

Victoria L. Gruber
Executive Director



Brian S. Tanen, CPA, CFE
Legislative Auditor

DEPARTMENT OF LEGISLATIVE SERVICES
OFFICE OF LEGISLATIVE AUDITS
MARYLAND GENERAL ASSEMBLY

May 12, 2026

Senator Guy J. Guzzone, Chair
Senate Budget and Taxation Committee
Miller Senate Office Building, 3 West Wing
11 Bladen Street
Annapolis, Maryland 21401

Delegate Benjamin S. Barnes, Chair
House Appropriations Committee
Taylor House Office Building, Room 121
6 Bladen Street
Annapolis, Maryland 21401

Dear Senator Guzzone and Delegate Barnes:

The Office of Legislative Audits (OLA) has reviewed the actions taken by the Department of Human Services (DHS) - Family Investment Administration (FIA) to resolve the five repeat findings (that were addressed by eight recommendations) in our October 21, 2022 audit report. This review was conducted in accordance with a requirement specified in the April 2025 *Joint Chairmen's Report* (JCR), page 193.

The JCR required that, prior to the release of \$250,000 of its administrative appropriation for fiscal year 2026, DHS FIA must take corrective action on all repeat audit findings on or before November 1, 2025. The JCR further provided that OLA submit a report to the budget committees listing each audit finding along with a determination that each finding was corrected.

DHS on behalf of FIA provided a status report to OLA, dated October 31, 2025, detailing certain corrective actions that had been completed with respect to all five repeat audit findings (**Exhibit 1**). The DHS status report indicated that corrective actions had been completed for the recommendations on all the repeat findings (findings 2, 6, 7, 9, and 10).

In accordance with the JCR requirement, we reviewed the implementation status for the five repeat findings which DHS reported as complete on the status report and held discussions with FIA personnel as necessary to assess the implementation status of the

related recommendations. Our review did not constitute an audit conducted in accordance with generally accepted government auditing standards and had we conducted an audit, other matters may have come to our attention which may have changed our assessment of the implementation status for these findings. In addition, our review did not include an assessment of FIA's procedures and controls to ensure corrective actions were operating as intended and were ongoing. Accordingly, conditions may change and/or compliance with policies and procedures may deteriorate in the future. The status of each of the findings are subject to a comprehensive review during our scheduled audit of FIA.

As summarized in **Exhibit 2**, our review determined that FIA took sufficient action to resolve the recommendations for findings 6 and 10 but contrary to the reported status, had not yet taken sufficient action to implement the recommendations for findings 2, 7, and 9 as further described in **Exhibit 3**.

We shared our results with FIA, which generally disagreed with our assessment. We reviewed our work and believe that our assessment correctly represent the current implementation status for the findings as outlined in **Exhibit 3**. We wish to acknowledge the cooperation extended to us during the review by FIA. We trust our response satisfactorily addresses the JCR requirement. Please contact me if you need additional information.

Sincerely,

Brian S. Tanen

Brian S. Tanen, CPA, CFE
Legislative Auditor

cc: Senator Shelly L. Hettleman, Senate Chair, Joint Audit and Evaluation Committee
Delegate Jared Solomon, House Chair, Joint Audit and Evaluation Committee
Joint Audit and Evaluation Committee Members and Staff
Senator William C. Ferguson IV, President of the Senate
Delegate Joseline A. Peña-Melnyk, Speaker of the House of Delegates
Governor Westley W. Moore
Comptroller Brooke E. Lierman
Treasurer Dereck E. Davis
Attorney General Anthony G. Brown
Secretary Yaakov Weissmann, Esq., Department of Budget and Management
Acting Secretary Stacy L. Rodgers, Department of Human Services
Augustin Ntabaganyimana, Executive Director, FIA
Marva M. Sutherland, Inspector General, DHS
Victoria L. Gruber, Executive Director, Department of Legislative Services
Tonya D. Zimmerman, Operating Budget Manager, Department of Legislative Services

