

**PRINCE GEORGE'S COUNTY, MARYLAND**

**REPORT ON SINGLE AUDIT**

**June 30, 2013**

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**INDEPENDENT AUDITORS' 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 Government

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Prince George's County Government as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated January 31, 2014. Our report includes a reference to other auditors who audited the financial statements of Prince George's County Public Schools, Prince George's County Community College, Prince George's County Memorial Library System and Prince George's County Community Television, Inc., as described in our report on Prince George's County Government's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The County's financial statements also include the operations of the Prince George's County Housing Authority, Prince George's County Revenue Authority, Prince George's County Industrial Development Authority and Prince George's County Redevelopment Authority for the year ended June 30, 2013. Our audit, described below, did not include the operations of the Prince George's County Housing Authority, Prince George's County Revenue Authority, Prince George's County Industrial Development Authority and Prince George's County Redevelopment Authority because these component units engaged for their own separate audits in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2013-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Responses as item 2013-002 through 2013 - 011 that we consider to be significant deficiencies.

### **Compliance and Other Matters**

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

### **The County's Response to Findings**

The County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Responses. Prince George's County Government's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

### **Purpose of this Report**

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



**CliftonLarsonAllen LLP**

Baltimore, Maryland  
January 31, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM, ON INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

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, 2013. 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.

The County's basic financial statements also include the operations of the Prince George's Community College, the Prince George's Board of Education, the Prince George's County Memorial Library System and the Prince George's Community Television, Inc., which may have received federal awards, and which are not included in the accompanying schedule of expenditures of federal awards for the year ended June 30, 2013. We were separately engaged to perform, and we have separately reported on the results of our audit of the Revenue Authority of Prince George's County, the Prince George's County Housing Authority, Prince George's County Industrial Development Authority and the Prince George's County Redevelopment Authority in accordance with OMB Circular A-133, where applicable.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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.

***Basis for Qualified Opinion on Community Development Block Entitlement Grant Cluster (CFDA# 14.218, 14.253)***

As described in the accompanying schedule of findings and questioned costs, Prince George's County did not comply with requirements regarding CFDA #14.218 & 14.253 Community Development Block Grant as described in finding numbers 2013-012 for Sub-recipient Monitoring; 2013-014 Special Tests and Provisions - Environmental review; and 2013-016 Special Tests and Provisions – Rehabilitation. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to that program.

***Qualified Opinion on Community Development Block Entitlement Grant Cluster (CFDA# 14.218, 14.253)***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Prince George's County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on CFDA# 14.218 & 14.253 Community Development Block Entitlement Grant Cluster for the year ended June 30, 2013.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Prince George's County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2013.

***Other Matters***

The results of our auditing procedures also disclosed instances of noncompliance, which 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 2013-013, 2013-015 and 2013-017. Except as noted above, our opinion on each major federal program is not modified with respect to these matters.

Prince George's County's responses to the compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Prince George's County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

**Report on 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 internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*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 2013-001, 2013-012, 2013-014 and 2013-016 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 2013-013, 2013-015 and 2013-017 to be significant deficiencies.

Prince George's County's responses to the internal control over noncompliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Prince George's County's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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, 2013, which collectively comprise the County's basic financial statements and have issued our report thereon dated January 31, 2014, which contained unmodified opinions on those financial statements. We did not audit the financial statements of Prince George's County Public Schools, Prince George's Community College, Prince George's County Memorial Library System and Prince George's Community Television, Inc., which represent 91 percent, 86 percent, and 95 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component

units. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Prince George's County Public Schools, Prince George's Community College, Prince George's County Memorial Library System and Prince George's Community Television, Inc., is based solely on the report of the other auditors. The federal expenditures, where applicable, for the Board of Education of Prince George's County, the Prince George's Community College, the Prince George's 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 our opinions on the financial statements that collectively comprise the County's 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. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

**CliftonLarsonAllen LLP**

Baltimore, Maryland

March 21, 2014, except for the Schedule of Expenditures  
of Federal Awards which is dated January 31, 2014



**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF AGRICULTURE (USDA)</u></b>			
<b><u>PASS-THROUGH MARYLAND</u></b>			
<b><u>DEPARTMENT OF EDUCATION (MSDE)</u></b>			
<b>Child Nutrition Cluster:</b>			
<b>Summer Food Service for Children</b>			
Summer Food Program	10.559	\$ 482,419	\$ 482,419
<b><u>PASS-THROUGH MARYLAND</u></b>			
<b><u>DEPARTMENT OF HUMAN RESOURCES (MDHR)</u></b>			
<b>Food and Nutrition Services-Admin.</b>			
Emergency Food Assistance (Commodities)	10.555	434,202	<u>434,202</u>
Subtotal Child Nutrition Cluster:			<u>916,621</u>
<b>Emergency Food Assistance Cluster:</b>			
<b>Food and Nutrition Services-Donated Commodities</b>			
Emergency Food Assistance (TFAP)	10.568	43,022	43,022
<b><u>PASS-THROUGH MARYLAND</u></b>			
<b><u>DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)</u></b>			
<b>Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)</b>			
WIC	10.557	2,240,925	
WIC Breastfeeding Peer Counseling	10.557	153,063	
WIC Renovations	10.557	48,442	
WIC Vouchers	10.557	<u>12,002,590</u>	14,445,020
<b>Child and Adult Food Care Program</b>			
Child and Adult Care Food Program	10.558	73,498	<u>73,498</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<u>15,478,161</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u></b>			
<b><u>Direct</u></b>			
<b>Community Development Block Grant</b>			
<b>Entitlement Grants Cluster:</b>			
Community Development Block Grant	14.218	4,527,040	4,527,040
Community Development Block Grant- loans	14.218	1,702,100	1,702,100
ARRA- NCI	14.218	1,072,456	1,072,456
ARRA-NSP	14.218	138,117	138,117
ARRA-NSP Purchase Assistance Program	14.218	142,192	142,192
ARRA-NSP Green Suitland	14.218	477,465	477,465
ARRA-NSP Loans	14.218	450,163	450,163
ARRA- Community Development Block Grant - R	14.253	<u>303,441</u>	<u>303,441</u>
Subtotal Community Development Block Grants Entitlement Grants Cluster:			<u>8,812,974</u>
<b>Community Development Block Grant</b>			
<b>Entitlement Grants</b>			
ARRA-NSP	14.256	13,779	
ARRA-NCI	14.256	<u>901</u>	14,680
<b>Emergency Shelter Grants Program</b>			
Emergency Shelter	14.231	359,342	359,342

