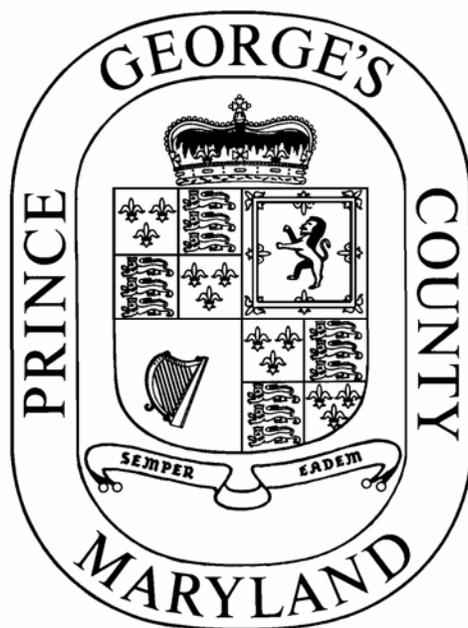


PRINCE GEORGE'S COUNTY, MARYLAND



SINGLE AUDIT

For the Year Ended June 30, 2008

Prince George's County, Maryland

Compliance Audit Pursuant to OMB Circular A-133
(Single Audit)

For the Year Ended June 30, 2008

PRINCE GEORGE’S COUNTY, MARYLAND
AUDIT OF FEDERAL AWARD PROGRAMS
YEAR ENDED JUNE 30, 2008

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THOMPSON, COBB, BAZILIO & ASSOCIATES, PC
Certified Public Accountants and Management, Systems, and Financial Consultants

■ Main Office:
1101 15th Street, N.W.
Suite 400
Washington, DC 20005
(202) 737-3300
(202) 737-2684 Fax

□ Regional Office:
Two Penn Center
Suite 200
Philadelphia, PA 19102
(215) 854-6300
(215) 569-0216 Fax

□ Regional Office:
21250 Hawthorne Boulevard
Suite 150
Torrance, CA 90503
(310) 792-4640
(310) 792-4140 Fax

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

The Honorable County Council
Prince George's County, Maryland

We have audited 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 Maryland (the County) as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements, and have issued our report thereon dated December 5, 2008. Our report was modified to include a reference to other auditors. We conducted our audit of the basic financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Board of Education of Prince George's County, Maryland; the Prince George's County Memorial Library System; Prince George's Community College; and Prince George's Community Television Inc., as described in our report on the County's basic 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.

Internal Control Over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the County in a separate letter dated December 5, 2008.

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

Washington, D.C.
December 5, 2008

Thompson, Cobb, Bajilio & Associates, P.C.

THOMPSON, COBB, BAZILIO & ASSOCIATES, PC
Certified Public Accountants and Management, Systems, and Financial Consultants

■ Main Office:
1101 15th Street, N.W.
Suite 400
Washington, DC 20005
(202) 737-3300
(202) 737-2684 Fax

□ Regional Office:
Two Penn Center
Suite 200
Philadelphia, PA 19102
(215) 854-6300
(215) 569-0216 Fax

□ Regional Office:
21250 Hawthorne Boulevard
Suite 150
Torrance, CA 90503
(310) 792-4640
(310) 792-4140 Fax

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

The Honorable County Council
Prince George's County, Maryland

Compliance

We have audited the compliance of Prince George's County, Maryland (the County) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The County's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the County's management. Our responsibility is to express an opinion on the County's compliance based on our audit.

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

As described below and in the accompanying *Schedule of Findings and Questioned Costs*, the County did not comply with certain requirements applicable to certain major federal programs. Compliance with such requirements is necessary, in our opinion, for the County to comply with the requirements applicable to the identified major programs. The following are compliance requirements, by program, that the County did not comply with:

<u>Finding No.</u>	<u>Program</u>	<u>Compliance Requirement</u>
2008-2	Community Development Block Grant	Allowable Costs and Cash Management
2008-6	Home Investment Partnership Program	Subrecipient Monitoring
2008-7	Home Investment Partnership Program	Special Test and Provisions

In our opinion, except for the noncompliance described in the preceding paragraph, the County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

The results of our auditing procedures also disclosed other instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying *Schedule of Findings and Questioned Costs* as items 2008-1, 2008-3 to 2008-5 and 2008-8 to 2008-13.