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen



DEPARTMENT OF HUMAN SERVICES

Wes Moore, Governor · Aruna Miller, Lt. Governor · Rafael López, Secretary

October 31, 2025

Mr. Brian S. Tanen, CPA, CFE, Legislative Auditor
Office of Legislative Audits
The Warehouse at Camden Yards,
351 West Camden Street, Suite 400
Baltimore, Maryland 21201

Dear Mr. Tanen:

In response to your letter dated September 25, 2025, we are providing the enclosed status report detailing the implementation of the recommendations for the five (5) repeat findings noted in the October 21, 2022, audit report on the Department of Human Services – Family Investment Administration (FIA). We have also documented the ongoing monitoring process that exists to ensure that the corrective actions implemented remain in place.

The Department takes audit findings seriously and is committed to resolving the findings identified in the audit report.

We are happy to answer any questions. Please contact Marva Sutherland, Inspector General, by phone at (443) 378-4060 or via email at Marva.Sutherland@maryland.gov if you would like to continue the conversation.

In service,

A handwritten signature in black ink, appearing to read "Rafael López".

Rafael López
Secretary

Enclosures:

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

cc:

Carnitra White, Principal Deputy Secretary
Webster Ye, Chief of Staff
Gloria Brown Burnett, Deputy Secretary for Operations
Daniel Wait, Deputy Secretary for Talent & Customer Service
Larry Handerhan, Assistant Secretary for Programs
Augustin Ntabaganyimana, Executive Director FIA
Marva Sutherland, Inspector General
Shelly-Ann Dyer, Assistant Inspector General for Audits

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Temporary Cash Assistance (TCA)

Finding 2

FIA allowed numerous recipients to continue receiving TCA benefits beyond the five years allowed by federal and State regulations.

Recommendation 2a

We recommend that FIA comply with existing federal and State regulations by terminating TCA benefits to all recipients after five years unless a documented hardship exemption and related independence plan is prepared and approved, as required (repeat).

Status of Recommendation 2a			
Status as of 11/1/2025	Completed	Completion Date:	Nov 2023
Please provide details of corrective action taken.	<p>In December 2023, AT#24-24 was issued outlining system enhancements for processing hardship exemptions when TCA recipients reach their 60-month benefit limit.</p> <p><u>24-24 60 Month Hardship Exemption¹</u></p> <p>An on-demand 60+ Month Report/Dashboard was developed for local departments to see the cases approaching the 60-month limit.</p> <p>FIA will continue to monitor a sample of TCA cases that reach 60 months on a monthly basis to ensure the local departments are following the policy and procedures for TCA 60-month cases.</p> <p>The monthly sampling serves as an ongoing compliance check, creating accountability for local departments to follow the standardized procedures. While no system is fail-proof, the combination of early warning mechanisms and regular oversight reduces the likelihood of widespread non-compliance going undetected for extended periods.</p>		

¹ We have edited FIA's status report to remove weblinks, as allowed by our policy.

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Recommendation 2b

We recommend that FIA determine the extent of improper payments and, in conjunction with the federal granting agency, develop a plan to address any amounts improperly recovered from the federal granting agency, and notify the General Assembly budget committees and the Department of Budget and Management of the extent of State payments made in violation of the aforementioned State regulations (repeat).

Status of Recommendation 2b			
Status as of 11/1/2025	Resolved	Completion Date:	N/A
Please provide details of corrective action taken.	<p>At the time of the audit, we confirmed that the recipients were eligible to receive TCA benefits based on hardship with the exception of 3 cases, which were being assessed for further action accordingly. To date, we have subsequently confirmed the identified cases were also eligible for a hardship exemption.</p> <p>For the cases cited, the evidence of hardship was not always consistently documented in the case file. For example, medical documentation was in the case file to identify a disability that meets the criteria for hardship, but the hardship form was not completed by the local department. FIA has taken measures to ensure the documentation for hardship is adequately included in the case file. FIA has conducted case worker training and issued written guidance on the proper documentation of hardship.</p> <p>The system changes that were made also ensure that evidence of hardship exemption is uploaded before the benefit can continue beyond the 60-month time limit. A report of cases that exceeded the 60-month time limit was compiled and shared with the locals, including instructions to assess the recipient's situation, document the hardship, and upload the documentation into E&E via the Enterprise Content Management System (ECMS).</p> <p>FIA does conduct a monthly TCA 60-month case review to see if the required documentation is in the case file. Based on the reviews conducted, it appears that compliance in this area is improving.</p> <p>Additionally, the recently implemented system enhancements will help to further improve documentation collection.</p>		