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u></b>			
<b><u>Direct (cont.)</u></b>			
<b>Supportive Housing Program</b>			
Permanent Housing Operating	14.235	\$ 24,944	
Permanent Housing Supportive	14.235	56,727	
Permanent Housing Admin	14.235	30,996	
Permanent Housing Leasing	14.235	284,845	
Transitional Center for Men	14.235	104,188	
THP & ATOP Merge Operating	14.235	85,160	
THP & ATOP Merge Supportive Svc	14.235	291,158	
THP & ATOP Merge Admin	14.235	66,353	
THP & ATOP Merge Leasing	14.235	<u>964,892</u>	\$ 1,909,263
<b>Home Investment Partnerships Program (HOME)</b>			
Home Investment Partnerships Program	14.239	592,662	
Home Investment Partnerships Program My-Home Buyer Activities	14.239	742,804	
Home Investment Partnerships Program- loans	14.239	<u>6,290,158</u>	7,625,624
<b>HPRP- ARRA</b>			
HPRP- ARRA	14.257	23,770	23,770
<b>Shelter Plus Care</b>			
Shelter Plus	14.238	519,238	<u>519,238</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<u>19,264,891</u>
<b><u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u></b>			
<b><u>Direct</u></b>			
<b>Asset Forfeiture</b>			
Asset Forfeiture	16.999	1,935,166	1,935,166
<b>Supervised Visitation, Safe Haven for Children</b>			
Safe Haven	16.527	14,220	14,220
<b>Part E - Developing, Testing and Demonstrating Promising New Programs</b>			
Educational Assessment and Intervention for DJS for Involved Youth	16.541	55,198	55,198
<b>State Criminal Alien Assistance Program</b>			
SCAPP	16.606	170,299	170,299
<b>Public Safety Partnership and Community Policing Grants</b>			
COPS Hiring Recovery Grant	16.710	151,675	
ARRA-COPS Hiring	16.710	2,910,047	
ARRA-COPS Technology	16.710	<u>599,912</u>	3,661,634
<b>JAG Cluster:</b>			
<b>Edward Byrne Memorial Justice Assistance Grant Program</b>			
Collateral Offender	16.738	162,814	
Crime Prevention	16.738	9,800	
JAG - FIRE Department	16.738	19,588	
JAG - Office of the Sheriff	16.738	82,879	
JAG - Department of Corrections	16.738	157,675	

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u></b>			
<b><u>Direct (cont.)</u></b>			
<b>JAG Cluster (cont.):</b>			
<b>Edward Byrne Memorial Justice</b>			
<b>Assistance Grant Program</b>			
Domestic Violence & Sex Assault	16.738	\$ 3,666	
Cross Border Imitative	16.738	14,851	
Crime Prevention	16.738	55,200	
JAG - Police Department	16.738	130,000	
JAG - Police Department	16.738	64,955	
JAG - Department of Corrections	16.738	30,751	
JAG - State's Attorney	16.738	<u>22,264</u>	\$ 754,443
<b>Recovery Act - Edward Byrne Memorial Justice</b>			
<b>Assistance Grant (JAG) Program-</b>			
<b>Grants to States and Territories</b>			
ARRA-DBRA LAB Enhancement	16.803	12,673	12,673
<b>Recovery Act - Edward Byrne Memorial Justice</b>			
<b>Assistance Grant (JAG) Program-</b>			
<b>Grants To Units Of Local Government</b>			
ARRA-Byrne JAG- Police	16.804	503,456	
ARRA-Byrne JAG- State's Sherriff	16.804	36,855	
ARRA-Byrne JAG- Dept. of Corrections	16.804	131,392	
ARRA-Byrne Jag-DFS	16.804	<u>201,989</u>	<u>873,692</u>
Subtotal JAG Cluster:			<u>1,640,808</u>
<b>Paul Coverdell Forensic Sciences</b>			
<b>Improvement Grant Program</b>			
Forensic Sciences	16.742	13,759	13,759
<b>Community-Defined Solutions to Violence</b>			
<b>Against Women Grant Program</b>			
Domestic Violence Response Team	16.590	(10,531)	(10,531)
<b>Second Chance Act Prisoner Reentry Initiative</b>			
Second Chance Act Prisoner Reentry	16.812	251,255	<u>251,255</u>
Subtotal Direct Payments:			<u>7,731,808</u>
<b><u>PASS-THROUGH GOVERNORS OFFICE OF CRIME</u></b>			
<b><u>CONTROL AND PREVENTION</u></b>			
<b>Congressionally Recommended Awards</b>			
Prince George's/Montgomery County Gang Initiative	16.753	466,031	466,031
<b>Violence Against Women Formula Grants</b>			
Stop Violence Women	16.588	57,278	
Domestic Violence Intake Advocacy Project	16.588	7,265	
Domestic Violence Council	16.588	597	
Violence Against Women	16.588	<u>5,539</u>	70,679
<b>Forensic DNA Backlog Reduction Program</b>			
Forensic DNA Backlog Reduction Program	16.741	289,118	289,118
<b>Bulletproof Vest Partnership Program</b>			
Bulletproof Vest Partnership	16.607	21,502	21,502
<b>Crime Victim Assistance</b>			
Victims of Crime	16.575	40,285	<u>40,285</u>
<b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>			<u>8,619,423</u>