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, 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 would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in the accompanying *Schedule of Findings and Questioned Costs* as items 2008-2, 2008-6, through 2008-7 to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying *Schedule of Findings and Questioned Costs* to be material weaknesses.

Schedule of Expenditures of Federal Awards

We have audited 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 the County as of and for the year ended June 30, 2008, which collectively comprise the County's basic financial statements and have issued our report thereon dated December 5, 2008. Our report was modified to include a reference to other auditors. Our audit was performed for the purpose of forming our opinions on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The County's responses to the findings identified in our audit are described in the accompanying *Schedule of Findings and Questioned Costs*. We did not audit the County's response and, accordingly, we express no opinion on it.

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

Washington D.C.
March 17, 2009

Thompson, Cobb, Bazilio & Associates, P.C.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

<u>Federal Department/Pass-through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF AGRICULTURE (USDA)		
Pass through payments:		
Emergency Food Assistance Cluster:		
MD State Department of Education:		
Emergency Food Assistance	10.568	\$ 75,776
MD Department of Human Resources:		
Food and Nutrition Service - Food Donation	10.569	110,475
Subtotal		<u>186,251</u>
MD Department of Health and Mental Hygiene:		
Special Supplemental Food Program for		
Women, Infants, and Children	10.557	15,558,277
Child and Adult Care Food Program	10.558	37,920
Food Share Employment and Training for Able-Bodied Adults Without	10.561	33,300
Dependents		
MD State Department of Education:		
Summer Food Service Program for Children	10.559	666,096
TOTAL U.S. DEPARTMENT OF AGRICULTURE		<u>\$ 16,481,844</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD)		
Direct payments:		
Community Development Block Grant (CDBG)	14.218	\$ 5,549,282
Emergency Shelter Grant Program (ESG)	14.231	288,991
Supportive Housing Program	14.235	1,750,587
Shelter Plus Care	14.238	380,355
HOME Investment Partnerships Program	14.239	3,884,721
Economic Development Initiative	14.246	343,438
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT		<u>\$ 12,197,374</u>
FEDERAL BUREAU OF INVESTIGATION (FBI)		
Direct payments:		
Violent Crimes Task Force	16.xxx	\$ 28,148
Regional Gang Initiative	16.580	(7,293)
TOTAL FEDERAL BUREAU OF INVESTIGATION		<u>\$ 20,855</u>
U.S. DEPARTMENT OF JUSTICE (DOJ)		
Direct payments:		
Office of Justice Programs:		
Metro Area Task Force	16.560	\$ 7,831
Organized Crime Drug Enforcement Task Force	16.560	27,739
DNA Capacity Enhancement	16.560	165,280
Subtotal		<u>200,850</u>
Prisoner Reentry	16.580	11,664
Firearms Reduction	16.580	15,000
Subtotal		<u>26,664</u>

The accompanying notes are an integral part of this schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

<u>Federal Department/Pass-through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF JUSTICE (DOJ) (Continued)		
Domestic Violence-Response/Recovery	16.590	\$ (75,925)
Domestic Violence-Response Team	16.590	340,892
MD Project Safe Neighborhood	16.609	33,442
Project Safe Neighborhood MD Exile	16.609	17,856
Bryne Memorial Justice Assistance	16.738	207,263
Project Safe Neighborhoods Anti-Gang	16.744	36,704
Subtotal		<u>560,232</u>
Total direct payments		<u>787,746</u>
Pass through payments:		
Arlington Police Department:		
High Intensity Drug Trafficking Area	16.579	\$ 194,624
MD Crime Control & Prevention:		
DMC planning and Reduction Program	16.540	34,395
HOTSPOT-MDA: Communities Initiative	16.579	50,761
Juvenile Drug Court	16.579	112,460
Community Prosecution Outreach	16.579	19,358
Domestic Violence Intake Advocacy Project	16.588	79,841
Domestic Violence Council Coordinator	16.588	18,967
Stop Violence Program	16.588	96,399
Adult Drug Court	16.588	17,388
Community Conferencing	16.738	36,230
Washington/Baltimore HIDTA:		
Southern MD Interdiction Initiative	16.579	557
MD Department of Human Resources:		
Victims of Crime	16.575	67,070
Montgomery County, MD:		
MD Regional Gang Initiative	16.580	180,620
Community Oriented Policing Service:		
Cops Technology	16.710	10,355
Total pass through payments		<u>919,025</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>\$ 1,706,771</u>
U.S. DEPARTMENT OF LABOR (DOL)		
Pass through payments:		
Senior Service America, Inc.:		
Senior Community Service Employment Program	17.235	\$ 400,605
TOTAL U.S. DEPARTMENT OF LABOR		<u>\$ 400,605</u>
U.S. DEPARTMENT OF TRANSPORTATION (DOT)		
Pass through payments:		
MD Department of Transportation:		
Highway Planning and Construction - Bridge/Road Repair	20.205	\$ 363,419
Federal Transit: Formula Grants - Ride-Sharing	20.507	199,169
Formula Grants for Urbanized Areas	20.509	74,217
TOTAL U.S. DEPARTMENT OF TRANSPORTATION		<u>\$ 636,805</u>

