

PRINCE GEORGE'S COUNTY, MARYLAND

REPORT ON SINGLE AUDIT

JUNE 30, 2016

PRINCE GEORGE'S COUNTY, MARYLAND
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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 (the County) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 28, 2017. The County's financial statements include the financial statements of the Prince George's County Public Schools, 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 as described in the County's financial statements. Our audit described below did not include the operations of the Prince George's County Public Schools, 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*.

Our report includes a reference to other auditors who audited the financial statements of Prince George's County Memorial Library System and Prince George's County Community Television, Inc., all discretely presented component units, as described in our report on the County's financial statements. This report includes our consideration of the results of the other auditor's testing of internal control over financial reporting and compliance and other matters that are reported on separately by those other auditors. However, this report, insofar as it relates to the results of the other auditors, is based solely on the reports of the other auditors. The financial statements of Prince George's County Community Television, Inc. were not audited in accordance with *Government Auditing Standards* and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Prince George's County Community Television, Inc.

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. 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 that we consider to be a significant deficiency.

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 Finding

The County's responses to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. Prince George's County Government's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
February 28, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE, AND
REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

We have audited Prince George's County, Maryland's (the County) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended June 30, 2016. The County's major federal programs are identified in the summary of auditors' 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, 2016. 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 Uniform Guidance, as 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Basis for Qualified Opinion on Community Development Block Grant (CFDA# 14.218)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA #14.218 Community Development Block Grant as described in finding numbers 2016-002 Special Tests and Provisions - Environmental review and 2016-003 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.

Basis for Qualified Opinion on Home Investment Partnership Program (CFDA# 14.239)

As described in the accompanying schedule of findings and questioned costs, the County did not comply with requirements regarding CFDA #14.239 Home Investment Partnership Program as described in finding numbers 2016-006 Special Test and Provisions – Maximum Per-Unit Subsidy and 2016-007 Special Test – Housing Quality Standards. 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 Grant (CFDA# 14.218) and Home Investment Partnership Program (CFDA# 14.239)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraphs (above), the 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 Community Development Block Grant and 14.239 Home Investment Partnership Program for the year ended June 30, 2016.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the 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, 2016.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-004 and 2016-005. Our opinion on each major federal program is not modified with respect to these matters.

The County's responses to the compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The 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 Uniform Guidance, 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 item 2016-002, 2016-003, 2016-006 and 2016-007 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 findings items 2016-004 2016-005 to be significant deficiencies.

The 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. The 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, Maryland as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated February 28, 2017. Our report includes a reference to other auditors who audited the financial statements of 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. 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 Uniform Guidance 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Baltimore, Maryland
May 31, 2017

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Pass-through Entity Number	Federal Expenditure by Program	Total Federal Expenditure	Sub-Recipient Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE (USDA)</u>					
<u>PASS-THROUGH MARYLAND</u>					
<u>DEPARTMENT OF EDUCATION (MSDE)</u>					
Child Nutrition Cluster:					
Summer Food Service for Children					
Summer Food Program	10.559	n/a	\$ 241,380	\$ 241,380	
Subtotal Child Nutrition Cluster:				<u>241,380</u>	
<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	WI197WIC	2,185,172		
WIC Breastfeeding Peer Counseling	10.557	WIB37BPC	172,304		
WIC Vouchers	10.557	n/a	<u>12,044,358</u>	14,401,834	
Child and Adult Food Care Program					
Child and Adult Care Food Program	10.558	n/a	28,030	<u>28,030</u>	
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>14,671,244</u>	
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)</u>					
<u>Direct</u>					
Community Development Block Grant					
Entitlement Grants Cluster:					
Community Development Block Grant	14.218		3,681,439		
Community Development Block Grant- loans	14.218		2,381,126		
ARRA-NSP Loans	14.218		566,121	<u>6,628,686</u>	2,703,335
Subtotal Community Development Block Grants Entitlement Grants Cluster:				<u>6,628,686</u>	
Community Development Block Grant					
Entitlement Grants					
Emergency Solutions Grants Program					
Emergency Shelter	14.231		473,793	473,793	136,731
Continuum of Care Program					
Continuum of Care	14.267		61,783		
Permanent Housing Transitional Housing	14.267		523,447		
Success Rapid Re-housing	14.267		23,454		
Transitional Housing Program	14.267		1,042,924		
Transitional Center for Men	14.267		<u>106,233</u>	1,757,841	
Home Investment Partnerships Program (HOME)					
Home Investment Partnerships Program	14.239		3,691,947		
Home Investment Partnerships Program					
My-Home Buyer Activities	14.239		1,599,212		
Home Investment Partnerships Program- loans	14.239		<u>11,936,228</u>	17,227,387	987,498
Shelter Plus Care					
Shelter Plus	14.238		562,929	<u>562,929</u>	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				<u>26,650,636</u>	

