

PRINCE GEORGE'S COUNTY, MARYLAND

**REPORT ON SINGLE AUDIT
June 30, 2011**

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**Independent Auditor's Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Members of the County Council
Prince George's County, Maryland

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Prince George's County, Maryland (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2011. We did not audit the component unit financial statements of Prince George's Community College, Revenue Authority of Prince George's County, Prince George's County Housing Authority, Prince George's County Memorial Library and Prince George's Community Television, Inc., which represent 15% of the total assets, 29% of total net assets and 13% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2011. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above mentioned component units, is based solely on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described as findings 2011-1 through 2011-4 in the accompanying schedule of findings and questioned costs to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated December 28, 2011.

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

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Clifton Henderson LLP

Baltimore, Maryland
December 28, 2011



Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance and Schedule of Expenditures of Federal Awards in Accordance with OMB Circular A-133

Members of the County Council
Prince George's County, Maryland

Compliance

We have audited the compliance of Prince George's County, Maryland (the County) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

The County's basic financial statements also include the operations of the Prince George's Community College, the Prince George's County Board of Education, the Revenue Authority of Prince George's County, the Prince George's County Housing Authority, the Prince George's County Memorial Library and the Prince George's Community Television, Inc., which may have received federal awards (where applicable), and which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2011. We were separately engaged to perform, and we have separately reported on the results of our audit of the Prince George's County Board of Education. The Prince George's Community College, the Revenue Authority of Prince George's County, the Prince George's County Housing Authority, the Prince George's County Memorial Library and the Prince George's Community Television, Inc. reported separately a schedule of expenditures of federal awards and engaged another auditor to perform an audit in accordance with OMB Circular A-133, where applicable.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the County's compliance with those requirements.

As described below and in the accompanying schedule of findings and questioned costs, the County did not comply with certain requirements applicable to certain major federal programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program. The following are the compliance requirements, by program, that the County did not comply with:

Finding No:	CFDA#/Program:	Compliance Requirements:
2011-05	14.218,14.253 Community Development Block Grant	Sub-recipient Monitoring
2011-06	16.738, 16.803, 16.804 Byrne Justice Assistance Grants	Suspension and Debarment
2011-05	93.959 Substance Abuse Prevention and Treatment Block Grant	Sub-recipient Monitoring
2011-06	93.959 Substance Abuse Prevention and Treatment Block Grant	Suspension and Debarment
2011-07	93.959 Substance Abuse Prevention and Treatment Block Grant	Reporting
2011-05	81.128 Energy Efficiency and Conservation Block Grant	Sub-recipient Monitoring
2011-06	81.128 Energy Efficiency and Conservation Block Grant	Suspension and Debarment
2011-06	93.778 Medical Assistance	Suspension and Debarment
2011-06	97.067 Homeland Security Grant Program	Suspension and Debarment

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

However, the results of our audit procedures also disclosed other instances of noncompliance with allowable costs/activities, reporting and equipment and real property management that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-08, 2011-09, and 2011-10.

Internal Control Over Compliance

The management of the County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material

weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-05, 2011-06, and 2011-07 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-08, 2011-09, and 2011-10 to be significant deficiencies.

Schedule of Expenditures of Federal Awards

We, CliftonLarsonAllen LLP, formed as a result of a combination of Clifton Gunderson LLP and LarsonAllen LLP on January 2, 2012, audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Prince George's County, Maryland (the County) as of and for the year ended June 30, 2011, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 28, 2011. We did not audit the component unit financial statements of Prince George's Community College, Revenue Authority of Prince George's County, Prince George's County Housing Authority, Prince George's County Memorial Library and Prince George's Community Television, Inc., which represent 15% of the total assets, 29% of total net assets and 13% of total revenues of the aggregate discretely presented component units as of and for the year ended June 30, 2011. The federal expenditures, where applicable, for the Revenue Authority, the Board of Education of Prince George's County, the Prince George's Community College, the Housing Authority, the Prince George's Memorial Library and the Prince George's Community Television, Inc., are not included in the accompanying schedule of expenditures and federal awards. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the June 30, 2011 basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

CliftonLarsonAllen LLP

Baltimore, Maryland

March 27, 2012, except for the Schedule of Expenditures
of Federal Awards which is dated December 28, 2011

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF AGRICULTURE (USDA)</u>			
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF EDUCATION (MSDE)</u>			
Summer Food Service for Children			
Summer Food Program	10.559	\$ 350,414	\$ 350,414
Emergency Food Assistance Cluster:			
Food and Nutrition Services-Donated Commodities			
Emergency Food Assistance (TFAP)	10.568	60,323	
ARRA - Emergency Food Assistance (TFAP)	10.568	18,750	79,073
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF HUMAN RESOURCES (MDHR)</u>			
Food and Nutrition Services-Admin.			
Emergency Food Assistance (Commodities)	10.569	355,480	355,480
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)</u>			
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)			
WIC	10.557	2,628,258	
WIC Breastfeeding Peer Counseling	10.557	184,493	
WIC Renovations	10.557	157,032	
WIC Vouchers	10.557	12,719,359	15,689,142
Child and Adult Food Care Program			
Child and Adult Care Food Program	10.558	36,809	<u>36,809</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>16,510,918</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u>			
<u>Direct</u>			
EDI Grants - Special Projects			
EDI Grant	14.246	25,752	25,752
Community Development Block Grants /Entitlement Grants (CDBG)			
Community Development Block Grant	14.218	8,957,560	
ARRA - Community Development Block Grant -R	14.253	569,062	9,526,622
Emergency Shelter Grants Program			
Emergency Shelter	14.231	272,754	272,754
Supportive Housing Program			
Permanent Housing Operating	14.235	20,692	
Permanent Housing Supportive	14.235	64,849	
Permanent Housing Admin	14.235	18,303	
Permanent Housing Leasing	14.235	293,971	
Transitional Center for Men	14.235	113,015	
ATOP Transitional Housing-Operating	14.235	4,937	
ATOP Transitional Housing-Supportive SVC	14.235	1,772	
ATOP Transitional Housing-Admin	14.235	3,336	
ATOP Transitional Housing-Lease	14.235	14,149	
THP - Operating	14.235	74,735	
THP - Supportive SVC	14.235	257,937	
THP - Admin	14.235	37,281	
THP - Leasing	14.235	707,107	1,612,084

