beginning March 13, 2018 and ending February 18, 2021.

If you have any questions regarding the response, please contact the Inspector General, Marva Sutherland or my staff at 443-378-4060 or marva.sutherland@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Gregory S. James".

Gregory S. James
on behalf of
Lourdes R. Padilla
Secretary

Enclosures:

cc:

Gregory James, Deputy Secretary, Operations
Netsanet Kibret, Deputy Secretary, Programs
Samantha Blizzard, Chief of Staff
Stafford Chipungu, Chief Financial Officer
Marva M. Sutherland, Inspector General, OIG
Shelly-Ann Dyer, Acting, Assistant Inspector General – Audits, OIG



**Department of Human Services
Local Department Operations**

Agency Response Form

DHS Oversight of Local Departments of Social Services

Finding 1
DHS did not have an effective process to ensure that the LDSSs complied with State law, regulations, and DHS policies.

We recommend that DHS ensure LDSS compliance with State law, regulations, and DHS policy. Specifically, we recommend that DHS ensure

- a. audits of the 24 LDSSs are conducted at least once every three years, as required by State law;**
- b. the OIG’s audit scope is further expanded to routinely include an examination of contract monitoring and procedures to ensure the receipt of all services and other contract deliverables prior to payment; and**
- c. follow-up reviews are conducted as intended by OIG policy to ensure the LDSSs take appropriate and timely corrective action to address repeat audit findings.**

Agency Response	
Analysis	
Please provide additional comments as deemed necessary.	<p>The Office of the Inspector General’s (OIG’s) audits play a significant role in the Department’s ability to monitor compliance at the local level.</p> <p>We also deem it necessary to note other successful efforts of the OIG as well as management’s commitment to address audit findings and monitor compliance over the years. Specifically, at the guidance of the OIG, the Department established a Task Force spearheaded by the Office of the Secretary that meets on a regular basis to provide strategic solutions on various matters identified not only from OIG’s audits but from other internal compliance efforts. At these meetings, the 24 LDSSs are represented while DHS management deep dives into and provides strategic solutions for various matters related to procurement, fiscal management, information technology, as well as program matters (i.e. Family Investment Administration, Social Services Administration, and Child Support Administration). OIG is present at all Deep Dive meetings to provide the necessary guidance and consultation. The activities of the aforementioned taskforce have contributed not only to the reduction in audit findings but positively transformed DHS programs and processes. Of the 16 audits completed by OIG during the current review period, 15 (94%) of the LDSSs have experienced a decrease in total findings.</p>

**Department of Human Services
Local Department Operations**

Agency Response Form

Recommendation 1a	Agree	Estimated Completion Date:	December 2022
Please provide details of corrective action or explain disagreement.	<p>The Department will ensure that audits are completed in accordance with State law. With new management oversight of the DHS Office of the Inspector General (OIG), a strategic plan is in place to ensure audits return to being completed timely, consistent with prior audit periods. Strategic plan includes but is not limited to conducting a cost benefit analysis to determine whether to take actions, similar to the Office of the Legislative Audits (OLA), to pursue changes to audit frequency per the current regulations to one that is more achievable on a consistent basis.</p> <p>Specifically, similar to OLA’s audit frequency, the audit of each LDSS would be conducted at an interval ranging from 3 to 4 years unless the Inspector General determines, on a case-by-case basis, that more frequent audits are required. In determining the audit interval of a LDSS, the Inspector General would take into consideration:</p> <ol style="list-style-type: none"> 1. the materiality and risk of the LDSSs program and fiscal activities. 2. the nature and extent of audit findings in the unit's prior audit report. 3. any other factors that affect risk. <p>Considering the audit universe and how it has evolved since the enactment of the current law, the completion of the audits of the 24 local departments in 36 months is an aggressive requirement. The OIG also conducts audits of the 4 local metro Child Support Offices and the Bureau of Long-Term Care within the same aforementioned timeframe. The above recommendation to assess the reasonableness and feasibility of the current audit frequency and possibly propose changes to the law was a noted recommendation in OIG’s last peer review report. {Average of 1.2 months per audit}</p> <p>Nonetheless, DHS OIG will continue to employ other proven strategies while working aggressively to continue to produce quality and timely risk-based audits that positively transforms DHS’ programs and adequate for OLA’s continued audit reliance.</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