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Pass-through Entity Number	Federal Expenditure by Program	Total Federal Expenditure	Sub-Recipient Expenditures
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u>					
<u>Direct</u>					
Asset Forfeiture					
Asset Forfeiture	16.999		\$ 1,200,887	\$ 1,200,887	
State Criminal Alien Assistance Program					
SCAPP	16.606		144,158	144,158	
JAG Cluster:					
Edward Byrne Memorial Justice Assistance Grant Program					
JAG - Department of Corrections	16.738		140,550		
Gun Offender Registry	16.738		5,889		
Technology Improvement	16.738		50,640		
E-Discovery	16.738		16,500		
Disproportionate Minority Contact	16.738		17,751		
Jag Local	16.738		7,098		
Anti-Gang Initiative	16.738		47,687		
Human Trafficking Intervention	16.738		52,578		
JAG - Police Department	16.738		77,815		
JAG - FD	16.738		77,676		
JAG	16.738		<u>98,682</u>	<u>592,866</u>	
Subtotal JAG Cluster:				<u>592,866</u>	
DNA Backlog Reduction Program					
DNA Backlog Reduction Program	16.741		241,286	241,286	
Research and Evaluation of Firearm Violence					
Epidemiology of Crime Guns	16.560		43,458	<u>43,458</u>	
Subtotal Direct Payments				<u>2,222,655</u>	
<u>PASS-THROUGH GOVERNORS OFFICE OF CRIME CONTROL AND PREVENTION</u>					
Community-Based Violence Prevention					
Violence Prevention	16.123	CBVP-2013-0001	575,547	575,547	
Juvenile Justice and Delinquency Prevention Allocation					
Disproportionate Reduction	16.540	none	68,226	68,226	
Crime Victim Assistance					
Victims of Crime	16.575	VOCA-2014-1529	78,501	78,501	
Violence Against Women Formula Grants					
Violence Against Women	16.588	VAWA-2014-1259	51,009	51,009	
DNA Backlog Reduction Program					
DNA Backlog Reduction Program	16.741	PGDN-2014-0001	203,175	203,175	
<u>PASS-THROUGH PAUL COVERDELL FORENSIC SCIENCES IMPROVEMENT GRANT PROGRAM</u>					
Forensic Sciences	16.742	CFSI-2015-1503	16,089	<u>16,089</u>	
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>3,215,202</u>	
<u>U.S. DEPARTMENT OF LABOR (DOL)</u>					
<u>PASS-THROUGH SENIOR SERVICES AMERICA, INC. (SSA)</u>					
Senior Community Service Employment Program					
Senior Community Service Employment	17.235	none	428,101	<u>428,101</u>	
TOTAL U.S. DEPARTMENT OF LABOR				<u>428,101</u>	

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016**

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Pass-through Entity Number	Federal Expenditure by Program	Total Federal Expenditure	Sub-Recipient Expenditures
<u>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</u>					
<u>PASS-THROUGH MARYLAND DEPARTMENT OF</u>					
<u>TRANSPORTATION (MDOT)</u>					
Federal Transit Formula Grants					
Ridesharing	20.507	MD-95-CMAQFY15	\$ 3,212		
Bus Stop Improvements	20.507	PG225307C2011,2012	604,352	<u>\$ 607,564</u>	
Subtotal Federal Transit Cluster:				<u>607,564</u>	
Federal Transit - Rural Areas					
Transit	20.509	PG22STAPO2015	237,834	237,834	
Highway Planning and Construction Cluster					
Curb & Road Rehabilitation	20.205	none	32,537		
Brock Road	20.205	none	14		
Brandywine Road Bridge	20.205	none	33,758		
Sunnyside Avenue Bridge	20.205	none	63,064		
Commo Road Bridge	20.205	none	719,238		
Livingston Road Bridge	20.205	none	162,303	1,010,914	
State and Community Highway Safety Cluster:					
Traffic Safety	20.600	LE-PGPD-2016-034	123,728	<u>123,728</u>	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				<u>1,980,040</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		12,129	<u>12,129</u>	
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY				<u>12,129</u>	
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)</u>					
<u>Direct</u>					
Foster Grandparent Program Cluster:					
Foster Grandparents	94.011		179,909	179,909	
Retired and Senior Volunteer Program					
Community RSVP	94.002		<u>48,073</u>	<u>48,073</u>	
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				<u>227,982</u>	
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>					
<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					
Offender Reentry Program	93.243	1H79TI026361-01	11,067		
Strategic Prevention Framework	93.243	MU244SPF	3,880		
MD Project Launch	93.243	MH 568 OTH	<u>697,112</u>	712,059	
SOC Implementation					
System of Care Expansion	93.104	1U79SM061626-01	256,203	256,203	
Public Health Emergency Preparedness					
Public Health Preparedness	93.069	CH823PHP	478,316		
Cities Readiness Initiatives	93.069	CH823PHP	<u>155,708</u>	634,024	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs					
Tuberculosis Control	93.116	CHO14TBF	<u>220,192</u>	220,192	