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u>			
<u>Direct (cont.)</u>			
Home Investment Partnerships Program (HOME)			
Home Investment Partnerships Program	14.239	\$ 11,092,762	\$ 11,092,762
Community Development Block Grants			
 /Entitlement Grants (CDBG)			
ARRA - NSP	14.256	2,198,029	2,198,029
Miscellaneous ARRA Grants			
ARRA - HPRP	14.257	1,457,258	1,457,258
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT</u>			
ARRA - NCI	14.256	517,508	517,508
Weatherization Assistance for Low-Income Persons			
ARRA - Weatherization Assistance Program	81.042	618,484	618,484
<u>MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE</u>			
Shelter Plus	14.238	520,859	<u>520,859</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>27,842,112</u>
<u>BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS (ATF)</u>			
<u>Direct</u>			
Edward Byrne Memorial Grants State and Local Enforcement Assistance Discretionary Grants			
MD Reg Gang Initiative Youth	16.580	228,173	
Comp Anti Gang	16.580	9,988	<u>238,161</u>
TOTAL BUREAU OF ALCOHOL, TOBACCO, AND FIREARMS			<u>238,161</u>
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u>			
<u>Direct</u>			
Supervised Visitation, Safe Haven for Children			
Safe Haven	16.527	12,057	12,057
National Institute of Justice, Research, Evaluation and Development Grants			
DEA-MATF	16.560	65,706	
OCDETF	16.560	21,783	87,489
Part E - Developing, Testing and Demonstrating Promising New Programs			
Educational Assessment and Intervention for DJS for Involved Youth	16.541	27,890	27,890
State Criminal Alien Assistance Program			
SCAPP	16.606	177,216	177,216
Public Safety Partnership and Community Policing Grants			
ARRA - COPS Hiring Recovery Grant	16.710	2,554,814	2,554,814
Edward Byrne Memorial Justice Assistance Grant Program			
Bryne Memorial Justice Assistance	16.738	703,087	
Local Law Enforcement Training	16.738	8,108	711,195

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF JUSTICE (DOJ) (Cont.)</u>			
Community-Defined Solutions to Violence Against Women Grant Program			
Domestic Violence Response Team	16.590	\$ 225,604	\$ 225,604
Forensic DNA Backlog Reduction Program			
Rafis DNA Backlog	16.743	67,637	
Forensic Case DNA Backlog	16.743	222,972	290,609
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants			
Metro Area Task Force	16.000	4,248	4,248
Alcohol, Tobacco, and Firearms-Training Assistance			
ATF Task Force	16.000	46,065	46,065
DOJ - Public Safety Partnership and Community Policy Grants			
COPS Technology	16.710	903,727	
DOJ COPS Technology	16.710	(75,015)	
Law Enforcement Technology	16.710	700,000	1,528,712
Regional Area Gang Enforcement	16.000	3,849	<u>3,849</u>
Total Direct Payments:			<u>5,669,748</u>
<u>PASS-THROUGH UNIVERSITY OF MARYLAND</u>			
Edward Byrne Memorial Formula Grant Program			
High Intensity Drug Trafficking Area	16.579	188,925	188,925
<u>PASS-THROUGH MARYLAND CRIME CONTROL AND PREVENTION</u>			
Violence Against Women Formula Grants			
Stop Violence Women	16.588	67,907	
DV Intake Advocacy Project	16.588	44,912	
Domestic Violence Council	16.588	20,792	133,611
Juvenile Justice and Delinquency Prevention			
- Allocation To States			
JJDP Teen Court	16.540	668	
DMC Coordinator	16.540	51,566	52,234
Forensic DNA Backlog Reduction Program	16.742	14,603	14,603
Community Conferencing	16.738	61,940	61,940
State Victim Assistance Formula Grant Program			
- Recovery Act			
ARRA - DV Prosecution Victim Support	16.801	37,388	37,388
Edward Byrne Memorial Justice Assistance Grant (JAG) Program			
/ Grants to States and Territories - Recovery Act			
ARRA - Byrne JAG	16.803	457,606	
ARRA - Case Management	16.803	116,178	
ARRA - Mortgage and Foreclosure Fraud	16.803	192,065	
ARRA - Gang Intelligence/Security Upgrade	16.803	23,380	
ARRA - Aftercare Inmates	16.803	219,533	
ARRA - COPS Hiring	16.803	127,860	
ARRA - DBRA Lab Enhancement	16.803	<u>48,368</u>	
			1,184,990

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>PASS-THROUGH MARYLAND CRIME CONTROL AND PREVENTION (Cont.)</u>			
Edward Byrne Memorial Justice Assistance Grant (JAG) Program			
/ Grants To Units Of Local Government-Recovery Act (cont.)			
ARRA - Cellular Tracks	16.803	\$ 319,213	
ARRA - Byrne JAG	16.804	1,471,680	\$ 1,790,893
<u>PASS-THROUGH MARYLAND</u>			
<u>DEPARTMENT OF HUMAN RESOURCES (DHR)</u>			
<u>Law Enforcement Assistance-Uniform Crime Reports</u>			
Uniform Crime Reports	16.000	38,200	38,200
<u>Crime Victim Assistance</u>			
Victims of Crime	16.575	71,185	71,185
TOTAL U.S. DEPARTMENT OF JUSTICE			9,243,717
<u>U.S. DEPARTMENT OF LABOR (DOL)</u>			
<u>PASS-THROUGH SENIOR SERVICES AMERICA, INC. (SSA)</u>			
Senior Community Service Employment Program			
ARRA - Senior Community Service Employment	17.235	(7,839)	
Senior Aides	17.235	833,842	826,003
TOTAL U.S. DEPARTMENT OF LABOR			826,003
<u>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</u>			
<u>PASS-THROUGH MARYLAND DEPARTMENT OF</u>			
<u>TRANSPORTATION (MDOT)</u>			
Federal Transit - Capital Investment Grants			
Section 5309	20.500	151,131	
ARRA - DPW Transit Vehicles	20.500	6,899,992	
ARRA - Roadway Resurfacing A	20.500	2,876,090	
ARRA - Roadway Resurfacing B	20.500	2,906,938	12,834,151
Federal Transit Formula Grants			
Ridesharing	20.507	256,069	256,069
Formula Grants for Other Than Urbanized Areas			
Section 5311	20.509	125,381	125,381
Highway Planning and Construction Cluster			
Suitland Road	20.205	381,006	
Brock Rd Bridge	20.205	1,133,037	
Ritchie Marlboro	20.205	54,330	
Brinkley Road Bridge	20.205	5,226	
Sunnyside Avenue Bridge	20.205	42,726	
Commo Road Bridge	20.205	50,093	
Livingston Road Bridge	20.205	29,365	
Oxon Hill Road Bridge	20.205	229	
Trip Center	20.205	329,364	2,025,376
Public Transportation Research			
Vehicle Location System	20.514	662,889	662,889
Subtotal			15,903,866