	<p>DHS management will ensure OIG continues to provide periodic updates on the audit performance relative to the audit plan as a means of monitoring and ensuring the timely completion of audits.</p> <p>However, it should be noted that, during the last year of the identified audit period, the pandemic further exacerbated the OIG’s efforts to get back on track. With DHS being the State’s Human Service agency, serving a vulnerable population, we had to be particularly adaptable and strategic in navigating the uncertainties of the times while ensuring the continuity of services to meet our customers’ needs—needs that may have been intensified by the pandemic. The OIG, understanding the increase in workload due to the heightened demands for critical services administered by LDSSs, often had to extend due dates of certain deliverables necessary to complete the audit field work.</p>		
Recommendation 1b	Agree	Estimated Completion Date:	June 2021
Please provide details of corrective action or explain disagreement.	<p>DHS OIG has further expanded the audit scope to include an examination of contract monitoring procedures and disbursement process in accordance with OLA’s recommendation. In accordance with the Standards promulgated by the Institute of Internal Auditors (IIA), OIG continues to engage in on-going quality assurance reviews that consist of internal self-assessments and external peer reviews, as well as performing various risk assessments to ensure continued comprehensive and adequate audit coverage including the continued implementation of the aforementioned recommendation.</p>		
Recommendation 1c	Disagree	Estimated Completion Date:	N/A
Please provide details of corrective action or explain disagreement.	<p>The Office of the Inspector General’s active participation in the aforementioned Task Force as well as working closely with the Department’s other audit compliance teams are additional strategic efforts taken by OIG to follow-up and monitor the resolution of audit findings.</p> <p>The Department disagrees that follow-up reviews were not conducted in accordance with OIG’s policy as follow-up efforts complied with the identified policy in its entirety. The law does not specify the frequency of OIG’s audit follow-up reviews. Rather, per COMAR 07.01.10.03, the decision to perform follow-up reviews is at the Inspector General’s discretion as he/she deems applicable. While the OIG policy includes an aspirational frequency of follow-up reviews, the OIG policy incorporates the flexibility of the law by noting 100% adherence with the contents of</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

	<p>the policy is contingent on having full staffing. Taking into consideration the existence of the other aforementioned follow-up and monitoring efforts, the then Inspector General, in accordance with flexibility of OIG's policy, made the decision to prioritize limited resources, at the time, in an attempt to meet the primary mandate. Specifically, during the audit period, due to turnover in staffing, the Inspector General, determined it necessary to temporarily pause the corrective action follow-up review efforts of the local departments to utilize available resources to complete the mandated triennial fiscal compliance audits. This strategic approach is consistent with OIG's policy.</p> <p>DHS management continues to work with OIG as well as the Department's compliance teams from the various program areas (i.e. FIA, SSA, OTHS, Procurement, Fiscal, etc.) to ensure timely and adequate follow-up of all findings, including repeat audit findings.</p>
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Auditor's Comment: Although in its response DHS indicates that it disagrees with recommendation c, the disagreement appears to be related to its ability to exercise discretion in the follow-up process due to limited resources, rather than the necessity of ensuring timely and adequate follow up. Consequently, we consider the response to be consistent with and satisfactorily address our recommendation.

Office of the Inspector General Audit Findings on LDSSs

Finding 2

The OIG reported numerous instances in which LDSS controls over fiscal management activities were inadequate, including bank accounts, procurements, and gift cards.