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF LABOR (DOL)</u></b>			
<b><u>PASS-THROUGH SENIOR SERVICES AMERICA, INC. (SSA)</u></b>			
Senior Community Service Employment Program			
Senior Community Service Employment	17.235	\$ 507,349	\$ 507,349
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<u>507,349</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</u></b>			
<b><u>PASS-THROUGH MARYLAND DEPARTMENT OF</u></b>			
<b><u>TRANSPORTATION (MDOT)</u></b>			
<b>Federal Transit Cluster</b>			
Section 5309	20.500	84,446	
ARRA Roadway Resurfacing A	20.500	<u>67,479</u>	151,925
<b>Federal Transit Formula Grants</b>			
Ridesharing	20.507	343,690	<u>343,690</u>
Subtotal Federal Transit Cluster:			<u>495,615</u>
<b>Federal Transit - Capital Investment Grants</b>			
Transit	20.509	127,151	127,151
<b>Highway Planning and Construction Cluster</b>			
Bock Road Bridge	20.205	840,000	
Brinkley Road Bridge	20.205	1,224,127	
Brandywine Road Bridge	20.205	14,763	
Sunnyside Avenue Bridge	20.205	84,609	
Commo Road Bridge	20.205	44,213	
Commo Road Bridge	20.205	23,876	
School Access Projects	20.205	<u>339,880</u>	2,571,468
<b>State and Community Highway Safety Cluster:</b>			
Traffic Safety	20.600	164,566	164,566
<b>Public Transportation Research</b>			
Vehicle Location System	20.514	34,914	<u>34,914</u>
<b>TOTAL U.S. DEPARTMENT OF TRANSPORTATION</b>			<u>3,393,714</u>
<b><u>U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)</u></b>			
<b><u>Direct</u></b>			
<b>Employment Discrimination-State and Local Fair</b>			
<b>Employment Practices Agency Contact</b>			
U.S. Equal Opportunity Commission Worksharing	30.002	23,433	<u>23,433</u>
<b>TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION</b>			<u>23,433</u>
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)</u></b>			
<b><u>Direct</u></b>			
<b>Congressionally Mandated Projects</b>			
Nutrient Sediment Reduction - NFWF	66.202	79,058	<u>79,058</u>
<b>TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY</b>			<u>79,058</u>

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)</u></b>			
<b><u>Direct</u></b>			
<b>Foster Grandparent Program Cluster:</b>			
Foster Grandparents	94.011	\$ 234,177	\$ 234,177
<b>Retired and Senior Volunteer Program</b>			
Community RSVP-Volunteer Expenses	94.002	31,381	
Community RSVP	94.002	<u>46,619</u>	<u>78,000</u>
<b>TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			<u>312,177</u>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u></b>			
<b><u>PASS-THROUGH MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)</u></b>			
<b>Substance Abuse and Mental Health Services- Projects of Regional and National Significance</b>			
Strategic Prevention Framework	93.243	49,088	49,088
<b>Public Health Emergency Preparedness</b>			
Public Health Preparedness	93.069	498,158	498,158
<b>Project Grants and Cooperative Agreements for Tuberculosis Control Programs</b>			
Epidemiology TB CHN Grant	93.116	341,627	341,627
<b>Project for Assistance in Transition from Homelessness-PATH</b>			
Path Project	93.150	105,307	105,307
<b>HIV Care Formula Grants</b>			
AIDS Ryan White Title II	93.917	1,801,980	1,801,980
<b>HIV Prevention Activities_Health Department Based</b>			
HIV Partner	93.940	303,914	
AIDS HIV Counsel Test	93.940	750,519	
Expand HIV Testing	93.940	<u>465,811</u>	1,520,244
<b>Refugee and Entrant Assistance Discretionary Grants</b>			
Epidemiology Migrant Refugee Health	93.576	388,412	388,412
<b>Children's Health Insurance Program</b>			
PWC Eligibility	93.767	623,516	
Administrative Care Coordination	93.767	<u>69,739</u>	693,255
<b>Medical Assistance Program Cluster:</b>			
<b>Children's Health Insurance Program</b>			
PWC Eligibility	93.778	458,468	
<b>Children's Health Insurance Program</b>			
Medical Assistance Transportation	93.778	2,656,805	
Administrative Care Coordination	93.778	448,325	
MA Waiver Administration	93.778	<u>158,370</u>	3,721,968
<b>Family Planning Services</b>			
Maternal Child Planning	93.217	149,736	
HIV Prevention	93.217	<u>229,836</u>	379,572
<b>Maternal and Child Health Services</b>			
<b>Block Grant to the States</b>			
Lead Paint Poisoning Outreach Nurse	93.994	53,123	
High Risk Infant	93.994	<u>100,186</u>	153,309