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</u>			
<u>PASS-THROUGH STATE HIGHWAY ADMINISTRATION (SHA)</u>			
State and Community Highway Safety			
Traffic Safety	20.600	\$ 181,115	\$ 181,115
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			<u>16,084,981</u>
<u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)</u>			
<u>Direct</u>			
Employment Discrimination-State and Local Fair Employment Practices Agency Contact			
U.S. Equal Opportunity Commission Worksharing	30.002	75,631	<u>75,631</u>
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION			<u>75,631</u>
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u>			
<u>Direct</u>			
Congressionally Mandated Projects			
Anacostia Phase V	66.202	511,008	
EPA Livable Communities	66.202	96,000	607,008
Targeted Watersheds Grants			
BMP Watershed Model	66.439	59,391	59,391
<u>PASS-THROUGH MARYLAND DEPARTMENT OF ENVIRONMENT (MDE)</u>			
Capitalization Grants for Clean Water State Revolving Funds			
Montpelier Mansion LID	66.458	105,600	
ARRA- Montpelier Mansion	66.458	28,539	
ARRA - Beaverdam Wetland Project	66.458	132,060	
ARRA - Wynnleigh Road	66.458	337,786	603,985
<u>PASS-THROUGH MARYLAND EMERGENCY MANAGEMENT AGENCY (MEMA)</u>			
Congressionally Mandated Projects			
Yorkville Sinkhole Project	97.017	430,712	<u>430,712</u>
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY			<u>1,701,096</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)</u>			
Foster Grandparent Program			
Foster Grandparents	94.011	241,542	241,542
Retired and Senior Volunteer Program			
Community RSVP-Volunteer Expenses	94.002	37,007	
Community RSVP	94.002	39,195	<u>76,202</u>
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			<u>317,744</u>
<u>FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)</u>			
<u>Direct</u>			
Congressionally Mandated Projects			
Digital Food Insurance	66.000	75,000	75,000

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>PASS-THROUGH MARYLAND EMERGENCY</u>			
<u>MANAGEMENT AGENCY (MEMA):</u>			
Food and Shelter National Board Program			
Emergency Management	97.000	\$ 188,527	\$ 188,527
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY			<u>263,527</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>			
<u>Direct</u>			
Health Care and Other Facilities			
Healthcare/ Other FAC HRSA EQMT	93.887	105,794	
Healthcare/Other Facilities	93.887	68,746	174,540
Communities Putting Prevention to Work			
ARRA - Chronic Disease Self Management	93.725	20,431	20,431
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>			
<u>OF HEALTH AND MENTAL HYGIENE (DHMH)</u>			
Substance Abuse and Mental Health Services- Projects of Regional and National Significance			
Youth Suicide Prevention	93.243	84,325	84,325
ARRA - Immunization			
ARRA - School-age Influenza Immunization	93.712	10,132	10,132
Centers for Disease Control and Prevention- Investigations and Technical Assistance			
Breast and Cervical Cancer Program	93.283	243,037	243,037
Public Health Emergency Preparedness			
Public Health Preparedness	93.069	63,934	
PHER1 H1N1	93.069	11,903	
PHER1 III H1N1 Planning Response	93.069	182,410	
PHER1 IV H1N1 Vaccine Campaign	93.069	463,077	
Public Health Preparedness	93.069	552,999	
NM City Readiness Initiative	93.069	227,663	1,501,986
Project Grants and Cooperative Agreements for Tuberculosis Control Programs			
Epidemiology TB CHN Grant	93.116	226,823	226,823

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>			
<u>OF HEALTH AND MENTAL HYGIENE (DHMH)(Cont.)</u>			
Project for Assistance in Transition from Homelessness-PATH			
Path Project	93.150	\$ 101,880	\$ 101,880
Coordinated Services and Access to Research for Women, Infants, Children and Youth			
AIDS Pediatric	93.153	(1,745)	(1,745)
HIV Care Formula Grants			
AIDS Ryan White Title II	93.917	1,902,265	1,902,265
HIV Prevention Activities_Health Department Based			
AIDS HIV Counsel Test	93.940	340,648	
Community Level Prevention	93.940	138,845	
Expand HIV Testing	93.940	483,236	
HIV Partner	93.940	98,277	1,061,006
Immunization Grants			
Epidemiology Hepatitis B Immunization	93.268	66,522	
Immunization Action Program	93.268	193,233	259,755
Refugee and Entrant Assistance Discretionary Grants			
Refugee and Entrant Assistance Discretionary Grants	93.576	345,407	345,407
Medical Assistance Program			
PWC Eligibility	93.778	914,829	
Medical Assistance Transportation	93.778	2,326,900	
Administrative Care Coordination	93.778	532,883	
Healthy Start Program	93.778	3,333	
MA Waiver Administration	93.778	157,151	3,935,096
Family Planning Services			
Maternal Child Planning	93.217	151,253	
HIV Prevention	93.217	203,245	354,498
Maternal and Child Health Services Block Grant to the States			
Lead Paint Poisoning Outreach Nurse	93.994	57,274	
High Risk Infant	93.994	90,144	147,418
Block Grants for Community Mental Health Services			
Block Grants for Community Mental Health	93.958	1,312,896	1,312,896