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Follow-up on Computer Matches

Finding 6

FIA did not ensure that all social security number (SSN) alerts were recorded in CARES for follow-up purposes.

Recommendation 6

We recommend that FIA ensure all SSN match alerts are properly recorded in the system for follow up (repeat).

Status of Recommendation 6			
Status as of 11/1/2025	Completed	Completion Date:	March 2025
Please provide details of corrective action taken.	<p>SSN alerts are currently in good standing.</p> <p>FIA started to closely monitor missing SSN reports in October 2024, with weekly summaries of outstanding cases shared with Local Departments of Social Service (LDSS) leadership. LDSS departments were given 90 days to address their backlogs. <u>Action Transmittal 25-07</u>, regarding Missing or Invalid Social Security Numbers, was published in January 2025, followed by comprehensive training on the transmittal in the same month. Subsequently, each local department that did not meet the January 2025 deadline submitted a Corrective Action Plan.</p> <p>Since the implementation of the ongoing monitoring process, substantial progress has been achieved. Between November 1, 2024, and February 28, 2025, the weekly average of outstanding alerts was 1,591. This average declined to 173 during the period of March 1 through June 30, 2025, representing an 89 percent reduction from the first quarter. Moreover, for the period of July 1 through September 30, 2025, the weekly average further decreased to 47, marking a 97 percent reduction compared to the initial quarter. A chart depicting the progress to date is attached for reference.</p> <p>We have a <u>Weekly Overdue Missing SSN Graph</u> to show the progress.</p> <p>As such, FIA is confident OLA will clear this finding when the current audit concludes.</p>		

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Finding 7

FIA did not ensure that the Local Department of Social Services (LDSSs) conducted timely and appropriate follow-up on Public Assistance Reporting Information System (PARIS) alerts. Our review disclosed that the LDSSs did not take timely or appropriate action for 43 of the 46 alerts we tested.

Recommendation 7a

We recommend that FIA monitor LDSSs PARIS alert activity to ensure that the LDSSs conduct timely and appropriate follow-up of PARIS alerts (repeat).

Status of Recommendation 7a			
Status as of 11/1/2025	Completed	Completion Date:	March 2025
<p>Please provide details of corrective action taken.</p>	<p>On March 24, 2025, policy guidance was issued regarding New Hire, Death, Prison, and PARIS Data Match Requirements. 25-03 AT Revised New Hire Death Prison PARIS Data Matches Requirements.</p> <p><u>25-03 Revised New Hire, Death, Prison, and Public Assistance Reporting Information System (PARIS) Data Matches Requirements</u></p> <p><u>Actions Taken/Completed:</u></p> <ul style="list-style-type: none"> ● Based on clarification from our federal partners, PARIS alerts should only be generated and addressed at certification and recertification. ● An updated FIA Action Transmittal (AT) addressing how to properly handle PARIS matches has been developed for distribution. ● A review of PARIS alerts are included in the SNAP ME review process to ensure appropriate follow-up action is taken. 		

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Recommendation 7b

We recommend that FIA monitor LDSSs PARIS alert activity to ensure that the LDSSs update the system and case notes for unreported income identified by the PARIS reports (repeat).

Status of Recommendation 7b			
Status as of 11/1/2025	Completed	Completion Date:	March 2025
Please provide details of corrective action taken.	<p>On March 24, 2025, policy guidance was issued regarding New Hire, Death, Prison, and PARIS Data Match Requirements. 25-03 AT Revised New Hire Death Prison PARIS Data Matches Requirements.</p> <p><u>25-03 Revised New Hire, Death, Prison, and Public Assistance Reporting Information System (PARIS) Data Matches Requirements</u></p> <p><u>Actions Taken/Completed:</u></p> <ul style="list-style-type: none"> ● Based on clarification from our federal partners, PARIS alerts should only be generated and addressed at certification and recertification. ● A review of PARIS alerts is included in the SNAP ME review process to ensure appropriate follow-up action is taken. 		