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u></b>			
<b><u>PASS-THROUGH MARYLAND DEPARTMENT</u></b>			
<b><u>OF HEALTH AND MENTAL HYGIENE (DHMH) (cont.)</u></b>			
<b>Block Grants for Community Mental Health Services</b>			
Block Grants for Community Mental Health	93.958	\$ 1,293,887	\$ 1,293,887
<b>Block Grants for Prevention and Treatment of Substance Abuse</b>			
Federal Fund Treatment	93.959	1,350,479	
Region II Prevention	93.959	<u>304,526</u>	1,655,005
<b>Centers for Disease Control and Prevention- Investigations and Technical Assistance</b>			
Breast and Cervical Cancer Program	93.919	209,656	209,656
<b>Preventive Health Services -Sexually Transmitted Diseases</b>			
Epidemiology STD Caseworker Grant	93.977	310,457	310,457
<b><u>PASS-THROUGH MARYLAND DEPARTMENT OF AGING (MDOA)</u></b>			
<b>Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services</b>			
Title IIID	93.043	19,652	19,652
<b>Aging Cluster:</b>			
<b>Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers</b>			
Title IIIB	93.044	156,825	
Title IIIB Admin	93.044	190,040	
Title IIIB - Elder Abuse	93.044	57,355	
Title IIIB - Ombudsman	93.044	88,462	
Title IIIB - Info & Ref	93.044	<u>181,349</u>	674,031
<b>Special Programs for the Aging-Title III, Part C-Nutrition Services</b>			
Title IIIC2	93.045	383,009	
Title IIIC1	93.045	<u>794,736</u>	1,177,745
Subtotal Aging Cluster:			<u>1,871,428</u>
Title IIIE-Caregiving	93.052	195,545	195,545
<b>Centers for Medicare and Medicaid Services- Research, Demonstrations and Evaluations</b>			
Sr Health Insurance-Admin	93.779	48,901	48,901
<b><u>PASS-THROUGH DISTRICT OF COLUMBIA</u></b>			
<b><u>DEPARTMENT OF HEALTH (DCH)</u></b>			
<b>HIV Emergency Relief Project Grants</b>			
Ryan White CARE	93.914	7,787,915	
Office of AIDS Ryan White II	93.914	<u>(430,034)</u>	7,357,881
<b><u>PASS-THROUGH MARYLAND DEPARTMENT</u></b>			
<b><u>OF HUMAN RESOURCES (MDHR)</u></b>			
<b>Immunization Cluster</b>			
School-age Influenza Immunization- ARRA	93.712	28,183	28,183
Epidemiology Hepatitis B Immunization	93.268	66,368	
Immunization Action Program	93.268	<u>217,189</u>	283,557
Subtotal Immunization Cluster:			<u>311,740</u>

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u></b>			
<b><u>PASS-THROUGH MARYLAND DEPARTMENT</u></b>			
<b><u>OF HUMAN RESOURCES (MDHR) (cont.)</u></b>			
<b>Communities Putting Prevention to Work</b>			
Chronic Disease Self Management	93.725	\$ 327	\$ 327
<b>Child Support Enforcement</b>			
Child Support-Sheriff	93.563	1,276,127	
Child Support Title IV-Domestic Relations	93.563	<u>401,345</u>	1,677,472
<b>Low-Income Home Energy Assistance</b>			
Low Income Home Energy Assistance Program	93.568	695,724	695,724
<b>Temporary Assistance for Needy Families</b>			
Healthy Families-Home Visitation	93.558	178,216	<u>178,216</u>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<u>25,459,159</u>
<b><u>PASS-THROUGH UNIVERSITY OF MARYLAND</u></b>			
<b>University of MD: Office of National Drug Control Policy</b>			
HIDTA Project	95.001	8,723	<u>8,723</u>
<b>TOTAL UNIVERSITY OF MARYLAND</b>			<u>8,723</u>
<b><u>PASS-THROUGH MARYLAND</u></b>			
<b><u>STATE DEPARTMENT OF EDUCATION (MSDE)</u></b>			
<b>Early Childhood Education Cluster:</b>			
Infant and Toddlers-Part C	84.181	645,332	
ITD Part C Carryover	84.181	<u>55,400</u>	700,732
ITP MA Reimbursement	84.000	457,694	457,694
<b>Special Education-Grants for Infants and Families cluster:</b>			
Part B 619	84.173	<u>9,756</u>	<u>9,756</u>
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<u>1,168,182</u>
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u></b>			
<b><u>Direct</u></b>			
<b>Assistance to Firefighters</b>			
Staffing Adequate Fire/Emergency Response	97.083	1,545,707	1,545,707
Buffer Zone Protection Program	97.078	8,305	8,305
<b><u>PASS-THROUGH MARYLAND EMERGENCY</u></b>			
<b><u>MANAGEMENT AGENCY (MEMA)</u></b>			
Emergency Management Performance Grant	97.042	81,463	81,463
Port Security Grant Program	97.056	161,690	
UASI Police Data Share	97.056	<u>90,000</u>	251,690
<b><u>PASS-THROUGH DISTRICT OF COLUMBIA HOMELAND SECURITY</u></b>			
<b><u>AND EMERGENCY MANAGEMENT AGENCY</u></b>			
<b>Homeland Security Grant Program</b>			
State Homeland Security Program	97.073	691,269	691,269
UASI NCR Regional Planning	97.067	300,546	
Emergency Operations Center	97.067	122,204	

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended June 30, 2013**  
(Continued)

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Federal Expenditure by Program	Total Federal Expenditure
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u></b>			
<b><u>PASS-THROUGH DISTRICT OF COLUMBIA HOMELAND SECURITY</u></b>			
<b><u>AND EMERGENCY MANAGEMENT AGENCY (cont.)</u></b>			
EOC/ECC Connection Main	97.067	\$ 245,975	
UASI NIMS COMP	97.067	107,817	
Exercise and Training Officer	97.067	72,356	
UASI Radio System Upgrades	97.067	193,837	
UASI/INT ECC'S & EOC'S	97.067	295,551	
MEIMSS/Patient Track	97.067	289,000	
UASI MMRS	97.067	117,302	
Index Viewer	97.067	501,186	
GIS Data Exchange	97.067	95,942	
911 Center	97.067	<u>1,838,079</u>	\$ 4,179,795
HSGP - Citizen Corp	97.053	256,310	
Citizen Corp	97.053	<u>2,305</u>	258,615
<b><u>PASS-THROUGH EMERGENCY FOOD AND SHELTER PROGRAM</u></b>			
<b>Emergency Food and Shelter National Board</b>			
<b>Program Cluster:</b>			
Emergency Food and Shelter	97.024	152,156	<u>152,156</u>
<b>TOTAL DEPARTMENT OF HOMELAND SECURITY</b>			<u>7,169,000</u>
<b><u>U.S. DEPARTMENT OF ENERGY (DOE)</u></b>			
<b><u>Direct</u></b>			
<b>Energy Efficiency and Conservation</b>			
<b>Block Grant Program (EECBG)</b>			
ARRA - EECBG	81.128	727,911	727,911
<b><u>PASS-THROUGH MARYLAND ENERGY ADMINISTRATION</u></b>			
<b>Weatherization Assistance for Low Income Persons</b>			
ARRA - Weatherization Assistance Program	81.042	417,920	<u>417,920</u>
<b>TOTAL DEPARTMENT OF ENERGY</b>			<u>1,145,831</u>
<b>TOTAL FEDERAL GRANT EXPENDITURES</b>			<b><u><u>\$ 82,629,101</u></u></b>

The accompanying notes are an integral part of this schedule.