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>			
<u>OF HEALTH AND MENTAL HYGIENE (DHMH)(Cont.)</u>			
Block Grants for Prevention and Treatment of Substance Abuse			
Addictions Treatment	93.959	\$ 1,586,245	
Region II Prevention	93.959	484,892	\$ 2,071,137
Preventive Health Services -Sexually Transmitted Diseases			
Epidemiology STD Caseworker Grant	93.977	330,602	330,602
<u>PASS-THROUGH MARYLAND DEPARTMENT OF AGING (MDOA)</u>			
Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services			
Title IIID	93.043	19,501	19,501
Aging Cluster:			
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers			
Title IIIB	93.044	890,466	890,466
Special Programs for the Aging-Title III, Part C-Nutrition Services			
Title IIIC2	93.045	439,151	
Title IIIC1	93.045	642,717	1,081,868
Aging Home-Delivered Nutrition Services for States and Aging Congregate Nutrition Services for State			
ARRA - Nutrition	93.707	22,212	<u>22,212</u>
Subtotal Aging Cluster			<u>2,014,047</u>
Centers for Medicare and Medicaid Services- Research, Demonstrations and Evaluations			
Sr Health Insurance-Admin	93.779	47,621	47,621
<u>PASS-THROUGH DISTRICT OF COLUMBIA</u>			
<u>DEPARTMENT OF HEALTH (DCH)</u>			
HIV Emergency Relief Project Grants			
Ryan White Minority Aids	93.914	70,612	
Part A Minority Aids Initiative	93.914	276,446	
Ryan White CARE	93.914	8,181,441	8,528,499

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>			
<u>OF HUMAN RESOURCES (MDHR)</u>			
Child Support Enforcement			
Child Support-Sheriff	93.563	\$ 1,361,829	
Child Support Title IV-Domestic Relations	93.563	386,786	\$ 1,748,615
Low-Income Home Energy Assistance			
Low Income Home Energy Assistance Program	93.568	715,597	715,597
Temporary Assistance for Needy Families			
Healthy Families-Home Visitation	93.558	171,302	<u>171,302</u>
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>27,307,170</u>
<u>PASS-THROUGH MARYLAND</u>			
<u>STATE DEPARTMENT OF EDUCATION (MSDE)</u>			
Special Education-Grants for Infants and Families cluster:			
Infant and Toddlers-Part C	84.181	237	
Infant and Toddlers-Part C	84.181	700,125	
ARRA - Infants and Toddlers IDEA Part C	84.393	253,600	
ARRA - Infants and Toddlers Extended IFSP	84.393	111,093	1,065,055
Special Education cluster:			
Infants and Toddlers - Part B	84.027	131,862	
Part B 619	84.173	11,094	<u>142,956</u>
TOTAL DEPARTMENT OF EDUCATION			<u>1,208,011</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u>			
<u>Direct</u>			
Assistance to Firefighters			
USDHS AFG	97.044	96,303	
Staffing Adequate Fire/Emergency Response	97.083	425,822	522,125
<u>PASS-THROUGH MARYLAND EMERGENCY</u>			
<u>MANAGEMENT AGENCY (MEMA)</u>			
MEMA Port Security	97.056	53,345	
State Homeland Security Program	97.067	1,267,715	1,321,060
HSGP - Citizen Corp	97.053	25,768	25,768
Citizen Corp	97.053	827	827

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<u>PASS-THROUGH DISTRICT OF COLUMBIA HOMELAND SECURITY</u>			
<u>AND EMERGENCY MANAGEMENT AGENCY</u>			
Homeland Security Grant Program			
UASI Infection Control	97.067	\$ 128,966	
UASI MMRS	97.067	915,294	
UASI Volunteer and Citizen Corp.	97.067	348,452	
UASI NCR Regional Planning	97.067	465,704	
EOC/ECC Connection Main	97.067	226,439	
7UASI NIMS COMP	97.067	112,472	
Exercise and Training Officer	97.067	97,559	
UASI Radio System Upgrade	97.067	18,600	
UASI Microwave Deployment	97.067	(80,504)	
UASI Interoperable System	97.067	1,413,923	
UASI/INT ECC'S and EOC'S	97.008	54,776	\$ 3,701,681
Port Security Grant Program			
ARRA - Port Security	97.116	30,911	30,911
<u>PASS-THROUGH EMERGENCY FOOD AND SHELTER PROGRAM</u>			
<u>BOARD (EFSB)</u>			
Emergency Food and Shelter National Board Program			
Emergency Food and Shelter	97.024	189,163	<u>189,163</u>
TOTAL DEPARTMENT OF HOMELAND SECURITY			<u>5,791,535</u>
<u>U.S. DEPARTMENT OF COMMERCE (DOC)</u>			
<u>PASS-THROUGH DISTRICT OF COLUMBIA HOMELAND SECURITY</u>			
<u>AND EMERGENCY MANAGEMENT AGENCY</u>			
FY 07 PSIC NCRNET	11.555	1,687,237	
<u>PASS-THROUGH MARYLAND EMERGENCY</u>			
<u>MANAGEMENT AGENCY (MEMA)</u>			
PSIC Microwave Maintenance	11.555	427,547	<u>2,114,784</u>
TOTAL DEPARTMENT OF COMMERCE			<u>2,114,784</u>
<u>U.S. DEPARTMENT OF ENERGY (DOE)</u>			
<u>Direct</u>			
Energy Efficiency and Conservation Block Grant Program (EECBG)			
ARRA - EECBG	81.128	4,060,771	<u>4,060,771</u>
TOTAL DEPARTMENT OF ENERGY			<u>4,060,771</u>
TOTAL FEDERAL GRANT EXPENDITURES			<u>\$ 113,586,161</u>

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

NOTE 1 – SCOPE OF AUDIT PURSUANT TO OMB CIRCULAR A-133

The Schedule of Expenditures of Federal Awards presents the activity of all Federal award programs of Prince George's County, Maryland (the County), as defined in Note 1(a) to the County's basic financial statements. All Federal awards received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the schedule, except for the outstanding loan balances discussed in note 3(a).

NOTE 2 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. It includes all Federal awards to the County which had expenditure activity during the year ended June 30, 2011. Several programs are jointly funded by State of Maryland appropriations and Federal awards. The Schedule of Expenditures of Federal Awards reflects only that part of the grant activity funded by Federal awards.

NOTE 3 – NONCASH FEDERAL AWARDS

(a) Food Vouchers – U.S. Department of Agriculture (USDA): The Special Supplemental Food Program for Women, Infants and Children (WIC) is a State of Maryland administered program that uses local governments to assist in screening participant eligibility and distribution of WIC vouchers. Distributed WIC vouchers are issued, controlled, collected, valued, audited, and canceled by the State of Maryland. State representatives confirmed that the value of WIC vouchers redeemed by Maryland residents living in Prince George's County, Maryland totaled \$12,719,359 for fiscal year 2011. These amounts are included in the Schedule of Expenditures of Federal Awards.