The accompanying notes are an integral part of this schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

<u>Federal Department/Pass-through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF TREASURY		
Direct payments:		
AFT Task Force	21.052	\$ 11,267
TOTAL U.S. DEPARTMENT OF TREASURY		<u>\$ 11,267</u>
U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION (EEOC)		
Direct payments:		
Employment Discrimination	30.002	\$ 103,718
TOTAL U.S. EQUAL EMPLOYMENT OPPORTUNITY COMMISSION		<u>\$ 103,718</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY (EPA)		
Direct payments:		
Low Impact Technologies Development	66.606	\$ 849,908
BMP Watershed Model	66.439	38,061
TOTAL U.S. ENVIRONMENTAL PROTECTION AGENCY		<u>\$ 887,969</u>
FEDERAL EMERGENCY MANAGEMENT AGENCY (FEMA)		
Direct payments:		
Flood Map Insurance	97.045	\$ 50,000
Pass through payments:		
MD Emergency Management Agency:		
Emergency Management	83.503	75,904
TOTAL FEDERAL EMERGENCY MANAGEMENT AGENCY		<u>\$ 125,904</u>
U.S. DEPARTMENT OF EDUCATION (ED)		
Pass through payments:		
Special Education Cluster:		
MD Department of Education:		
Special Education: Grants to States Part B	84.027	\$ 205,925
Special Education: Grants to States Part B 619	84.173	4,500
Special Education: Grants for Infants and Families with Disabilities Part C	84.181	477,528
TOTAL U.S. DEPARTMENT OF EDUCATION		<u>\$ 687,953</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)		
Pass through payments:		
MD Office on Aging:		
Aging Custer:		
Special Programs for the Aging: Title III Part B - Grants for Supportive Services and Senior Centers	93.044	\$ 850,096
Special Programs for the Aging: Title III Part C1: Nutrition Services	93.045	602,797
Special Programs for the Aging: Title III Part C2: Nutrition Services	93.045	363,278
Subtotal		<u>1,816,171</u>
Special Programs for the Aging: Title III- Part D: Disease Prevention	93.046	39,009
Health Care Financing Research, Demonstrations and Evaluations	93.779	72,232
Subtotal		<u>1,927,412</u>

The accompanying notes are an integral part of this schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