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Pass-through Entity Number	Federal Expenditure by Program	Total Federal Expenditure	Sub-Recipient Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)					
PASS-THROUGH MARYLAND DEPARTMENT					
OF HEALTH AND MENTAL HYGIENE (DHMH) (Cont.)					
Project for Assistance in Transition from Homelessness-PATH					
	93.150	MH 566 OTH	\$ 106,652	\$ 106,652	\$ 106,652
HIV Care Formula Grants					
AIDS Ryan White Title II	93.917	AD485RWS	1,975		
Ryan White B Flex Svcs	93.917	AD485RWS	(248)		
Case Management	93.917	AD673CMA	<u>281</u>	2,008	
HIV Prevention Activities - Health Department Based					
HIV Partner	93.940	AD715PFC	135,967		
HIV Prevention Services	93.940	AD396PRV	705,129		
Linkage to Care	93.940	AD696LTC	<u>(27)</u>	841,069	
Refugee and Entrant Assistance Discretionary Grants					
Epidemiology Migrant Refugee Health	93.576	CH422REF	456,193	456,193	
Children's Health Insurance Program					
PWC Eligibility	93.767	MA186ACM	601,045		
Administrative Care Coordination	93.767	MA021EPS	<u>521,932</u>	1,122,977	
Medical Assistance Program Cluster:					
Children's Health Insurance Program					
PWC Eligibility	93.778	MA186ACM	436,344		
Medical Assistance Transportation	93.778	MA357GTS	1,801,119		
Administrative Care Coordination	93.778	MA021EPS	154,015		
MA Waiver Administration	93.778	none	<u>15,769</u>	2,407,247	
Family Planning Services					
Maternal Child Planning	93.217	FH095FPG	231		
Reproductive Health	93.217	FH095FPG	<u>148,208</u>	148,439	
Maternal and Child Health Services					
Block Grant to the States					
High Risk Infant	93.994	FH362HRI	114,682	114,682	
Block Grants for Community Mental Health Services					
Block Grants for Community Mental Health	93.958	MH 569 OTH	1,327,126	1,327,126	1,244,515
Block Grants for Prevention and Treatment of Substance Abuse					
Drug and Alcohol Prevention	93.959	MU530ADP	467,230		
Federal Fund Treatment	93.959	AS243FED	1,013,564		
Addiction Treatment	93.959	AS243FED	21,213		
Substance Abuse Prevention	93.959	MU530ADP	159		
Integration Sexual Health	93.959	AD681INT	<u>202,332</u>	1,704,498	743,533
Cancer Prevention and Control					
Breast and Cervical Cancer Program	93.752	FH439CBC	106,231	106,231	
Preventive Health Services -Sexually Transmitted Diseases					
Epidemiology STD Caseworker Grant	93.977	CH032STD	541,512	541,512	
Grants to States to Support Oral Health					
Workforce Activities					
Oral Health HRSA Funding	93.236	FHC89HRS	42,150	42,150	
Affordable Care Act					