(b) Food Commodities – USDA: During fiscal year 2011, the County received \$355,480 in surplus food from the Federal government. This amount is included in the Schedule of Expenditures of Federal Awards.

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2011

NOTE 4 – SUBRECIPIENTS

Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the County provided federal awards to subrecipients as follows:

CFDA#	Grant Program	Amounts Provided to Subrecipients
14.218	HUD - Community Development Block Grant Program	\$ 5,016,364
14.231	HUD - Emergency Shelter Grant Program	252,991
14.239	HUD - HOME Investment Partnerships Program	4,013,437
14.256	HUD - Neighborhood Stabilization	71,755
14.253	HUD - Community Development Block Grant-R ARRA	522,740
14.257	HUD - Housing Preservation Recovery Program ARRA	1,202,686
81.128	DOE - Energy Efficiency and Conservation Block Grant	2,258,605
84.027	DOE - Special Education Grants to States Part B	131,862
84.173	DOE - Special Education Grants to States Part B 619	11,094
84.181	DOE - Special Education: Grants for Infants and Families with Disabilities	12,800
84.393	ARRA I&T IDEA	364,692
93.044	HHS - Title III, Part B - Grants for Supportive Services and Senior Centers	94,191
93.150	Projects for Assistance in Transition from Homelessness (PATH)	62,872
93.914	HHS - HIV Emergency Relief Project Grants	6,322,449
93.958	HHS - Block Grants for Community Mental Health Services	1,270,584
93.959	Substance Abuse Prevention and Treatment Block Grant	1,152,899
	Total	\$ 22,762,021

This information is an integral part of the accompanying schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified?	_____	Yes	<u> X </u>	No
Significant deficiency(ies) identified that are not considered to be material weakness.	<u> X </u>	Yes	_____	None reported
Noncompliance material to financial statements noted?	_____	Yes	<u> X </u>	No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	_____	No
Significant deficiency(ies) identified that are not considered to be material weakness.	<u> X </u>	Yes	_____	None reported

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

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
HUD - Community Development Block Grants	14.218, 14.253
HHS - Medical Assistance Program	93.778
HHS - Substance Abuse Prevention and Treatment Block Grant	93.959
DOE- Energy Efficiency and Conservation Block Grant	81.128
DOJ- Edward Byrne Memorial Justice Assistance Grants	16.738, 16.803, 16.804
DHS- Homeland Security Grant Program	97.067

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?	<u> X </u>	Yes	_____	No
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Identification of Major Programs

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number(s)</u>
USDA - Special Supplemental Food Program for Women, Infants and Children	10.557
DOC - Public Safety Interoperable Communications	11.555
HUD - Community Development Block Grants	14.218, 14.253
HUD - Home Investment Partnership Program	14.239
DOJ - Public Safety Partnerships and Comm. Policing	16.710
DOJ - Edward Byrne Memorial Justice Assistance Grants	16.738, 16.803, 16.804
DOT - Federal Transit Cluster	20.500, 20.507
DOE - Energy Efficiency and Conservation Block Grant	81.128
HHS - Medical Assistance Program	93.778
HHS - Substance Abuse Prevention Treatment Block Grant	93.959
DHS - Homeland Security Grant Program	97.067

Dollar threshold used to distinguish between type A and type B programs: \$3,000,000

Auditee qualified as low-risk auditee?	_____	Yes	<u> X </u>	No
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PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

II. Financial Statement Findings

FINDING 2011-1: Pledged Collateral Review

Condition

There is no evidence of a documented review process to ensure pledged collateral is in the proper form, adequate to secure the funds deposited, and in compliance with legal requirements.

Criteria

COSO/Internal Control Framework defines control activities as "policies and procedures that help ensure management's directives are carried out." Management review controls are defined as "the activities of a person different than the preparer, analyzing and performing oversight of activities performed, and is an integral part of any internal control structure."

Cause

Management did not document the review process related to pledged collateral.

Effect

The County might not have the proper form of collateral to ensure that funds deposited are adequately collateralized and in compliance with legal requirements.

Recommendation

We recommend that management review and enhance its current review policy for pledged collateral that documents the supervisory review of the procedures performed to ensure the funds deposited are in compliance with legal requirements.

Management's Response:

The Cash Management Division underwent a turnover in staff in January 2011, and although the collateral was being monitored, it was not formally acknowledged. As of August 15, 2011, we have implemented a collateral monitoring program that includes ongoing monitoring, monthly reporting and supervisory approval of collateral levels.

FINDING 2011-2: Bank and Investment Reconciliation Process

Condition

The monthly bank and investment reconciliations were not prepared in a timely manner. Throughout the year, the General Disbursement Account was not reconciled for over 120+ days after the statement date.

Criteria

COSO/Internal Control Framework requires adequate internal controls over timely reconciliations to ensure that transactions are properly recorded, and reduce the risk that errors will be undetected.

Cause

This is a result of the volume of transactions that the County processes, and limited resources of the County.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

Effect

The completion of the bank and investment reconciliation preparation process is important to ensure that errors are detected and corrected in a timely manner.

Recommendation

We recommend that management adopt a formalized policy to establish an acceptable timeframe for the completion of the bank and investment reconciliations to ensure that bank reconciliations are completed on a timely basis in order to reduce the risk that errors will be undetected.

Management's Response:

The Office of Finance has begun the process of expediting the bank reconciliation process. Once all accounts are up to date, the reconciliations will be completed within 30-75 days of month-end.

FINDING 2011-3: Corvel Claims Reconciliation

Condition

There is no reconciliation performed by management between the Corvel Claims Summary and the detail claim reports to ensure that the paid claims were supported by the underlying detail claim reports.

Criteria

COSO/Internal Control Framework requires adequate internal controls over timely reconciliations to ensure that transactions are properly recorded and reduce the risk that errors will be undetected.

Cause

This is a result of the volume of transactions that the County processes, and limited resources of the County.

Effect

The completion of the claims reconciliation preparation process is important to ensure that errors are detected in a timely manner.

Recommendation

We recommend that management adopt a formalized policy to establish an acceptable timeframe for the completion and review of the reconciliations to ensure that claims are properly reconciled, and to ensure that the County has underlying supporting claims information for all claims that are paid by Corvel.