**PRINCE GEORGE'S COUNTY, MARYLAND**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**June 30, 2013**

**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, 2013. 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 \$12,002,590 for fiscal year 2013. These amounts are included in the Schedule of Expenditures of Federal Awards.

(b) Food Commodities – USDA: During fiscal year 2013, the County received \$434,202 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, 2013**

**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:

<b>CFDA#</b>	<b>Grant Program</b>	<b>Amounts Provided to Subrecipients</b>
14.218	HUD - Community Development Block Grant Program	\$ 2,811,228
14.218	HUD - Community Development Block Grant ARRA	1,513,790
14.231	HUD - Emergency Shelter Grant Program	152,128
14.239	HUD - HOME Investment Partnerships Program	439,711
14.253	HUD - Community Development Block Grant - R, ARRA	303,441
81.128	DOE - Energy Efficiency and Conservation Block Grant	726,110
84.173	DOE - Special Education Grants to States Part B 619	9,756
84.181	DOE - Special Education: Grants for Infants and Families with Disabilities	271,119
93.044	HHS - Title III, Part B - Grants for Supportive Services and Senior Centers	126,642
93.150	HHS- Projects for Assistance in Transition from Homelessness (PATH)	99,597
93.914	HHS - HIV Emergency Relief Project Grants	7,282,770
93.958	HHS - Block Grants for Community Mental Health Services	1,285,306
93.959	HHS- Substance Abuse Prevention and Treatment Block Grant	<u>1,159,330</u>
	<b>Total</b>	<b><u>\$ 16,180,928</u></b>

This information is an integral part of the accompanying schedule.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**I. Summary of Independent Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

<b>Identification of Major Programs</b>		<b>CFDA Number(s)</b>	
<b>Name of Federal Program or Cluster:</b>			
HUD	Community Development Block Entitlement Grant Cluster - ARRA	14.218, 14.253	Qualified
DOE	Energy Efficient and Conservation Block Grant	81.128	Unmodified
USDA	Special Supplemental Food Program for Women, Infants and Children	10.557	Unmodified
DOJ	Public Safety Partnership and Community Policing Grants	16.710	Unmodified
DOJ	Edward Byrne Memorial Justice Assistance Grant Cluster - ARRA	16.738, 16.803, 16.804	Unmodified
DOT	Highway Planning and Construction	20.205	Unmodified
HHS	HIV Emergency Release Project Grants	93.914	Unmodified
DHS	Homeland Security Grant Plant	97.067	Unmodified

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

	<u>  X  </u>	Yes	<u>      </u>	No
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Dollar threshold used to distinguish between type A and type B programs: \$2,478,873

Auditee qualified as low-risk auditee?	<u>      </u>	Yes	<u>  X  </u>	
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**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**II. Financial Statement Findings**

1. Material Weakness in Internal Control Over Financial Reporting:

**Finding 2013-001: Cut-off Procedures related to unrecorded liabilities**

**Condition**

Cut-off procedures were inadequate to identify material misstatements related to liabilities/expenditures. We identified that multiple liabilities/expenditures were not recorded in the correct period.

**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, through analyzing and performing oversight of activities performed and is an integral part of any internal control structure."

**Cause**

This is a result of the limited resources of the County and the current cut-off procedures being performed.

**Effect**

Failure to perform adequate reviews over source documents can lead to misstatements in the financial reporting process.

**Recommendation**

We recommend that management review current procedures over cutoff for unrecorded liabilities to ensure timely review over monthly reconciliations.

**Management's Response**

The three expenditures that were unrecorded crossed fiscal years and were identified but not prorated between the two fiscal years. Cut off procedures will be reviewed with staff.

2. Significant Deficiencies in Internal Control Over Financial Reporting

**Finding 2013-002: 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 are 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.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**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 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 to ensure that the County has underlying supporting claims information for all claims that are paid by Corvel.

**Management's Response**

Due to staff shortages the risk management section will continue to spot check 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 documentation has been confirmed. The reports are kept for up to a year before being discarded.

**Finding 2013-003: File Conditions & Maintenance**

**Condition**

File conditions and maintenance were inadequate based on the testing performed over notes receivable. We identified that of the files selected for testing two could not be located.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over record keeping to ensure proper file conditions.

**Cause**

This is a result of the limited resources of the County and due to a recent move by the Housing Department who maintains these files.

**Effect**

Failure to perform this process on a periodic basis may result in loss of files and supporting data.

**Recommendation**

We recommend that management review current policies on file maintenance to ensure that source documents are properly indexed and stored.

**Management's Response**

The Department of Housing & Community Development is currently preparing a "Policy and Procedural Manual" which shall define all operations, including a comprehensive set of recordkeeping and financial management procedures consistent with all federal requirements.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Finding 2013-004: Logical Access – Account Documentation**

**Condition**

Documentation related to new hire or termination activity was not available.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over logical access to ensure proper system access.

**Cause**

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

**Effect**

Documentation of new hire and termination activity is essential in determining the level of access a user is granted and who has granted that approval. Failure to maintain the appropriate documentation may result in improper access being granted or existing.

**Recommendation**

We recommend that management review current procedures and make necessary changes to ensure that documentation of new hire and termination activity be maintained.