We recommend that DHS establish appropriate accountability and control over fiscal operations. For example, DHS should ensure that the LDSSs

- a. establish adequate controls over bank accounts, including controls over returned checks (repeat);**
- b. comply with State procurement regulations (repeat); and**
- c. establish proper accountability over prepaid gift cards (repeat).**

**Department of Human Services
Local Department Operations**

Agency Response Form

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None		
Recommendation 2a	Agree	Estimated Completion Date:	February 2022
Please provide details of corrective action or explain disagreement.	The Department concurs with the recommendation and will ensure that on a monthly basis the Central Office of Budget and Finance continues to monitor established internal controls over bank accounts including returned checks to confirm that controls are working effectively and are not circumvented.		
Recommendation 2b	Agree	Estimated Completion Date:	April 2022
Please provide details of corrective action or explain disagreement.	The Department concurs with the recommendation. Compliance with State procurement regulations will be emphasized through Department-wide on-line training and monthly Procurement Advisory Committee meetings.		
Recommendation 2c	Agree	Estimated Completion Date:	February 2022
Please provide details of corrective action or explain disagreement.	The Department concurs with the recommendation. The Central Office of Budget and Finance continues to monitor established internal controls and proper accountability over the prepaid gift card process at the local departments. We will review gift card inventory monthly to ensure controls are not circumvented. Noncompliance with gift card controls will result in the prohibition of the use of gift cards.		

Finding 3

The OIG reported numerous LDSS deficiencies related to critical FIA policies, such as those intended to ensure the propriety of recipient eligibility for public assistance and food benefits.

We recommend that DHS ensure that the LDSSs comply with all FIA program requirements. For example, DHS should ensure that the LDSSs

- a. establish appropriate controls over the EBT card inventories (repeat),**

**Department of Human Services
Local Department Operations**

Agency Response Form

- b. obtain and retain required recipient eligibility documentation for the TCA and SNAP programs, and**
- c. perform timely follow up on all potential payment or eligibility errors identified through computer matches (repeat).**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None		
Recommendation 3a	Agree	Estimated Completion Date:	February 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation. The Electronic Benefits Transfer (EBT) Project Office will reissue a copy of the EBT Card Inventory Procedures to all custodians at the LDSSs. This will be issued quarterly in January, April, July, and October. The Card Inventory Procedures state the proper way of handling, storage, issuance, and reconciliation of EBT cards. Quarterly physical checks by the custodians' supervisor will be performed to ensure procedures are being followed properly.</p> <p>Federally mandated Supplemental Nutrition Assistance Program Management Evaluations (SNAP MEs) are completed annually by the Bureau of Audit Compliance & Reporting (BACR) that includes a review module for EBT.</p>		
Recommendation 3b	Agree	Estimated Completion Date:	September 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation. The Local Departments of Social Services (LDSSs) are responsible for obtaining and retaining required recipient eligibility documentation for Temporary Cash Assistance (TCA) and SNAP. The documentation is stored in the Enterprise Content Management System (ECMS). Action Transmittal 12-27 issued on June 5, 2012, addresses document imaging.</p> <p>BACR completes federally mandated SNAP MEs which are completed annually. This review looks at a sampling of cases to see if the required documentation is stored in ECMS.</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

	FIA's Bureau of Quality Control reviews SNAP cases on a monthly basis to provide a systematic method of measuring the accuracy and validity of the SNAP caseload. These reviews look at a monthly random sample of cases to ensure that the required documentation was received and properly used in calculating the SNAP allotment.		
Recommendation 3c	Agree	Estimated Completion Date:	September 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation. The Local Department of Social Services (LDSSs) are responsible for identifying and determining the months of overpayments and updating the Clients' Automated Resource Eligibility System (CARES) to establish the overpayment. As of November 15, 2021, the CARES legacy system transitioned to the Eligibility & Enrollment (E&E) system. Since 2016, the Bureau of Audit Compliance & Reporting (formerly known as the Bureau of Program Evaluation (BPE) tracks and monitors the status of overpayment Benefit Error Groups (BEGs) for processing within six months. When appropriate, BACR follows up with LDSSs for BEGs generated that are related to these alerts. The SOP on BEGs provides a detailed description of the Family Investment Administration (FIA) oversight in this area. It is important to note that due to the COVID-19 pandemic, Action Transmittal 21-24 was issued in April 2021 indicating the suspension of overpayment collections. Overpayment collections are scheduled to resume in May 2022.</p> <p>BACR continues to complete a monthly review of a system generated report for overdue alerts and communicates results in a memorandum to each impacted LDSS. BACR conducts a third layer of monitoring by sampling cases within the monthly overdue alerts tracking sheet submitted to LDSS offices. This review is designed to ensure alerts are dispositioned in CARES (now E&E).</p> <p>In addition, BACR continues to conduct federally mandated SNAP MEs, which captures the review of a sample month of cases on new hire computer matching alerts. An SOP provides an outline of oversight conducted for computer matches.</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

Finding 4

The OIG reported numerous LDSS deficiencies related to critical SSA policies, including child protective services and the out-of-home placement program.