Management's Response:

Presently, there are two people spot checking payment reports to confirm payments are supported. Payments are randomly selected and verified primarily by using the CorVel CareMC system or by requesting supporting documentation from the CorVel adjuster. The detailed payment on the report is checked and initialed when the supporting information has been confirmed. The reports are kept for up to a year before being discarded.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

FINDING 2011-4: Change Management – Segregation of Duties

Condition

There was no segregation of duties in place between application development and access to production for Infor and Cyborg applications. Additionally during the audit period, developers directly promoted changes to production for both applications.

Criteria

COSO/Internal Control Framework requires adequate internal controls over timely reconciliations to ensure that transactions are properly recorded and reduce the risk that errors will be undetected.

Cause

This is a result of the limited resources of the County.

Effect

Inadequate segregation of duties around the application development and access to production for significant financial applications could lead to unauthorized changes being promoted to production, resulting in misrepresentation of financial data.

Recommendation

Segregation of duties should be in place between development activities and access to production environment to prevent unauthorized changes being promoted to production by authorized personnel. The County could achieve this segregation of duties by designating one individual to be responsible for promoting changes, while remaining developers be granted access to only the development and test environments. Alternatively, other mitigating controls could be in place which would prevent a developer from promoting his/her own change into production.

Management's Response:

The County's Office of Information Technology and Communications is responsible for the support and maintenance of the Infor and Cyborg Commercial Off-The-Shelf applications (COTS). The knowledge-base of the overall functionality, programs, jobs, and data are limited to two senior application developers. Additionally, there is two subordinate OITC staff assigned to work in concert with the two senior application developers in support of specific modules of the COTS applications. Access to the production region and test regions is currently provided to the four OITC staff members. The reason for this type of access is due to 'on-call' support of the applications during non-business hours. The County will continue to request and monitor changes to the application's production environment via the Remedy Case Management application. Remedy will be used to document service requests that affect the Infor and Cyborg applications. In addition, the County is in the process of acquiring an Enterprise Resource Planning (ERP) System. The County will incorporate the control recommendations during the design and implementation of the new system.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

(Continued)

II. Federal Award Findings and Questioned Costs

Finding Reference: 2011-05

Federal Agency: U.S. Department of Housing and Urban Development
U.S. Department of Health and Human Services
U.S. Department of Energy

Compliance Requirement: Sub-Recipient Monitoring

Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2010-05, 2009-7

Federal Program: 14.218, 14.253 – Community Development Block Grant (CDBG, CDBG-R)
93.959 – Substance Abuse Prevention and Treatment Block Grant (SAPT)
81.128 – Energy Efficiency and Conservation Block Grant (EECBG)

Condition/ Context

The County failed to demonstrate their compliance with sub-recipient monitoring based on the following:

1. The County failed to obtain and review the single audit report for 13 out of 16-CDBG, CDBG-R sub-recipients tested, for 3 out of 3 EECBG sub-recipients tested, and for 3 out of 3 SAPT sub-recipients tested.
2. The County failed to conduct periodic site visits and/or implement procedures to ensure that all sub-recipients are visited on a periodic basis. We noted the noncompliance for 14 out of 16 CDBG, CDBG-R sub-recipients selected for testing.
3. The County failed to adequately disclose pertinent Federal award information and requirements to 3 out of 3 SAPT sub-recipients selected for testing.

Criteria

OMB Circular A-133 requires:

1. Pass-through entities be responsible for ensuring that sub-recipients expending \$500,000 or more in Federal awards during the sub-recipient's fiscal year, as provided in OMB Circular A-133, have met the audit requirements of OMB Circular A-133, and that the required audits are completed within 9 months of the end of the sub-recipient's audit period.
2. The pass-through entity is to issue a management decision on the audit findings within 6 months after receipt of the sub-recipient's audit report; ensuring that the sub-recipient takes timely and appropriate corrective action on all audit findings.
3. The pass-through entity be responsible for "monitoring the sub-recipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the sub-recipient administers Federal awards in compliance with laws, regulations, and the provisions."
4. The pass-through entity, at the time of the subaward, is responsible for "identifying to the sub-recipient the Federal award information (i.e., CFDA title and number, award name and number), and applicable compliance requirements."

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

(Continued)

Cause

The County has not established sub-recipient monitoring procedures to ensure that sub-recipient monitoring is performed and documented in accordance with federal requirements.

Effect

As a result of the County's lack of monitoring, the sub-recipient could have used program funds for unallowable or inappropriate uses. The sub-recipient also could have been improperly recording and reporting costs in its accounting system, thus making possible mis-information included in the County's reports to the grantor agency.

Questioned Costs

There are no questioned costs associated with this finding. We did not identify any indication of unallowable or inappropriate use of federal funds by the sub-recipient.

Recommendation

We recommend that the County review their policies and procedures related to subrecipient monitoring to ensure that the policies and procedures comply with federal requirements.

Management's Response:

The Department of Housing and Community Development did conduct subrecipient visits, however, there was a failure to document the results of the visits. To correct this shortcoming, the staff is now required to submit monitoring reports to the Deputy Director within 30 days of the visit. The monitoring schedule and the timely submission of the report will be closely monitored by the Deputy Director. The Health Department and the Department of Housing and Community Development will improve monitoring of subrecipients by amending existing contracts if necessary, and by modifying current procedures.

Finding Reference: 2011-06

Federal Agency: U.S. Department Health and Human Services
U.S. Department of Energy
U.S. Department of Justice
U.S. Department of Homeland Security

Compliance Requirement: Procurement, Suspension and Debarment

Type of Finding: Qualified – Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2010-07

Federal Program: 93.778 – Medical Assistance
93.959 – Substance Abuse Prevention and Treatment Block Grant
81.128 – Energy Efficiency and Conservation Block Grant (EECBG)
16.738, 16.803, 16.804 – Byrne Justice Assistance Grants
97.067 – Homeland Security Grant Program

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2011

(Continued)

Condition/Context

We noted that 3 out of 3 Medical Assistance procurement contracts, 2 out of 2 Substance Abuse contracts, 1 out of 4 EECBG procurement contracts, 3 out of 7 Byrne JAG contracts, and 2 out of 5 Homeland Security contracts selected for testing failed to document the vendor's suspension or debarment status.