<u>Federal Department/Pass-through Entity/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
MD Department of Health and Mental Hygiene:		
Epidemiology TB Grant	93.116	\$ 227,589
Path Project	93.150	62,872
AIDS Pediatric	93.153	87,430
Family Planning Services	93.217	443,542
Immunization Grants	93.268	436,886
Centers for Disease Control and Prevention	93.283	686,257
Medical Assistance Program	93.778	3,540,184
Ryan White C.A.R.E. - Title II	93.917	1,396,057
HIV Prevention Activities: Health Department Based	93.940	714,652
Block Grants for Community Mental Health Services	93.958	1,341,862
Block Grants for Prevention and Treatment of Substance Abuse	93.959	2,006,693
Preventive Health Services: Sexually Transmitted Diseases Control Grant	93.977	277,991
Diabetes Earmark	93.988	7,000
Preventive Health and Health Services Block Grant	93.991	56,463
Maternal and Child Services Block Grant	93.994	251,451
MD Department of Human Resources:		
Child Support Enforcement	93.563	1,317,667
Low Income Home Energy Assistance	93.568	402,644
DC Department of Health:		
HIV Emergency Relief Project Grants	93.914	5,309,367
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		\$ <u>20,494,019</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Direct payments:		
Retired and Seniors Volunteer Program	94.002	\$ 73,565
Foster Grandparents Program	94.011	261,452
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		\$ <u>335,017</u>
U. S. DEPARTMENT OF HOMELAND SECURITY (DHS)		
Direct payments:		
Assistance Prevention	97.044	\$ 50,050
Total direct payments		<u>50,050</u>
Pass through payments:		
Homeland Security Cluster:		
MD Emergency Management Agency:		
State Domestic Preparedness Equipment Support Program	97.004	68,500
Homeland Security Grant Program	97.067	300,767
Citizen Corp	97.067	1,146
LETPP	97.067	516,688
District of Columbia Office of the Deputy Mayor for Public Safety and Justice:		
5D Volunteer Grant	97.067	7,207
Urban Area Security Initiatives - 800 MHZ	97.067	1,400,000
Urban Area Security Initiatives - 800 MHZ	97.067	820,000
Subtotal		<u>3,114,308</u>
MD Emergency Management Agency:		
Buffer Zone Protection	97.078	60,980
District of Columbia Office of the Deputy Mayor for Public Safety and Justice:		
Urban Area Security Initiatives - Intergration of Communication Tools for EOC's and ECC's	97.008	477,345
5D Volunteer Grant	97.008	111,119
Urban Area Security Initiatives - National Capital Region Patient Tracking	97.008	281,823
District of Columbia Homeland Security Emergency Management Agency:		
Emergency Food and Shelter Program Board:		
Emergency Food and Shelter	97.024	164,299
TOTAL U. S. DEPARTMENT OF HOMELAND SECURITY		\$ <u>4,259,924</u>
TOTAL ALL FEDERAL AWARDS		\$ <u>58,350,025</u>

The accompanying notes are an integral part of this schedule.

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2008

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 1a 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, 2008. 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: LOAN PROGRAMS AND NONCASH FEDERAL AWARDS

(a) Loan Programs - HUD

The County administers loans under the Home Investment Partnerships program and the Section 108 Commercial Building Loan Fund which have continuing compliance requirements and, therefore, are considered to be Federal awards at June 30, 2008. The outstanding balance on the Home and Section 108 loans at June 30, 2008 is \$5,528,544 and \$6,801,000, respectively. These amounts are excluded from the accompanying Schedule of Expenditures of Federal Awards.

(b) Food Vouchers - 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 of Maryland representatives confirmed that the value of WIC vouchers redeemed by Maryland residents living in Prince George's County totaled \$13,633,601 for fiscal year 2008. These amounts are included in the Schedule of Expenditures of Federal Awards.

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2008

NOTE 3: LOAN PROGRAMS AND NONCASH FEDERAL AWARDS (Continued)

(c) Food Commodities - USDA

During fiscal year 2008, the County received \$110,475 in surplus food from the Federal government. This amount is included in the Schedule of Expenditures of Federal Awards.

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:

<u>CFDA#</u>	<u>Grant Program</u>	<u>Amounts provided to Subrecipients</u>
14.218	HUD - Community Development Block Grant Program	\$ 3,625,477
14.231	HUD - Emergency Shelter Grant Program	267,490
14.239	HOME Investment Partnerships Program	3,708,454
84.173	DOE - Special Education Grants to States Part B 619	4,500
84.181	DOE - Special Education: Grants for Infants and Families with Disabilities	294,336
93.044	HHS - Title III, Part B - Grants for Supportive Services and Senior Centers	47,880
93.914	HHS - HIV Emergency Relief Project Grants	4,830,659
93.958	HHS - Block Grants for Community Mental Health Services	1,328,928
		<u>\$ 14,107,724</u>

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

I. Summary of Auditor's Results

Financial Statements

The type of auditor's report issued on the financial statements: Unqualified Opinion

Internal Control Over Financial Reporting

- Material weaknesses identified: No
- Significant deficiencies identified that are not considered to be material weaknesses: None reported

Noncompliance material to the financial statements noted: No

Federal Awards

The type of auditor's report issued on compliance for major programs: Qualified opinion

Internal control over major programs

- Material weaknesses identified: No
- Significant deficiencies identified that are not considered to be material weaknesses: Yes

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

The major programs are as follows:

<u>Program</u>	<u>CFDA No.</u>
USDA - Special Supplemental Food Program for Women, Infants and Children	10.557
HUD - Community Development Block Grant	14.218
HUD - Supportive Housing Program	14.235
HUD - HOME Investments Partnerships Program	14.239
HHS - Aging Cluster	93.044/93.045
HHS - Medical Assistance Program	93.778
HHS - HIV Emergency Relief Project Grants	93.914
HHS - Block Grants for Prevention and Treatment of Substance Abuse	93.959
DHS - Homeland Security Cluster	97.004/97.067

Dollar threshold used to distinguish between Type A and Type B programs: \$1,760,585

Auditee did not qualify as a low-risk auditee under Section 530 of OMB Circular A-133

II. Financial Statement Findings

None

III. Federal Award Findings and Questioned Costs

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-1	Community Development Block Grant (CDBG)	Subrecipient Monitoring	None

Condition

Subrecipients were not adequately monitored through reporting and site visits as evidenced by the following:

1. One of the nine subrecipients did not submit monthly activity reports;
2. For three of the nine subrecipients, there was no evidence of review of the monthly activity reports;
3. For four of the nine subrecipients, there was no evidence of site visits performed by the respective project managers.

Criteria

Laws, regulations, and the provisions of contracts or grant agreements require monitoring of subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards and that performance goals are achieved. (OMB Circular A-133 (SS225) and (SS400(d))

Effect

Lack of sufficient monitoring may lead to subrecipients not meeting their performance goals which could prevent the County from meeting program goals and objectives.

Cause

Due to inadequate staffing, the Department of Housing and Community Development (DHCD) failed to perform site visits and monitor the activity of the subrecipients.

Recommendation

We recommend that the County, through DHCD, consistently monitor the subrecipients of the CDBG program. Monitoring should include but not be limited to site visits and review of program activity reports.

Views of Responsible Official

DHCD has a monitoring plan which is outlined in its Annual Action Plan. During fiscal year 2008, DHCD experienced staff turnover which significantly impacted DHCD's ability to operate effectively. In fiscal year 2009, DHCD underwent a major staff reorganization which increased the number of project managers. The project managers are now aggressively monitoring the current CDBG projects.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

No.	Program	Findings/Noncompliance	Questioned Costs
2008-2	Community Development Block Grant (CDBG)	Allowable Costs and Cash Management	\$227,627

Condition

Two of the 40 disbursements reviewed, totaling \$227,627, were not adequately supported by appropriate documentation such as approved purchase orders, receiving reports, vendor invoices, and canceled checks. One of the two not adequately supported was made to subrecipient prior to the subrecipient incurring the actual expense.

Criteria

The CDBG agreement signed by the County through the Department of Housing and Community Development (DHCD) requires subrecipients to expend its own funds prior to submitting a request for reimbursement. The subrecipient further agrees that the County will reimburse the subrecipient for costs adequately supported by appropriate documentation.

Effect

The County is not in compliance with provisions of the grant agreement which require expenditures to be adequately supported and incurred prior to disbursement to subrecipients. This exposes the County to the risk of non-performance and possible reimbursement of grant funds to HUD in the event the subrecipient does not meet its commitment.

Cause

DHCD did not ensure that requests for payment were supported by paid invoices and receipts.

Recommendation

We recommend that the County, through DHCD, consistently ensure that requests for payment be properly supported by documented costs in compliance with cash management requirements of grant agreements.

Views of Responsible Official

Prior to the audit, DHCD was aware of this issue. As part of their corrective action plan, DHCD developed a Verification of Supporting Documentation Form which details the type of support provided with payments. This new form will be required as part of the approval process for payment requests for subrecipients.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-3	Supportive Housing Program	Program Income	None

Condition

Program income generated by the Supportive Housing Program was not timely remitted to the Department of Social Services (DSS) Office of Finance for deposit. Rent payments are collected by staff at the various supportive housing facilities throughout the County and are processed in batches. The batches have taken between 4 to 37 days from the date the funds were originally collected to be remitted to the DSS Office of Finance.

Criteria

Cash receipts should be transmitted to the DSS Office of Finance promptly.

Effect

The delay in submitting receipts from program income may result in a loss of interest income to the County.

Cause

The County, through DSS, has not established guidelines for depositing the program income timely.