Contract Monitoring

Finding 9
FIA did not adequately administer certain contracts and agreements related to its public assistance programs.

Recommendation 9a

We recommend that FIA obtain adequate documentation, including payroll records, timesheets, and receipts, to verify the accuracy of billings, as required by policy (repeat).

Status of Recommendation 9a			
Status as of 11/1/2025	Completed	Completion Date:	June 2023
Please provide details of corrective action taken.	<p><u>Actions/Taken/Completed:</u></p> <ul style="list-style-type: none"> ● All vendors and grantees are required to submit supporting documentation with all invoices. The contract manager must provide the vendor outcomes within the Quarterly Report and 		

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

	<p>proof of monitoring along with the invoice and supporting documentation for approval of payment.</p> <ul style="list-style-type: none"> ● The Emergency Food Program is using the updated standard operating procedure (SOP) to reflect that supporting documents must accompany all invoices for payment, rather than on a test basis. The Emergency Food Program held meetings in smaller groups with all vendors to introduce the practice of providing supporting documentation with every invoice. Meetings are held individually if technical assistance is needed. ● Each contract is monitored differently and is consistent with FIA’s Contract Monitoring and Invoice Protocol. The protocol was implemented to improve contract and invoice monitoring. FIA continues to work on improving our contract monitoring and invoice processing. ● DHS is using the established protocol for receiving and reviewing invoices prior to payment. ● A process to independently verify grant funds were spent as intended by obtaining and reviewing documentation to support the propriety of payments was established on February 7, 2023. FIA has obtained the requested documentation and has reviewed the applicable supporting documentation for expenditures, such as timesheets, which support the personnel-related expenditures.
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Recommendation 9c

We recommend that FIA in conjunction with DHS, formally determine which entity is responsible for LDSS contract oversight and establish processes to oversee and approve LDSS public assistance contracts and agreements to ensure that the related invoices are consistent with the agreements and that the agreed-upon services are received (repeat).

Status of Recommendation 9c			
Status as of 11/1/2025	Completed	Completion Date:	March 2024
Please provide details of corrective action taken.	<p><u>Actions/Taken/Completed:</u></p> <ul style="list-style-type: none"> ● FIA developed a three-pronged strategy to address this concern. The strategy included the provision of periodic training to local contract managers who are responsible for drafting scopes of work, reviewing invoices, processing invoices, and monitoring contracts. It also included a plan to develop a central team to provide oversight of local contracts and ongoing technical assistance. Two of the three prongs, including technical assistance and ongoing training have been implemented. ● FIA has established a process for reviewing and signing off on LDSS contracts. 		

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

- FIA has established and implemented an annual contract compliance training and provides ongoing technical assistance to local contract managers.
- FIA follows the April 2023, DHS issued memo titled “Delegation of Signatory Authority for Agreements by the Secretary of the Maryland Department of Human Services (DHS)” where the Secretary may delegate authority to execute certain agreements, contracts, memoranda of understanding (“MOU”), etc. Under the new guidance, all contracts with a value of \$100,000 or above must be reviewed and approved by the Secretary.
- Each LDSS was requested to submit a SOP for contract monitoring by November 1, 2024. All SOPs were received by that date. FIA reimplemented monitoring meetings for TCA: Monthly for technical assistance (2 hrs), and annual meetings for overall program accountability to the submitted and approved budget and Partnership for Achieving Self Sufficiency (PASS) Plan (about half-day). FIA reinstated this TCA monitoring tool to support annual meetings. FIA’s Cash Programs office designated a vacancy for a dedicated contracted monitor position.