Criteria

The A-102 Common Rule stipulates that the entity, provide reasonable assurance that procurement of goods and services are made in compliance with the provisions of, and that covered transactions (as defined in the suspension and debarment common rule) are not made with a debarred or suspended party, should implement appropriate internal controls. When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the Excluded Parties List System (EPLS) maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 CFR Section 180.300). Covered transactions include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria.

The A-102 Common Rule requires that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. The A-102 Common Rule requires procurement actions to be appropriately documented in the procurement files.

Cause

The County's procurement, suspension and debarment policies and procedures were not consistently followed.

Effect

The County may fail to document a vendor's suspension and debarment status as required by A-102 Common Rule. Inconsistent application of the County's procurement procedures may result in the County doing business with a suspended and/or debarred. vendor.

Questioned Costs

There are no questioned costs associated with this finding. None of the vendors were suspended or debarred.

Recommendation

We recommend that the County consistently perform and document their compliance with the procurement policies and procedures.

Management's Response:

County Agencies (Fire, Health, Police, Homeland Security and Department of Environmental Resources) will begin, effective immediately, verifying the Suspension and Debarment for all vendors prior to the issuance of a purchase order. Policies and procedures will be modified and training will occur to ensure compliance with this regulation.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

Finding Reference: 2011-07

Federal Agency: U.S. Department Health and Human Services

Compliance Requirement: Reporting

Type of Finding: Qualified – Material Weakness in Internal Control and Material Noncompliance, Repeat Finding, 2009-06

Federal Program: 93.959 – Substance Abuse Prevention and Treatment Block Grant

Condition/Context

We noted that 3 out of 4 interim financial reports (DHMH 438) selected for testing were submitted 3-5 days beyond the due date, and 2 out of 2 closing reports (DHMH 440) from the Substance Abuse Grant were submitted 18-27 days beyond the due date to the State Department of Health and Mental Hygiene.

Criteria

OMB Circular A-133 states that each recipient of Federal funding must report program outlays and program income as prescribed by the Federal awarding agency. The DHMH grant agreements state that interim financial reports are due no later than 30 days after the end of the reporting period, and closing reports are due no later than 90 days after the reporting period.

Cause

The County does not have policies and procedures in place to ensure that all reports required by the Federal agency are submitted within the established time frames.

Effect

As a result of the finding, financial information was not reported to the Federal awarding agency in a timely manner.

Questioned Costs

There are no questioned costs associated with this finding; the amount of expenditures included in the reports were adequately documented by supporting accounting records, and were ultimately accepted by the Federal agency.

Recommendation

We recommend that the County implement procedures to ensure that all financial information is reported to the Federal agency in accordance with grant requirements.

Management's Response:

The Health Department will continue to reinforce the timely submission of required reports to grantors. Internal policies and procedures are being reviewed and revised to meet the reporting deadlines.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

Finding Reference: 2011-08

Federal Agency: U.S. Department Health and Human Services
U.S. Department of Justice

Compliance Requirement: Activities Allowed/Allowable Costs

Type of Finding: Significant Deficiency in Internal Control

Federal Program: 93.778 – Medical Assistance
16.710 – Public Safety Partnership and Community Policing Grants
16.738, 16.803, 16.804 – Byrne Justice Assistance Grants

Condition/Context

The County failed to properly document supervisory review/approval of personnel costs charged to the grants indicated for 4 out of 40 transactions selected for testing of the Medical Assistance program, 2 out of 40 selected for the Public Safety Grant, and for 1 out of 40 transactions selected for testing of the Byrne JAG program.

Criteria

OMB Circular A-87 Attachment B (h)(1) states that "charges to Federal awards for salaries and wages, whether treated as direct or indirect costs, will be based on payrolls documented in accordance with generally accepted practice of the governmental unit and approved by a responsible official of the governmental unit."

Cause

The County did not consistently follow its established procedures related to the reporting, approval, and processing of payroll/personnel costs charged to its Federal grants.

Effect

As a result of the finding, payroll/personnel costs were not adequately verified prior to being processed and charged to the grant. This could result in time and effort being inappropriately charged or allocated to a particular Federal program.

Questioned Costs

There are no questioned costs associated with this finding. We did not identify unallowable or inappropriate use of Federal funds related to the personnel costs noted above.

Recommendation

We recommend that the County consistently follow established policies and procedures related to the review and processing of payroll to avoid time and effort being improperly recorded and/or allocated.

Management's Response:

The Police and Health Departments will continue to notify supervisors that approval of each employees' timecard is required. The Police Department will update and revise operating procedures and reinforce training of the Electronic Timesheet System.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

Finding Reference: 2011-09

Federal Agency: U.S. Department of Justice

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency in Internal Control and Compliance

Federal Program: 16.738, 16.803, 16.804 – Byrne Justice Assistance Grants
16.710 – Public Safety Partnership and Community Policing Grants

Condition/Context

We noted that 1 out of 14 quarterly project progress reports, and 1 out of 1 annual project progress reports selected for testing from the Byrne JAG grants were submitted 5 to 180 days beyond the due date to the State Governor's Office of Crime Control and Prevention (GOCCP). We also noted that 1 out of 4 SF-425 Quarterly Federal Financial Reports selected for testing from the Public Safety Partnership Grant was submitted 75 days beyond the due date to the Department of Justice.

Criteria

OMB Circular A-133 states that each recipient of Federal funding must report program outlays and program income as prescribed by the Federal awarding agency. The GOCCP grant agreements state that quarterly expenditure reports are due no later than 90 days after the reporting period, and quarterly Project Progress Reports are due no later than 15 days after the reporting period. The Department of Justice grant agreements state that quarterly financial reports under the Public Safety Partnership Grants are due no later than 30 days after the reporting period.

Cause

The County does not have policies and procedures in place to ensure that all reports required by the Federal agency are submitted within the established time frames.

Effect

As a result of the finding, financial information was not reported to the Federal awarding agency in a timely manner.

Questioned Costs

There are no questioned costs associated with this finding; the amount of expenditures included in the reports were adequately documented by supporting accounting records, and were ultimately accepted by the Federal agency.

Recommendation

We recommend that the County implement procedures to ensure that all financial information is reported to the Federal agency in accordance with grant requirements.