**Management's Response**

New hire and termination activity come to us through Service Desk calls asking for accounts to be created or disabled. Some agencies fail to perform this so OIT receives a payroll report which indicates subtractions to Active Directory. The Service Desk call is generated by the IT Coordinator which is the authorized individual who grants approval. Documentation would include Service Desk calls asking for account creations and deletions. We can provide samples upon request. SAP application will address any weaknesses in this process.

**Finding 2013-005: Logical Access – Periodic Review**

**Condition**

Documentation for the periodic review of user accounts was not available.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over logical access to ensure proper system access.

**Cause**

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

**Effect**

Documentation of periodic review is essential in determining the level of access a user is granted and who has granted that approval. Failure to maintain the appropriate documentation may result in improper access being granted.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Recommendation**

We recommend that management review current procedures and make necessary changes to ensure that documentation of periodic review be maintained.

**Management's Response**

Periodic review for user permissions is role based (Active Directory Groups). Small samples are performed annually; however, management recognizes the need for advanced reporting technology to assist in the periodic review.

**Finding 2013-006: Mainframe – Security Administrators**

**Condition**

There are currently 19 security administrators for Top-Secret, which appears to be excessive based on the size of the Organization and the user base of Cyborg and Infor.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over mainframe processes to ensure proper system access.

**Cause**

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

**Effect**

The risk of a compromised administrator account being used to breach financial systems and underlying resources is increased by the number of active administrator accounts.

**Recommendation**

Administrator accounts should be reviewed for appropriateness and limited to the least possible number of staff to ensure the risk of compromised accounts is reduced.

**Management's Response**

There are only 4 accounts with full (SEC) authorization. There are 15 accounts with restricted access. MISC8 (PWMAINT) authorizes the administrator to do password maintenance on acids within their scope. This will allow the use of the keyword (password) in any command, or the suspend keyword on the remove command. MISC8 (PWMAINT) only allows the removal of a suspension.

**Finding 2013-007: Logical Access – Top-Secret Password lockout for inactive accounts**

**Condition**

Top-Secret Configurations for password lockout for inactive accounts was not set to limit the access of inactive accounts.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over mainframe processes to ensure proper system access.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Cause**

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

**Effect**

Inadequate password controls could result in unauthorized access to critical systems, including malicious or accidental data manipulation or breach of data confidentiality.

**Recommendation**

The password lockout configuration should be reviewed and changes made to limit the days to less than 30 for inactive accounts.

**Management's Response**

Changes will be made to password lockout. Configuration will be set to 25 days for inactive accounts.

**Finding 2013-008: Change Management – Documentation Retention**

**Condition**

Documentation of changes made to the Cyborg application could not be located.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over change management to ensure 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**

Failure to appropriately document changes to the system may allow for a control environment in which changes could be made to the system without proper review, testing and approval.

**Recommendation**

Management should review current procedures to ensure that documentation of system changes be maintained. The documentation should include reason for the change, testing as necessary and approval.

**Management's Response**

Due to retirement of an administrator, we were unable to locate these documents. We have to meet with the replacement for retrieval.



**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Finding 2013-009: Logical Access – Password Inactivity**

**Condition**

Infor password inactivity days allowed was not set to policy requirements. The configuration was set to 4 times the policy limit.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over logical access to ensure proper system access.

**Cause**

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

**Effect**

Failure to periodically change passwords heightens the likelihood that a password may become compromised and as such, provides access to the system by an unauthorized user.

**Recommendation**

We recommend that management review current configuration settings for compliance with established policies.

**Management's Response**

The inactivity limit for INFOR is 90 days, successful network login is required before INFOR access is allowed.

In INFOR, password expiration days must be less than inactivity days allowed, and it wouldn't be practical to have passwords expire every 44 days.

**Finding 2013-010: Logical Access – Top-Secret Password batch jobs**

**Condition**

Top-Secret Configurations has not been enabled to allow use of an expired or previous password for use in batch jobs.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over logical access to ensure proper system access.

**Cause**

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

**Effect**

There is the potential that a batch process may fail when a password is expired or recently changed.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Recommendation**

We recommend that management enables this feature at less than 5 days.

**Management's Response**

The parameter has been set to (0).

**Finding 2013-011: Mainframe – Top-Secret Policies and Procedures**

**Condition**

Documented Top-Secret policies and procedures were unable to be provided.

**Criteria**

COSO/Internal Control Framework requires adequate internal controls over mainframe processes to ensure proper system access.

**Cause**

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

**Effect**

Documentation of policies and procedures could result in unauthorized access to critical systems, including malicious or accidental data manipulation or breach of data confidentiality.

**Recommendation**

A documented manual for Top-Secret policies and procedures should be maintained.

**Management's Response**

Top Secret policy and procedures are documented.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**III. Federal Award Findings and Questioned Costs**

**Finding Reference: 2013-012**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Compliance Requirement:** Sub-Recipient Monitoring  
**Type of Finding:** Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2011-05, 2010-05, 2009-7, 2012-15  
**Federal Program:** 14.218, 14.253-Community Development Block Entitlement Grant Cluster- ARRA (CDBG, CDBG-R)

**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 reports for 6 out of 6 CDBG, CDBG-R 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 6 out of 6 CDBG, CDBG-R sub-recipients selected for testing.
3. We noted that for 6 out of 6 sub-recipients selected for testing from CDBG, CDBG-R (all who were subject to the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements), the County did not ensure that the sub-recipients registered the awards in Funding Accountability and Transparency Subaward Reporting System (FSRS).

**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."
5. Under 2 CFR 170, prime recipients who make first-tier subawards of grant periods that began on or after October 1, 2010, and that result in an obligation of \$25,000 or more in federal funds, must ensure that the subgrantee register the contract by the end of the month following the award in FSRS.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**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 misinformation included in the County's reports to the grantor agency. The County did not properly disclose the awards indicated in the FSRS and, thus, did not comply with the reporting transparency requirements related to FFATA.