We recommend that DHS ensure that the LDSSs comply with all SSA program requirements. For example, DHS should ensure that the LDSSs

- a. complete child protective service investigations timely, and notify appropriate law enforcement, as required (repeat);**
- b. document all monthly visits between the caseworker and the out-of-home placement child, and record these visits in DHS records in a timely manner (repeat); and**
- c. adequately maintain foster care trust accounts (repeat).**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None		
Recommendation 4a	Agree	Estimated Completion Date:	December 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation. On August 25, 2021 SSA established a new Audit, Compliance and Quality Improvement (ACQI) unit which among its initial processes has been highlighting this specific issue of timely completion of CPS investigations, for review with LDSSs for focused attention, technical assistance, and ongoing monitoring.</p> <p>During the above-described technical assistance and monitoring, ACQI determined that LDSSs are in fact notifying appropriate law enforcement as required, but documentation of such notification was not always entered into DHS records. SSA has developed and implemented a local Quality Assurance (QA) process (the “QA Tool”) to measure and ensure local compliance with a number of critical SSA policies and State regulations to include the documentation of notification to law enforcement.</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

Recommendation 4b	Agree	Estimated Completion Date:	September 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation. Documentation of monthly caseworker visits as of December 21, 2021 is 95.05% and continues to remain compliant on a state-wide basis. SSA will continue to monitor this area in future cycles. Utilizing the data has helped SSA strengthen its ability to provide technical assistance and support to the local departments to aid the completion and documentation of monthly caseworker visits in accordance with State regulations.</p> <p>In addition, SSA developed the QA Tool for local case level review processes to ensure local compliance with a number of critical SSA policies and State regulations to include caseworker visits.</p>		
Recommendation 4c	Agree	Estimated Completion Date:	December 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation. SSA has issued a policy in November 2018 regarding foster youth trust funds. The policy explains in detail the requirements and procedures for the conservation of funds held on behalf of foster children. Furthermore, two statewide trainings were conducted in March 2019 for all program and fiscal staff. SSA will continue to offer regular refresher training on this policy as appropriate.</p> <p>SSA continues to monitor foster youth federal benefits being conserved and assists the local departments with establishing Special Needs Trusts for these children where appropriate.</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

Finding 5
The OIG reported numerous deficiencies related to LDSS user access to critical computer systems.

We recommend that DHS establish appropriate accountability and control over information system access. For example, DHS should ensure that the LDSSs perform formal, periodic monitoring of employee system access to ensure assigned access capabilities are appropriate to each employee’s job duties and promptly delete the access of former employees (repeat).

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None		
Recommendation 5	Agree	Estimated Completion Date:	March 2022
Please provide details of corrective action or explain disagreement.	<p>Once a staff is identified as the Security Monitor by the authorized DHS personnel, OTHS trains and educate them on all security monitoring responsibilities, including Onboarding/Offboarding, Entitlement Reviews and Role Based Access Control (RBAC). Documentation of that training is supplied to all security monitors upon completion of that training for their records and referral. Security Monitors are required to complete this training every two years as required by federal audit. Upon completion of the refresher training (every two years) an updated training document is also supplied to them for reference.</p> <p>A monthly security monitor meeting is also held on the 1st Monday of each month to update all security monitors on policy updates, address issues, and procedure changes. Security Monitors are informed monthly to update user capabilities and role-based access to include but not limited to timely removal of former employees. Entitlement reviews are conducted yearly to ensure user access is only what is necessary to complete their job duties.</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

OLA Findings at Local Departments of Social Services Reviewed

Finding 6
LDSS contracts were not adequately monitored and sole source procurements were not adequately justified.