Management's Response:

County agencies (Police, Fire, and Homeland Security) will continue to reinforce the timely submission of required reports to grantors. Internal policies and procedures are being reviewed and revised to meet the reporting deadlines.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2011
(Continued)

Finding Reference: 2011-10

Federal Agency: U.S. Department of Justice

Compliance Requirement: Equipment and Real Property Management

Type of Finding: Significant Deficiency in Internal Control and Compliance

Federal Program: 16.738, 16.803, 16.804 – Byrne Justice Assistance Grants

Condition/Context

The County failed to maintain adequate records by not including these assets in its equipment and vehicle database for 2 out of 7 assets selected for testing.

Criteria

OMB Circular A-102 requires that adequate equipment records be maintained for all tangible nonexpendable property charged directly to a Federal award having a useful life of more than one year, and an acquisition cost of \$5,000 or more per unit, including a description, serial number or other identification number, source, title holder, acquisition date and cost, percentage of Federal participation in the cost, location, and condition, and that these records be reconciled to a physical inventory at least every 2 years.

Cause

The County controls were inadequate to ensure that all equipment purchased with Federal funds are adequately tracked in its database.

Effect

As a result of the finding, the County did not maintain adequate records over Federally-funded equipment acquisitions that would allow it to properly track assets purchased under the grant.

Questioned Costs

There are no questioned costs associated with this finding; the acquiring of the noted equipment was allowable under the grant, and was in adherence to the budget approved by the Federal agency.

Recommendation

We recommend that the County implement procedures to ensure that individual agencies provide adequate documentation of all equipment purchases to the Office of Central Services in a timely manner that would allow the proper tracking of all assets acquired with Federal funding.

Management's Response:

During the months that these items were received, the employees responsible for updating this information were on extended leave and those duties were not completed. The Police Department has cross trained multiple staff to maintain the fixed assets for the entire Department. Additionally policies and procedures will be developed and training will be available to appropriate staff.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
June 30, 2011**

III. Prior Audit Findings and Questioned Costs

Finding Reference: 2010-05

Federal Agency: U.S. Department of Housing and Urban Development
Federal Program: 14.218, 14.253 – Community Development Block Grant (CDBG, CDBG-R)
14.239 – Home Investment Partnership (HOME)

Condition/ Context

During testing over sub-recipient monitoring, the County failed to demonstrate their compliance with sub-recipient monitoring based on the following:

1. The County failed to obtain and review the single audit report for 10 out of 10-CDBG, CDBG-R sub-recipients tested.
2. The County failed to follow-up on sub-recipient single audit findings and assess the adequacy of the corrective action plan. We noted the noncompliance for all sub-recipients selected for testing.
3. The County failed to conduct periodic site visits and/or implement procedures to ensure that all sub-recipients are visited on a periodic basis. We noted the noncompliance for 8 out of 10 CDBG, CDBG-R sub-recipients selected for testing.

Current Year Status

Not resolved, this finding was repeated as 2011-05.

Finding Reference: 2010-06

Federal Agency: U.S. Department of Agriculture
Federal Program: 10.557 – WIC

Condition/Context

During the eligibility test, we noted that for 1 out of 40 applicants the “other” documentation used to identify the applicant was not noted in the WOW system notes.

Current Year Status

Resolved.

During current year audit testing, CG (now CLA) selected this program as major and tested the documentation included in the WOW system to identify applicants. No exceptions noted.

Finding Reference: 2010-07

Federal Agency: U.S. Department Health and Human Services
Federal Program: 93.778 – Medical Assistance

Condition/Context

We noted that all procurement contracts selected for testing failed to document the vendor's suspension or debarment status.

Current Year Status

Not resolved, this finding was repeated as 2011-06.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2011

(Continued)

Finding Reference: 2010-08

Federal Agency: U.S. Department Health and Human Services
Federal Program: 93.778 – Medical Assistance

Condition/Context

We noted that 24 out of 40 participant files tested for medical transportation did not have a physician certification or comparable documentation to support a doctor's appointment, as required. Medicaid provides non-emergency transportation services for qualified Medical Assistance recipients. Transportation is only to be provided for Medicaid covered, medically necessary treatment provided by a medical provider who has a provider agreement with the DHMH.

Current Year Status

Resolved.

During current year audit testing, we selected this program as major and reviewed participants' files for a physician certification or comparable documentation to support a doctor's appointment. No exceptions noted.

Finding Reference: 09-02

Federal Agency: U.S. Department of Health and Human Services
Federal Program: 93.044, 93.045 – Aging

Condition

The approval of sub-recipient grant awards was not performed in a timely manner. For example, contracts were approved twenty-eight days before the end of the contract term for two of the three sub-recipients grants reviewed. Also, modifications of certain grant agreements were performed forty-one days after the contract expired.

Current Year Status

Not resolved.

During current year, we performed limited testing over the compliance requirement where the prior finding occurred. We tested the County's approval and modification of subgrant awards, and noted they were still not being approved in a timely manner. The County will continue to work on the timely submission of grantor reports.

The Aging Cluster was not tested as a major program for FY 2011. In accordance with OMB Circular A-133 .315 (b)(2), the unresolved finding will remain on the schedule of prior audit findings until resolved or no longer valid or warranting further action per grantor or OMB.

Finding Reference: 09-06

Federal Agency: U.S. Department of Health and Human Services
Federal Program: 93.959 – Substance Abuse Prevention and Treatment Block Grant

Condition

FY09 - Interim financial reports (DHMH 438) and closing reports (DHMH 440) were submitted to the State Department of Health and Mental Hygiene 23 to 62 days after the due date.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

June 30, 2011

(Continued)

FY10 - During limited testing over the compliance requirement CLA noted that 4 out of 4 interim financial reports (DHMH 438) were submitted 12-17 days beyond the due date, and 2 out of 2 closing reports (DHMH 440) were submitted 12 days beyond the due date to the State Department of Health and Mental Hygiene.

Current Year Status

Not resolved. Repeat finding, Refer to finding 2011-07.

Finding Reference: 09-08

Federal Agency:

U.S. Department of Health and Human Services

Federal Program:

93.044, 93.045 – Aging

Condition

There was no evidence that three monthly meal reports (July and September 2008, and January 2009) and two quarterly nutrition reports (December 2008 and June 2009) were reviewed. Also, one monthly meal report (July 2008) and a quarterly nutrition report (December 2008) were submitted eight and seventeen days after the due dates, respectively.

Current Year Status

Resolved.

During current year testing, CG (now CLA) reviewed the approval of the mentioned reports, as well as the timeliness of the County's submission of these reports to the Federal agency. No exceptions were noted