**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 (DHCD) conducts periodic monitoring of sub recipients and provides monitoring reports to the subrecipients. The selection of subrecipients to be monitored is based on a HUD risk analysis format. The DHCD has a draft Policies & Procedures Manual which includes a monitoring section. The DHCD will review its policies and procedures related to subrecipient monitoring to ensure that the policies and procedures comply with federal requirements.

The DHCD will implement appropriate procedures to ensure that all applicable subawards are properly reported in the FSRS.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Finding Reference:** 2013-013

**Federal Agency:** U.S. Department of Homeland Security  
**Compliance Requirement:** Procurement, Suspension and Debarment  
**Type of Finding:** Significant Deficiency in Internal Control  
**Federal Program:** 97.067 – Homeland Security Grant Program

**Condition/Context**

We noted that 1 out of 3 Homeland Security procurement contracts selected for testing failed to document the vendor's suspension or debarment status. The vendor was not suspended or debarred.

**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. 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.

**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. The vendor was not suspended or debarred.

**Recommendation**

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

**Management's Response**

It is understood that all Federal grant funded purchases require Certification of Assurance. In addition, the Prince George's County Fire Emergency Medical Services (EMS) Department plans to distribute a memorandum from the Administrative Services Command to the designated Grant Program Manager reiterating the requirement to obtain this verification when requesting quotes for services or goods.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Finding Reference:** 2013-014

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Compliance Requirement:** Special Tests and Provisions (Environmental Reviews)  
**Type of Finding:** Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2012-14  
**Federal Program:** 14.218, 14.253-Community Development Block Entitlement Grant Cluster- ARRA (CDBG, CDBG-R)

**Condition/Context**

The County failed to properly document that environmental reviews for 18 out of 32 rehabilitation projects selected for testing were performed prior to commencing the projects.

**Criteria**

OMB Circular A-133 states that projects must have an environmental review unless they meet criteria specified in the regulations that would exempt or exclude them from environmental certification requirements (24 CFR sections 58.1, 58.22, 58.34, 58.35, 570.604).

**Cause**

The County did not have appropriate controls in place to ensure that all environmental reviews were performed before projects were approved for commencement.

**Effect**

As a result of the finding, the County may have approved projects that could potentially include rehabilitation detrimental to the environment and/or not in compliance with HUD regulations.

**Questioned Costs**

There are no questioned costs associated with this finding; costs related to the projects were properly documented and in line with activities allowed under the grant agreement.

**Recommendation**

We recommend that the County implement procedures to ensure that all applicable projects have an environmental review performed before a CDBG-funded project commences.

**Management's Response**

All CDBG funded activities are subject to the environmental review regulations under 25 CFR part 58 prior to commencement. The Department of Housing and Community Development (DHCD) is required to provide the Office of Finance with documentation evidencing the environmental review clearance prior to loading budgets for each CDBG activity and the commencement of each project. Therefore, the DHCD believes that it adheres to the HUD Environmental Requirements. The DHCD notes that it was not provided with sufficient specificity on this finding. Nevertheless, the DHCD will review its procedures and where appropriate make adjustments to continue to ensure that all applicable projects have an environmental review performed before a CDBG-funded project commences.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Finding Reference: 2013-015**

**Federal Agency:** U.S. Department of Agriculture  
U.S. Department of Justice

**Compliance Requirement:** Activities Allowed/Allowable Costs

**Type of Finding:** Significant Deficiency in Internal Control,  
Repeat Finding, 2012-16, 2011-08

**Federal Program:** 10.557 – Special Supplemental Nutrition Program for Women, Infants,  
and Children (WIC)  
16.710-Public Safety Partnership and Community Policing  
Grants  
16.738, 16.803, 16.804-Byrne Justice Assistance Grant Cluster

**Condition/Context**

The County failed to properly document supervisory review/approval of personnel costs charged to the grants indicated for 1 out of 60 selected for the Public Safety Grant, for 4 out of 60 transactions selected for testing of the Byrne JAG Cluster program, and 1 out of 40 transactions selected for testing from the WIC 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 does not have proper controls in place to prevent the editing of time sheets after they have been approved and processed.

**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.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Management's Response**

To address the issue the Police Department has hired a Grants Manager to ensure proper quality control of the payroll approval process.

The Fire/EMS Department will develop internal processes that can be utilized to ensure reports are submitted in compliance with the grantors' guidelines. Additionally the Police Department established new policies and procedures that will improve timecard approvals.

The Health Department did approve the timecard in question however when changes are made by another party including those parties from Human Resources or Payroll notification should be given to the Health Department so that the timecard can be reapproved.

**Finding Reference: 2013-016**

<b>Federal Agency:</b>	<b>U.S. Department of Housing and Urban Development</b>
<b>Compliance Requirement:</b>	<b>Special Tests and Provisions (Rehabilitation)</b>
<b>Type of Finding:</b>	<b>Qualified-Material Weakness in Internal Control, Material Noncompliance</b>
<b>Federal Program:</b>	<b>14.218, 14.253-Community Development Block Entitlement Grant Cluster - ARRA (CDBG, CDBG-R)</b>

**Condition/Context**

The County failed to properly document that certification of the completion of rehabilitation for 9 out of 32 rehabilitation projects selected for testing were performed.

**Criteria**

24 CFR Section 570.506 states that the grantee must ensure that the work is properly completed whenever CDBG or CDBG-R funds are used for rehabilitation.

**Cause**

The County did not have appropriate controls in place to ensure that all rehabilitation certifications were performed once projects were completed.

**Effect**

As a result of the finding, the County may have funded projects that did not meet State/local regulations as well as federal requirements related to rehabilitation work funded with CDBG/CDBG-R funds.

**Questioned Costs**

There are no questioned costs associated with this finding; costs related to the projects were properly documented and in line with activities allowed under the grant agreement.