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Pass-through Entity Number	Federal Expenditure by Program	Total Federal Expenditure	Sub-Recipient Expenditures
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>					
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>					
<u>OF HEALTH AND MENTAL HYGIENE (DHMH) (Cont.)</u>					
Personal Responsibility Education	93.092	FHC31PRE	\$ 36,606		
FHA Abstinence Education	93.235	FH802ABS	<u>20</u>	\$ 36,626	
Childhood Home Visiting Program					
Home Visiting	93.505	PHPA-G2062	450,403	450,403	
Hospital and Public Health Emergency Preparedness					
Public Health Emergency Preparedness Ebola	93.074	PR065PHP	36,240	36,240	
<u>PASS-THROUGH MARYLAND DEPARTMENT OF AGING (MDOA)</u>					
Aging Cluster:					
Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers					
Title III/VII	93.044	AAA-3-24-015	1,710,293	1,710,293	91,406
Medical Assistance Program					
Maryland Access Point (MAP)	93.778	6904	125,583	125,583	
Centers for Medicare and Medicaid Services- Research, Demonstrations and Evaluations					
Sr Health Insurance-Admin	93.779	6515	60,365		
Senior Medicare Patrol	93.779	6516/6534	<u>10,927</u>	71,292	
<u>PASS-THROUGH DISTRICT OF COLUMBIA</u>					
<u>DEPARTMENT OF HEALTH (DCH)</u>					
HIV Emergency Relief Project Grants					
Ryan White CARE	93.914	15Y022	8,472,088		
Ryan White Part A	93.914	none	481,036		
Ryan White HIV/AIDS Treatment	93.914	14X022	<u>85,026</u>	9,038,150	7,070,141
<u>PASS-THROUGH CENTERS FOR DISEASE CONTROL AND PREVENTION (CDC)</u>					
Immunization Cluster					
Epidemiology Hepatitis B Immunization	93.268	CH352IMM	68,779		
Immunization Action Program	93.268	CH383IMM	<u>207,515</u>	276,294	
Subtotal Immunization Cluster:				<u>276,294</u>	
Child Support Enforcement					
Child Support-Sheriff	93.563	CSEA/CRA-15-018	341,530		
Child Support Title IV-Domestic Relations	93.563	CSEA/CRA-15-019	<u>121,671</u>	463,201	
Low-Income Home Energy Assistance					
Low Income Home Energy Assistance Program	93.568	none	32,226	<u>32,226</u>	
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>22,983,570</u>	
<u>U.S. DEPARTMENT OF EDUCATION (USDE)</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	154516	354,430	354,430	
ITP MA Reimbursement					
ITP MA Reimbursement	84.000	none	27,197	<u>27,197</u>	
TOTAL DEPARTMENT OF EDUCATION				<u>381,627</u>	

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2016

Federal Agency/Pass-through Entity Program Name	Federal Catalog Number	Pass-through Entity Number	Federal Expenditure by Program	Total Federal Expenditure	Sub-Recipient Expenditures
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u>					
<u>Direct</u>					
Assistance to Firefighters					
Staffing Adequate Fire/Emergency Response	97.083		\$ 462,275	\$ 462,275	
<u>PASS-THROUGH MARYLAND EMERGENCY</u>					
<u>MANAGEMENT AGENCY (MEMA)</u>					
Emergency Management Performance Grant	97.042	15-SR8854-01	144,223	144,223	
<u>PASS-THROUGH DISTRICT OF COLUMBIA HOMELAND SECURITY</u>					
<u>AND EMERGENCY MANAGEMENT AGENCY</u>					
Port Security Grant Program	97.056	EMW-2014-PU-00568	68,686	68,686	
Homeland Security Grant Program Cluster:					
Exercise and Training Officer	97.067	14UASI543-01	41,489		
First Watch System Monitoring	97.067	14USAI606-03	497,139		
HSGP - Citizen Corp	97.067	14UASI543-03	113,275		
Infectious Disease	97.067	14UASI606-05	266,306		
NCR Regional Planning	97.067	14UASI543-04	279,292		
NIMS Compliance Officer	97.067	14UASI543-02	116,576		
Patient Tracking	97.067	14UASI606-01	14,815		
Radio Portable devices	97.067	14UASI543-07	50,186		
Radio System Fiber Connection	97.067	14UASI543-06	325,611		
State Homeland Security Program	97.067	14-GA8854-04	404,677		
Traffic Signals	97.067	14UASI548-01	185,730		
Tactical Vehicle	97.067	14UASI123-01	150,000		
Volunteer and CCP	97.067	15UASI543-03	53,688		
CAD and RMS Equipment	97.067	14UASI543-05	459,999		
Utility Terrain Vehicle	97.067	14UASI606-02	384,000	3,342,783	
TOTAL DEPARTMENT OF HOMELAND SECURITY				<u>4,017,967</u>	
TOTAL FEDERAL GRANT EXPENDITURES				<u><u>\$ 74,568,498</u></u>	

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, 2016

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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, 2016. 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

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. These amounts are included in the Schedule of Expenditures of Federal Awards.

NOTE 4 LOAN PROGRAMS

The County participates in the Home Investment Partnerships (HOME) and Community Development Block Grant (CDBG) federal loan programs. The balance of loans from previous years and current year loan activity, as required under Uniformed Guidance, are presented in the Schedule of Expenditures \$11,936,228 and \$2,947,247, respectively.