Exhibit 1 to May 12, 2026 Letter to Joint Chairmen

Grants Management

Finding 10

FIA did not obtain supporting documentation to support grant funds were spent as intended.

Recommendation 10a

We recommend that FIA independently verify, at least on a test basis, that grant funds are spent as intended by obtaining and reviewing documentation to support the propriety of payments (repeat).

Status of Recommendation 10a			
Status as of 11/1/2025	Completed	Completion Date:	June 2023
Please provide details of corrective action taken.	<p><u>Actions Taken/Completed Through June 2023:</u></p> <ul style="list-style-type: none">• All vendors and grantees are required to submit supporting documentation with all invoices. The contract manager must provide the vendor outcomes within the Quarterly Report, and proof of monitoring along with the invoice and supporting documentation for approval of payment.• The Emergency Food Program updated the <u>SOP</u> along with <u>Attachment A</u> to reflect that supporting documents must accompany all invoices for payment rather than on a test basis.• The Emergency Food Program held meetings in smaller groups with all vendors to introduce the practice of providing supporting documentation with every invoice. <p>As such, FIA is confident OLA will clear this finding when the current audit concludes.</p>		

Exhibit 2 to May 12, 2026 Letter to Joint Chairmen

Status of Repeat Findings in Office of Legislative Audits’ (OLA) October 21, 2022 Audit Report on the Department of Human Services (DHS) – Family Investment Administration (FIA)

Prior Recommendations Pertaining to Repeat Findings	DHS Reported Status	Status Based on OLA Review
Temporary Cash Assistance (TCA)		
2. We recommend that FIA <ul style="list-style-type: none"> a. comply with existing federal and State regulations by terminating TCA benefits to all recipients after five years unless a documented hardship exemption and related independence plan is prepared and approved, as required. 	Completed	Not Resolved (In Progress)
<ul style="list-style-type: none"> b. determine the extent of improper payments and, in conjunction with the federal granting agency, develop a plan to address any amounts improperly recovered from the federal granting agency, and notify the General Assembly budget committees and the Department of Budget and Management of the extent of State payments made in violation of the aforementioned State regulations. 	Completed	Not Resolved (In Progress)
Follow-up on Computer Matches		
6. We recommend that FIA ensure all Social Security Number match alerts are properly recorded in the system for follow-up.	Completed	Resolved
7. We recommend that FIA monitor Local Departments of Social Services (LDSSs) Public Assistance Reporting Information System (PARIS) alert activity to ensure that the LDSSs <ul style="list-style-type: none"> a. conduct timely and appropriate follow-up of PARIS alerts. 	Completed	Not Resolved (In Progress)
<ul style="list-style-type: none"> b. update the system and case notes for unreported income identified by the PARIS reports. 	Completed	Resolved

Exhibit 2 to May 12, 2026 Letter to Joint Chairmen

Status of Repeat Findings in Office of Legislative Audits’ (OLA) October 21, 2022 Audit Report on the Department of Human Services (DHS) – Family Investment Administration (FIA)

Prior Recommendations Pertaining to Repeat Findings	DHS Reported Status	Status Based on OLA Review
<p>Contract Monitoring 9. We recommend that FIA</p> <ul style="list-style-type: none"> a. obtain adequate documentation, including payroll records, timesheets, and receipts, to verify the accuracy of billings, as required by policy. 	<p align="center">Completed</p>	<p align="center">Not Resolved (In Progress)</p>
<ul style="list-style-type: none"> c. in conjunction with DHS, formally determine which entity is responsible for LDSS contract oversight and establish processes to oversee and approve LDSS public assistance contracts and agreements to ensure that the related invoices are consistent with the agreements and that the agreed-upon services are received. 	<p align="center">Completed</p>	<p align="center">Not Resolved (In Progress)</p>
<p>Grant Management 10. We recommend that FIA</p> <ul style="list-style-type: none"> a. independently verify, at least on a test basis, that grant funds are spent as intended by obtaining and reviewing documentation to support the propriety of payments. 	<p align="center">Completed</p>	<p align="center">Resolved</p>