Recommendation

We recommend that the County, through DSS, establish guidelines for depositing program income timely.

Views of Responsible Official

DSS will draft Standard Operating Procedures that require batching of funds collected at off-site program locations and remittance twice a week to the DSS Office of Finance.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-4	Supportive Housing Program	Subrecipient Monitoring	None

Condition

The County, through the Department of Social Services (DSS), did not consistently conduct annual home inspections to ensure compliance with habitability standards as required by the Department of Housing and Urban Development (HUD). DSS conducted home inspections for all units reviewed prior to tenant occupancy, however 7 of the 21 rental home units did not have follow-up annual inspections performed during the 12 month period reviewed.

Criteria

Supportive Housing Program (SHP) project staff is required to conduct regular inspections of all housing units funded by a SHP grant. Units should be inspected on an annual basis and upon change of tenancy. The inspection involves a review of any third-party documentation (such as review of housing and public health code inspection certifications) as well as visual inspection of the unit by the project staff. Generally, local SHP project staff should use the standards for habitability provided by HUD in 24 CFR 583.300(b).

Effect

Issues regarding habitability standards may not be identified timely and appropriate steps may not be taken to correct the problems.

Cause

Prior to February of 2008, the County only conducted initial inspections of rental home units. During an annual HUD “Starting Off Strong” Training on February 28 and 29, 2008, DSS staff learned that these inspections were also required to be re-conducted annually on the anniversary of the resident’s date of occupancy. Effective April 2008, the annual inspection process was implemented and evidence of this was provided for the units reviewed whose anniversary date fell on or after April 2008.

Recommendation

We recommend that the County, through DSS, continue to ensure that initial and annual inspections are conducted by project staff. The project administrator should add this to the internal review process to ensure continued compliance with HUD requirements.

Views of Responsible Official

DSS will ensure that project staff continues to conduct initial and annual inspections of all transitional housing units and the Program Administrator will monitor compliance with HUD requirements.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-5	Home Investment Partnership Program	Davis Bacon Act	None

Condition

One project of the Home Investment Partnership program did not have sufficient supporting documentation to demonstrate reviews of the weekly payrolls and interviews of the contractor's employees were performed in compliance with the Davis Bacon Act. Contractors and subcontractors should submit weekly certified payrolls and statements of compliance for review to the Department of Housing and Community Development (DHCD) to document employees are being paid the prevailing wage rates as required by the Davis Bacon Act.

Criteria

The Davis Bacon Act requires that all laborers and mechanics employed by contractors or subcontractors to work on construction contracts in excess of \$2,000 financed by federal assistance funds must be paid wages not less than those established for the locality of the project (prevailing wage rates).

Effect

Without proper review of weekly certified payrolls from the contractor and interviews of contractor employees, there is the risk that workers are being paid below the prevailing wage rates. This is a violation of the compliance requirement which could lead to possible reductions or cancellation of future grant awards.

Cause

DHCD failed to review the weekly certified payroll registers from subrecipient/contractor working on one project subject to the Davis Bacon Act due to the lack of personnel.

Recommendation

We recommend that the County, through DHCD, consistently monitor projects subject to the Davis Bacon Act to ensure weekly payroll registers are submitted and reviewed.

Views of Responsible Official

As of February 2009, additional staff was assigned to the HOME program as a result of a reorganization. Davis Bacon is required for all projects that have twelve or more HOME units. All HOME projects that meet this criterion will have Davis Bacon monitored by appropriate DHCD staff.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-6	Home Investment Partnership Program	Subrecipient Monitoring	None

Condition

Subrecipients were not adequately monitored through site visits and activity reports as evidenced by the following:

1. None of the four subrecipients provided activity reports to ensure funds were disbursed and programs were conducted in accordance with program requirements.
2. There was no evidence of site visits performed for three out of four subrecipients.

Criteria

Laws, regulations, and the provisions of contracts or grant agreements requires monitoring of subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards and that performance goals are achieved.(OMB Circular A-133 (SS225) and (SS400(d))

Effect

Lack of sufficient monitoring may lead to subrecipients not meeting their performance goals which could prevent the County from meeting program goals and objectives.

Cause

DHCD failed to monitor the periodic submission and review of project activity reports and perform site visits due to the lack of project staff.