NOTE 5 INDIRECT COSTS

The County did not elect the 10% de minimis indirect cost rate.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016**

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?	_____	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: See below

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ <u>X</u> _____	Yes	_____	No
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Identification of Major Programs

Name of Federal Program or Cluster:	CFDA Number(s)	
HUD - Community Development Block Entitlement Grant Cluster-ARRA	14.218	Qualified
HUD - Home Investment Partnerships Program	14.239	Qualified
USDA - Special Supplemental Food Program for Women, Infants and Children	10.557	Unmodified
HUD - Continuum of Care	14.267	Unmodified
HHS - Block Grants For Community Mental Health Services	93.958	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$2,237,055

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, 2016

II. Financial Statement Findings

Significant Deficiency in Internal Control Over Financial Reporting:

Finding 2016-001:

Condition

The County was not able to complete the preparation of their financial statements in accordance with the State of Maryland time constraints, resulting in the need to obtain extensions. Additionally, documentation and support for certain account balances were unable to be provided on a timely basis.

Criteria

COSO/Internal Control Framework defines control activities as "policies and procedures that help ensure management's directives are carried out." This would include preparation of financial statements in a timely manner.

Cause

This is a result of the limited resources of the County and internal administrative and personnel issues. Additionally, there was an effect on the current year closing and audit schedule resulting from the new system implementation and previous year's audit completion.

Effect

Delays were experienced in preparing closing entries and obtaining final trial balances, schedules, reconciliations, account analyses, and other financial reports needed by management and the auditors. This resulted in the ultimate delay in producing the financial statements for the period under audit.

Recommendation

There was a significant improvement from the prior year. We believe that the year-end closing could proceed more quickly by adhering to the closing schedule and maintaining timely account reconciliations. The timing of specific procedures should be coordinated with the timing of the need for the information. Progress should be monitored by management to determine that due dates are being met. We recommend that management review current staffing to determine the sufficiency of resources to adequately close the books at year-end and prepare the financial statements in a timely manner in accordance with State requirements.

Management's Response:

Although extensions were still needed for FY16, financial statements were completed four months earlier than the previous year. With additional staff and the earlier completion of FY16 this should enable the accounting staff to complete FY17's audit by December 31, 2017. The implementation of a new financial system and limited resources were a large part of the delay in completing FY15's audit. The financial statements were completed six months after the required December 31, 2015 deadline. During FY17 one vacant position was filled and another one is in the process of being filled. These additions will be beneficial in the timely completion of FY17's audit.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

III. Federal Award Findings and Questioned Costs

Finding Reference: 2016-002

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, 2014-005, 2013-014, 2012-014, 2015-002
Federal Program:	14.218 – Community Development Block Grant Cluster (CDBG)
Grant Award:	various

Condition/Context

The County failed to properly document the completion of the environmental review for 17 out of 60 rehabilitation projects.

Criteria

2 CFR 200.303 requires an entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Uniform Guidance 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 consistently perform their established procedures.

Effect

The County may have approved projects that were not compliant with the environmental review requirement which may result in project expenditures being unallowed.

Questioned Costs

Undetermined, based on the available information we are unable to determine if there were unallowed costs.

Recommendation

We recommend that the County consistently perform established procedures to ensure that all approved projects meet the environment review requirement. The review and results are documented prior to the approval and commencement of the CDBG-funded project.

Views of responsible officials and planned corrective actions: See corrective action plan

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Finding Reference: 2016-003

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Special Tests and Provisions - Rehabilitation
Type of Finding:	Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2014-006, 2013-016, 2015-003
Federal Program:	14.218 – Community Development Block Grant (CDBG)
Grant Award:	various

Condition/Context

The County failed to document the rehabilitation review for 13 out of 60 rehabilitation projects.

Criteria

2 CFR 200.303 requires an entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

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 consistently perform their established procedures.

Effect

The County may have approved projects that were not compliant with the rehabilitation requirement which may result in project expenditures being unallowed.

Questioned Costs

Undetermined: based on the available information we are unable to determine if there were unallowed costs.

Recommendation

We recommend that the County consistently perform established procedures to ensure that all approved projects meet the rehabilitation requirement. The review and results are documented prior to the approval and commencement of the CDBG-funded project.

Views of responsible officials and planned corrective actions: See Corrective Action Plan

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Finding Reference: 2016-004

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Subrecipient monitoring
Type of Finding: Significant Deficiency in internal control, Noncompliance
Federal Program: 14.218 – Community Development Block Grant (CDBG)
Grant Award: various

Condition/Context

The County failed to demonstrate their compliance with review of sub-recipient's single audit reports for 2 out of 9 CDBG sub-recipients tested.

Criteria

2 CFR 200.303 requires an entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2 CFR 200.331 requires the pass through entity to monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

- (1) Reviewing financial and performance reports required by the pass-through entity.
- (2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

Cause

The County's procedures for sub-recipient monitoring were not consistently performed.

Effect

As a result of the County's lack of monitoring, the sub-recipient could have used program funds for unallowable or inappropriate uses.

Questioned Costs

Undetermined based on the information provided.