**Recommendation**

We recommend that the County implement procedures to ensure that all applicable projects have a rehabilitation certification performed after a CDBG-funded project is completed.



**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**June 30, 2013**

**Management's Response**

The DHCD will review its procedures and where appropriate implement procedures to ensure that all applicable projects have a rehabilitation certification performed after a CDBG-funded project is completed.

**Finding Reference:** 2013-017

**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 Grant Cluster

**Condition/Context**

The County failed to submit 2 out of 4 Byrne Justice Assistance GMS Reports (quarterly performance reports) selected for testing.

**Criteria**

OMB Circular A-133 requires that each recipient of Federal funding must report program outlays, program income, and other information related to the performance of the program as prescribed by the Federal awarding agency. The Department of Justice grant agreement requires that quarterly performance reports be submitted.

**Cause**

The County did not have policies and procedures in place to ensure that all reports required by the Federal agency were submitted in accordance with requirements outlined in the grant agreement.

**Effect**

As a result of the finding, performance and progress information related to the program was not reported to the Federal awarding agency in a timely manner.

**Questioned Costs**

There are no questioned costs associated with this finding.

**Recommendation**

We recommend that the County implement procedures to ensure that all required reports are submitted to the Federal agency in accordance with grant requirements.

**Management's Response**

The Fire/EMS Department is in agreement that additional procedures be implemented to ensure that grant reports and requirements are handled in accordance with the grantors guidelines. As staffing is limited and additional personnel is not available, we continue to strive to ensure deadlines are met by utilizing available technology to trigger reminders.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**June 30, 2013**

**Finding Reference: 2012-12**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Compliance Requirement:** Sub-Recipient Monitoring  
**Type of Finding:** Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2011-05, 2010-05, 2009-7  
**Federal Program:** 14.218, 14.253-Community Development Block Entitlement Grant Cluster- ARRA (CDBG, CDBG-R)

**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 reports for 5 out of 5 CDBG, CDBG-R 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 5 out of 5 CDBG, CDBG-R sub-recipients selected for testing.

**Current Year Status: Not corrected:** Repeated as finding 2013-012.

**Finding Reference: 2012-13**

**Federal Agency:** U.S. Department of Energy  
**Compliance Requirement:** Procurement, Suspension and Debarment  
**Type of Finding:** Significant Deficiency in Internal Control, Repeat Finding, 2011-06  
**Federal Program:** 81.128-Energy Efficiency and Conservation Block Grant (EECBG)

**Condition/Context**

We noted that 1 out of 4 EECBG procurement contracts selected for testing failed to document the vendor's suspension or debarment status.

**Current Year Status: Corrected:**

During the current year audit we selected the program as major and tested the County's compliance with the federal procurement requirement; no exceptions were noted.

**Finding Reference: 2012-14**

**Federal Agency:** U.S. Department of Housing and Urban Development  
**Compliance Requirement:** Special Tests and Provisions (Environmental Reviews)  
**Type of Finding:** Qualified-Material Weakness in Internal Control, Material Noncompliance,  
**Federal Program:** 14.218, 14.253-Community Development Block Entitlement Grant Cluster- ARRA (CDBG, CDBG-R)

**Condition/Context**

The County failed to properly document that environmental reviews for 14 out of 40 rehabilitation projects selected for testing were performed prior to commencing the projects.

**Current Year Status: Not corrected:** Repeated as finding 2013-014.

**PRINCE GEORGE'S COUNTY, MARYLAND**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**June 30, 2013**

**Finding Reference:** 2012-15

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

**Compliance Requirement:** Reporting

**Type of Finding:** Significant Deficiency in Internal Control,

**Federal Program:** 14.218, 14.253-Community Development Block Entitlement Grant Cluster - ARRA (CDBG, CDBG-R)  
93.959-Substance Abuse Prevention and Treatment Block Grant (SAPT)

**Condition/Context**

We noted that for 5 out of 5 sub-recipients selected for testing from CDBG, CDBG-R and for 3 out of 3 sub-recipients selected for testing from SAPT (all who were subject to the Federal Funding Accountability and Transparency Act (FFATA) reporting requirements), the County did not ensure that the sub-recipients registered the awards in Funding Accountability and Transparency Subaward Reporting System (FSRS).

**Current Year Status: Corrected:**

93.959 – Substance Abuse Prevention and Treatment Block Grant (SAPT): During the current year audit we tested the County's compliance with the federal requirements related to FFATA testing; no exceptions were noted.

**Not Corrected:** 14.218, 14.253 – Community Development Block Entitlement Grant Cluster-ARRA (CDBG, CDBG-R): Repeated as finding 2013-012.

**Finding Reference:** 2012-16

**Federal Agency:** U.S. Department of Justice  
U.S. Department of Homeland Security

**Compliance Requirement:** Activities Allowed/Allowable Costs

**Type of Finding:** Significant Deficiency in Internal Control,  
Repeat Finding, 2011-08

**Federal Program:** 16.710-Public Safety Partnership and Community Policing Grants  
16.738, 16.803, 16.804-Byrne Justice Assistance Grant Cluster  
97.067-Homeland Security Grant Program

**Condition/Context**

The County failed to properly document supervisory review/approval of personnel costs charged to the grants indicated for 1 out of 60 selected for the Public Safety Grant, for 4 out of 60 transactions selected for testing of the Byrne JAG program, and 1 out of 40 transactions selected for testing from the Homeland Security grant.

**Current Year Status: Corrected:**

97.067 – Homeland Security Grant Program: During the current year audit we tested the County's compliance with the federal requirements related to documentation and approval of time and effort charged to the program; no exceptions were noted.

**Not Corrected:** 16.710 – Public Safety Partnership and Community Policing Grants; 16.738, 16.803, 16.804 – Byrne Justice Assistance Grant Cluster: Repeated as finding 2013-015.