Exhibit 3 to May 12, 2026 Letter to Joint Chairmen

Comments on Findings OLA Assessed as Unresolved

Prior Report Recommendation – Finding 2

We recommend that Family Investment Administration (FIA)

- a. comply with existing federal and State regulations by terminating Temporary Cash Assistance (TCA) benefits to all recipients after five years unless a documented hardship exemption and related independence plan is prepared and approved, as required (repeat);**
- b. determine the extent of improper payments and, in conjunction with the federal granting agency, develop a plan to address any amounts improperly recovered from the federal granting agency, and notify the General Assembly budget committees and the Department of Budget and Management of the extent of State payments made in violation of the aforementioned State regulations (repeat);**

Status as Determined by DHS - Completed

Office of Legislative Audits (OLA) Assessment of Status – Not Resolved

In regard to recommendation a, our review disclosed that FIA did not ensure that the Local Departments of Social Services (LDSSs) terminated TCA benefits after five years unless the recipients had a documented hardship exemption and independence plan in accordance with federal and State regulations. Subsequent to the implementation date noted in FIA's status report (November 2023), our test of 34 recipients receiving TCA benefits beyond the five-year period as of April 2025 disclosed that the LDSSs did not document a hardship exemption and/or the required independence plan for 15 recipients. According to FIA records, benefits received by these 15 recipients past the five-year limit totaled \$1.1 million.

In regard to recommendation b, FIA investigated the 9 cases identified in our prior report and determined that no funds were improperly recovered from the federal government. However, FIA did not determine the extent of improper payments by reviewing additional cases and as noted above, our current review disclosed additional recipients who continued to receive TCA benefits beyond five years.

Prior Report Recommendation – Finding 7

We recommend that FIA monitor LDSSs Public Assistance Reporting Information System (PARIS) alert activity to ensure that the LDSSs

- a. conduct timely and appropriate follow-up of PARIS alerts (repeat).**

Exhibit 3 to May 12, 2026 Letter to Joint Chairmen

Comments on Findings OLA Assessed as Unresolved

Status as Determined by DHS - Completed

OLA Assessment of Status – Not Resolved

Our review disclosed that while FIA advised that it monitored the LDSSs' PARIS alert activity during its quality assurance reviews of each LDSS, FIA could not document that it had reviewed any PARIS alerts through this process. In this regard, our test of 20 PARIS alerts disclosed that 15 alerts were not resolved within 30 days as required. In addition, the LDSSs did not document the actions taken to resolve 14 alerts, such as closing the case in one state and recouping the benefits.

Prior Report Recommendation – Finding 9

We recommend that FIA

- a. obtain adequate documentation, including payroll records, timesheets, and receipts, to verify the accuracy of billings, as required by policy (repeat); and**
- c. in conjunction with DHS, formally determine which entity is responsible for LDSS contract oversight and establish processes to oversee and approve LDSS public assistance contracts and agreements to ensure that the related invoices are consistent with the agreements and that the agreed-upon services are received (repeat).**

Status as Determined by DHS - Completed

OLA Assessment of Status – Not Resolved

In regard to recommendation a, our review disclosed that FIA did not always obtain adequate documentation to verify the accuracy of contractor billings. Specifically, our test of 15 invoices totaling \$49.3 million from 5 contracts totaling \$144.4 million disclosed that FIA did not obtain documentation to support that deliverables were received and that amounts invoiced were proper for 8 invoices totaling \$9.9 million related to four contracts.

In regard to recommendation c, as of March 2026, DHS and FIA had not formally determined whether oversight of LDSS contracts was the responsibility of FIA or the individual LDSSs. Although FIA indicated that it established a process for reviewing LDSS contracts, our review disclosed that FIA lacked comprehensive records to enable effective oversight. Specifically, FIA could not readily provide a list of LDSS contracts related to the Temporary Disability Assistance Program and Home Energy Assistance Program, and FIA's list of contracts for the TCA program did not include any procurements by five LDSSs. Furthermore, FIA did not review invoices for the LDSS contracts, even on a test basis, to ensure the billings were proper and that the services were received.