Recommendation

We recommend that the County consistently perform established procedures to ensure that all approved projects meet the subrecipient monitoring requirement.

Views of responsible officials and planned corrective actions: See Corrective Action Plan

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Finding Reference: 2016-005

Federal Agency: All

Compliance Requirement: Reporting

Type of Finding: Significant Deficiency in Internal Control, Non-compliance

Federal Program: All major and non-major programs, repeat finding- 2015-005

Condition

The single audit report was not submitted to the Office of Budget and Management in accordance with the reporting requirement.

Criteria

2 CFR 200.303 requires an entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Uniform Guidance requires Audits of States, local Governments, and Non-Profit Organization section.320 (a) states that the audit shall be completed and the data collection form shall be submitted within the earlier of 30 days after the receipt of the auditor's report, or nine months after the end of the audit period.

Cause

The delay is a result of the limited resources of the County and internal administrative and personnel issues, including unplanned staff turnover and vacancies in key positions.

Effect

Significant delays were experienced in obtaining the financial statements for the period under audit affected other financial reports needed by management to complete the Schedule of Expenditures of Federal Awards.

Questioned Costs

None noted. The finding did not result in questioned costs.

Recommendation

We believe that the year-end closing could proceed more quickly by adhering to a closing schedule and maintaining timely account reconciliations. Progress should be monitored by management to determine that due dates are being met and required reports are submitted to regulatory agencies within the compliance time frame.

Views of responsible officials and planned corrective actions: See Corrective Action Plan

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Finding Reference: 2016-006

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Special Test and Provisions – Maximum Per-Unit Subsidy
Type of Finding:	Qualified, Material Weakness, Material Non-compliance
Federal Program:	14.239 – Home Investment Partnership Program (HOME)
Grant Award:	Various

Condition/Context

The County failed to document their review of the maximum per-unit Subsidy for multi-family home loans for 16 out of 16 loans selected for testing.

Criteria

2 CFR 200.303 requires an entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The per-unit investment of HOME funds may not exceed the Federal Housing Administration (FHA) mortgage limits in Subsection 221(d)(3) of the National Housing Act, including any area-wide high cost exceptions approved by HUD. This information should be available from the grantee or the local HUD field office.

Cause

The County did not have appropriate controls in place to ensure that per-unit investment for all HOME projects were examined to determine that the costs are reasonable.

Effect

As a result of the finding, the County may have multiple families who did not meet the requirements necessary to receive assistance under the program.

Questioned Costs

Undetermined based on the information provided.

Recommendation

We recommend that the County implement procedures to ensure that each housing project's average per-unit investment in HOME-assisted units does not exceed the applicable Subsection 221 (d)3 limit prior to the commitment of HOME funds to a project.

Views of responsible officials and planned corrective actions: See Corrective Action Plan

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2016

Finding Reference: 2016-007

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Special Test and Provisions – Housing Quality Standards
Type of Finding:	Qualified, Material Weakness, Material Non-compliance
Federal Program:	14.239 – Home Investment Partnership Program (HOME)
Grant Award:	Various

Condition/Context

The County failed to perform 12 out of 16 site inspections for projects containing 26 or more units.

Criteria

2 CFR 200.303 requires an entity to establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

For HOME assisted rental housing, the participating jurisdiction must perform on-site inspections to determine compliance with property standards and verify the information submitted by the owners no less than (a) every 3 years for projects containing 1 to 4 units, (b) every 2 years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units.

Cause

The County did not have appropriate controls in place to ensure that all on-site inspection were performed according to the units held.

Effect

As a result of the finding, the County may have multiple HOME assisted rental housing units that did not meet the housing quality inspection standards; required home repairs were not completed in a timely manner.

Questioned Costs

Undetermined based on the information provided.

Recommendation

We recommend that the County implement procedures to ensure that each of the HOME assisted rental housing units are properly calculated to determine which year the on-site inspection should be completed and make sure it is reviewed by the Compliance Review Inspector prior to on-site inspection date.

Views of responsible officials and planned corrective actions: See Corrective Action Plan

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2016

Finding 2015-001: Financial Reporting

Condition

The County was not able to complete the preparation of their financial statements in accordance with the State of Maryland time constraints, resulting in the need to obtain extensions. Additionally, documentation and support for certain account balances were unable to be provided on a timely basis. Finally, the County did not meet its Municipal Securities Continuing Disclosure requirements.

Current Year Status: Not corrected: Repeated as finding 2016-001.

Reason for Recurrence: Although the County requested and obtained an extension for the FY 2016, the financial statements were issued four months earlier than the previous fiscal year. The County obtained additional staff and is expected to comply with the FY 2017 deadline.