We recommend that DHS ensure that LDSS contracts, including the aforementioned BCDSS contract, are adequately monitored, and that procurements comply with State procurement regulations. Specifically, we recommend that DHS

- a. ensure that the LDSSs obtain and review adequate documentation supporting vendor compliance with all material contract requirements (repeat); and**
- b. ensure that LDSSs use the sole source procurement method only when there is adequate documentation of the steps taken to conclude that no other vendors were available to provide the related goods or services, as required by State regulations (repeat).**

Agency Response			
Analysis			
Please provide additional comments as deemed necessary.	None		
Recommendation 6a	Agree	Estimated Completion Date:	June 2022
Please provide details of corrective action or explain disagreement.	<p>The Department concurs with the recommendation and will provide guidance to ensure contracts are accurately monitored and vendors meet their contractual obligations at the LDSSs including BCDSS. DHS will also consult with the Office of State Procurement and agencies with a similar setup for recommendations and best practices regarding monitoring and based on the feedback update monitoring guidance/guidelines as appropriate.</p> <p>BCDSS is aware of the issues with the vendor’s health care data and has been aggressive in the development of improved processes and systems to address the issues implicated in an effort to correct this finding. Specifically, BCDSS worked with the vendor’s leadership to develop a new, comprehensive set of data entry procedures for the vendor case managers to follow. Concurrently, BCDSS is working with the IT systems team to develop the necessary data fields in CJAMS to house all of the required health data that the vendor is responsible for documenting. Additionally, BCDSS developed and delivered a specialized training curriculum for the vendor’s staff to promote the</p>		

**Department of Human Services
Local Department Operations**

Agency Response Form

	<p>effective implementation of the aforementioned practices. The staff began following these new procedures for CJAMS data entry on January 1, 2022. Preliminary monitoring suggests positive results but perfecting all of the new procedures will require ongoing monitoring to yield the desired results.</p> <p>To ensure ongoing monitoring, BCDSS is monitoring the contractor's performance through both its internal contract monitoring unit, and also through semi-annual independent audits which are currently under development with the vendor. The first of these audit reports are anticipated in Spring and Fall of 2022, and each year going forward. With the migration to CJAMS, the vendor will now deliver monthly data reports pulled directly from the CJAMS system. BCDSS will monitor these reports and the vendor will be required within 30 days of the report date, to provide written explanations for any missing health care information that falls under their contractual obligations. If BCDSS determines that the vendor's explanations are insufficient, and that they have not met their contractual obligations, BCDSS will require them to produce a Corrective Action Plan to address the identified problems.</p> <p>Additionally, in February 2022, BCDSS performed a review of the 796 case records for the specific children included in the audit finding to determine their current health care status. The 796 case records were composed of 455 children in foster care under the age of 18, who received a health exam after the one-year criteria and 341 children in foster care who never received a health exam. BCDSS review determined that, contrary to the indicated finding, more than 99% (453 of the 455 children) had received a health exam within the required period (2020 or later). The review also determined that less than 1%, (2 of the 455) had not received an annual medical exam in the preceding year as required by State regulations, and that those two children were identified as being AWOL. BCDSS's review also determined that at the time of our review (February 2022) nearly 100% (340 of the 341) of the children in foster care identified as never receiving a health exam, had received a health exam.</p> <p>BCDSS will share these results with the vendor and require them to correct any missing information in CJAMS. If it is determined that after a review of these results by the vendor, any of the children still have outstanding mandatory health or dental appointments, the vendor will be</p>
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**Department of Human Services
Local Department Operations**

Agency Response Form

	required to schedule those appointments immediately and document their completion.		
Recommendation 6b	Agree	Estimated Completion Date:	April 2022
Please provide details of corrective action or explain disagreement.	The Department concurs with the finding. We will ensure that all LDSS use the sole source procurement method only where there is adequate documentation to support that there are no other vendors available to provide the related goods or services. St Mary's County is much more knowledgeable about the sole source process and will continue to train staff on how to obtain adequate documentation of the steps taken to conclude that no other vendors were available to provide the related goods or services.		

AUDIT TEAM

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