Corrective Action Plan: See CAP 2016-001

Finding Reference: 2015-002

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, 2014-005, 2013-014, 2012-14
Federal Program:	14.218 – Community Development Block Grant Cluster (CDBG)

Current Year Status: Not corrected: Repeated as finding 2016-002.

Reason for Recurrence: The loan files reviewed during the audit were more than 30 years old and were not updated to reflect the new environmental procedures.

Corrective Action Plan: See CAP 2016-002

Finding Reference: 2015-003

Federal Agency:	U.S. Department of Housing and Urban Development
Compliance Requirement:	Special Tests and Provisions (Rehabilitation)
Type of Finding:	Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2013-016, 2014-006
Federal Program:	14.218 – Community Development Block Grant (CDBG)

Current Year Status: Not corrected: Repeated as finding 2016-003.

Reason for Recurrence: The loan files reviewed during the audit were more than 30 years old and were not updated to reflect the new rehabilitation procedures.

Corrective Action Plan: See CAP 2016-003

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2016**

Finding Reference: 2015-004

Federal Agency: U.S. Department of Health and Human Services (HHS)
Compliance Requirement: Eligibility and Program Income
Type of Finding: Significant Deficiency in Internal Control, non-compliance
Federal Program: 93.917 – Ryan White
Grant Award: Fiscal 2015

Current Year Status: Corrected.

Finding Reference: 2015-005

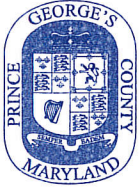
Federal Agency: All
Compliance Requirement: Reporting
Type of Finding: Significant Deficiency in Internal Control, Non-compliance
Federal Program: All major and non-major programs

Current Year Status: Not corrected: Repeated as finding 2016-005.

Reason for Recurrence: Although the County requested and obtained an extension for the FY 2016, the financial statements were issued four months earlier than the previous fiscal year. The County obtained additional staff and is expected to comply with the FY 2017 deadline.

Corrective Action Plan: See CAP 2016-005

CORRECTIVE ACTION PLANS



PRINCE GEORGE'S COUNTY GOVERNMENT

Rushern L. Baker, III
County Executive

Finding Reference: 2016-001

Type of Finding: Significant Deficiency in Internal Control Over Financial Reporting

Recommendation

There was a significant improvement from the prior year. We believe that the year-end closing could proceed more quickly by adhering to the closing schedule and maintaining timely account reconciliations. The timing of specific procedures should be coordinated with the timing of the need for the information. Progress should be monitored by management to determine that due dates are being met. We recommend that management review current staffing to determine the sufficiency of resources to adequately close the books at year-end and prepare the financial statements in a timely manner in accordance with State requirements.

Views of Responsible Management Official and Corrective Action Plan

Although extensions were still needed for FY16, financial statements were completed four months earlier than the previous year. With additional staff and the earlier completion of FY16 this should enable the accounting staff to complete FY17's audit by December 31, 2017. The implementation of a new financial system and limited resources were a large part of the delay in completing FY15's audit. The financial statements were completed six months after the required December 31, 2015 deadline. During FY17 one vacant position was filled and another one is in the process of being filled. These additions will be beneficial in the timely completion of FY17's audit.

Name(s) of the contact person(s) responsible for corrective action: Charles M. Curtis, Jr., Associate Director, (301) 952-3879

Planned completion date for corrective action plan: December 31, 2017



Corrective Action Plan
Page 2

Finding Reference: 2016-002

Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2015-002, 2014-005, 2013-014, 2012-14

Recommendation

We recommend that the County consistently perform established procedures to ensure that all approved projects meet the environment review requirement. The review and results are documented prior to the approval and commencement of the CDBG-funded project.

Views of responsible officials and planned corrective actions

This matter is a repeat finding due to the “age” of the audited sample under the Single Family Rehabilitation Program, representing a thirty (30) year period. The audited sample included projects for which the files were extremely old. The administration of the project did not include and/or staff failed to follow and/or document adherence to policies and procedures during the referenced period. Additionally, it is important to note that the affordability period, typically less than 20 years, for many of the audited projects under this finding has expired based on the applicable HUD regulations.

The County shall administer its new environmental review policy and procedure manual requirements in a consistent manner for all Community Development Block Grant Program (CDBG) rehabilitation projects. As of fiscal year 2015, the County enhanced its environmental review team with a Senior Environmental Review Specialist to ensure that all reviews are conducted timely and documented appropriately, as required.

Name (s) of the contact person (s) responsible for corrective action: Estella Alexander, Deputy Director, (301) 833-3467

Planned completion date for corrective action plan: December 31, 2017

Finding Reference: 2016-003

Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance, Repeat Finding, 2015-003, 2014-006, 2013-016

Recommendation

We recommend that the County consistently perform established procedures to ensure that all approved projects meet the rehabilitation requirement. The review and results are documented prior to the approval and commencement of the CDBG-funded project.

Views of responsible officials and planned corrective actions

This matter is a repeat finding due to the "age" of the audited sample under the Single Family Rehabilitation Program, representing a thirty (30) year period. The audited sample included projects for which the files were extremely old. The administration of the project did not include and/or staff failed to follow and/or document adherence to policies and procedures during the referenced period. Additionally, it is important to note that the affordability period, typically less than 20 years, for many of the audited projects under this finding has expired based on the applicable HUD regulations.

The County shall enforce the policies and procedures to document the completion of all rehabilitation projects funded under the Community Development Block Grant Program (CDBG), including an executed form evidencing the same. Moreover, the County has restructured the Single Family Rehabilitation Program under the new Housing Rehabilitation Program which includes detailed procedures for all funded activities.

Name (s) of the contact person (s) responsible for corrective action: Estella Alexander, Deputy Director, (301) 833-3467

Planned completion date for corrective action plan: December 31, 2017

Corrective Action Plan
Page 4

Finding Reference: 2016-004

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Recommendation

We recommend that the County consistently perform established procedures to ensure that all approved projects meet the subrecipient monitoring requirement.

Views of responsible officials and planned corrective actions

The County shall enforce and monitor its policies and procedures to ensure that all required audit reports are submitted by sub-recipients under the Community Development Block Grant Program (CDBG) in a timely manner. The County has established a Monitoring and Compliance Team responsible for executing this task.

Name (s) of the contact person (s) responsible for corrective action: Estella Alexander, Deputy Director, (301) 833-3467

Planned completion date for corrective action plan: December 31, 2017

Corrective Action Plan
Page 5

Finding Reference: **2016-005**

Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Recommendation

We believe that the year-end closing could proceed more quickly by adhering to a closing schedule and maintaining timely account reconciliations. Progress should be monitored by management to determine that due dates are being met and required reports are submitted to regulatory agencies within the compliance time frame.

Views of Responsible Management Official and Corrective Action Plan

Although significant progress was made from the previous fiscal year, the FY16 financial statements were issued two months late. As a result, the completion of the Uniform Grants Guidance audit was delayed by two months as well. The earlier completion of both should enable the Uniform Grants Guidance audit to be completed by the March 31, 2018 deadline for fiscal year 2017.

Name(s) of the contact person(s) responsible for corrective action: Charles M. Curtis, Jr., Associate Director, (301) 952-3879

Planned completion date for corrective action plan: March 31, 2018

Corrective Action Plan
Page 6

Finding Reference: **2016-006**

Type of Finding: Material Weakness, material non-compliance

Recommendation

We recommend that the County implement procedures to ensure that each housing project's average per-unit investment in HOME-assisted units does not exceed the applicable Subsection 221 (d) 3 limit prior to the commitment of HOME funds to a project.

Views of Responsible Management Official and Corrective Action Plan

The County has established and enforced the requirement evidencing a subsidy layering analysis for all HOME-assisted projects. Upon the adoption of the current HOME Program Policies and Procedures Manual and for the period, Fiscal Years (FY) 2011-2017, the County has executed the subsidy layering analysis for all HOME-assisted projects. The finding references projects built or rehabbed prior to FY 2011.

Name (s) of the contact person (s) responsible for corrective action: Estella Alexander, Deputy Director, (301) 833-3467

Planned completion date for corrective action plan: December 31, 2017

Corrective Action Plan
Page 7

Finding Reference: 2016-007

Type of Finding: Material Weakness, material non-compliance

Recommendation

We recommend that the County implement procedures to ensure that each of the HOME assisted rental housing units are properly calculated to determine which year the on-site inspection should be completed and make sure it is reviewed by the Compliance Review Inspector prior to on-site inspection date.

Views of Responsible Management Official and Corrective Action Plan

The County was following the wrong time frame for inspections given the number of units included in the referenced projects. This finding was partially attributable to the lack of staff with Housing Quality Standards formal training and the development of a formal tracking system to monitor projects based on the total number of units and HOME-assisted units, as required.

The County has assigned staff, as part of the Monitoring and Compliance Team, to conduct annual on-site inspections for all HOME-assisted projects based on an approved HOME-assisted projects(s) monitoring schedule. Additionally, the assigned staff has completed the Inspection Certification, as required under the Home Program.

Name (s) of the contact person (s) responsible for corrective action: Estella Alexander, Deputy Director, (301) 833-3467

Planned completion date for corrective action plan: December 31, 2017