Recommendation

We recommend that the County designate project staff to monitor HOME projects. In addition, the program manager should monitor compliance with HUD requirements.

Views of Responsible Official

As of February 2009, additional staff was assigned to the HOME program. Staff will be assigned to monitor Community Housing Development Organization (CHODO) and subrecipient activities.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-7	Home Investment Partnership Program	Special Test and Provisions	None

Condition

Three of the four housing projects reviewed did not have sufficient documentation to support evaluations and reviews of the per unit investment calculations. The calculation worksheets did not indicate whether the projects were compliant with this requirement and there was no evidence of supervisory review performed.

Criteria

Participating jurisdictions are required to evaluate each housing project in accordance with guidelines that it adopts to ensure that the combination of Federal assistance to the project is not any more than is necessary to provide affordable housing (24 CFR section 92.250). 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. In mixed-income or mixed-use projects, the average per unit investment in HOME-assisted units may not exceed the applicable Subsection 221(d)(3) limit.

Effect

Without the evaluation and supervisory review of the calculations, there is the risk that federal assistance to the projects is more than necessary which may result in reductions of future grant funding.

Cause

The program did not have sufficient staff to properly monitor the project.

Recommendation

We recommend that the County, through the Department of Housing and Community Development, designate a project manager to perform the reviews to ensure projects are properly funded with federal funds.

Views of Responsible Official

For the HOME projects that were audited the term sheets excluded the per unit investment on all HOME units. Currently, the HOME project term sheet that is being used does include the per unit cost of the HOME units. The HOME project manager will ensure that the calculation is consistently performed and reviewed.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-8	Home Investment Partnership Program	Special Test and Provisions	None

Condition

Housing Quality inspection results were not reviewed by a designated official at the Department of Housing and Community Development. There was no evidence of supervisory review of two home quality inspection reports.

Criteria

During the period of affordability (i.e., the period for which the non-Federal entity must maintain subsidized housing) 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 three years for projects containing 1 to 4 units, (b) every two years for projects containing 5 to 25 units, and (c) every year for projects containing 26 or more units. (24 CFR Sections 92.251, 92.252 and 92.504(b))

Effect

There is the risk that quality standards may not be met and any findings noted by the monitoring personnel may not be properly and timely addressed.

Cause

The program did not have sufficient staff to properly monitor the project.

Recommendation

We recommend that the County, through the Department of Housing and Community Development, designate a project manager to perform the review to ensure that quality standards are met and findings are properly addressed.

Views of Responsible Official

All HQS inspections for the HOME rental units will be reviewed and signed off by the supervisor and all future HQS inspections will have same.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-9	Special Programs for the Aging	Procurement, Suspension and Debarment	None

Condition

Six of nine subrecipient contracts were approved by the County's Administrative Review Committee (ARC) and provided to the Department of Family Services (DFS) Agency on Aging 49 to 98 days after the grant expiration date.

Criteria

The County procurement guidelines require that procurement contracts be reviewed and approved by the ARC and signed by both parties to be binding and valid.

Effect

The County is not in compliance with its procurement guidelines. In addition, the implementation of the programs for the aging may be delayed or programs may be conducted without proper approval.

Cause

Late submission of documents for contract review during the program year caused a delay in processing of grant documents.

Recommendation

We recommend that the County implement procedures to ensure that required documents are immediately requested and submitted to the ARC for review and approval of the grant awards.

Views of Responsible Official

The Department of Family Service's planning staff is currently reviewing its timeline for contracts management. The planning process for the development and submission of contracts will now begin in April of the previous fiscal year. It is anticipated that the additional start-time will allow adequate time for contracts to go through the County process.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-10	Special Programs for the Aging	Program Income	None

Condition

The County did not implement adequate controls over program income as evidenced by the following:

1. In 10 of 25 donation envelopes tested, there was no signature on the contribution tally sheet to document the opening and counting of the donation envelopes which should be witnessed by a program volunteer.
2. None of the five transmittal forms used to remit the 25 donation envelopes to the Office of Finance were reviewed and approved by supervisory personnel.

Criteria

In accordance with the Department of Family Services (DFS) Aging guidance on program income, all donation envelopes should be opened and counted in the presence of a volunteer. The site manager and volunteer should sign the contribution tally sheet. Also, the A-102 Common Rule Sub-section 25 requires that all recipients of federal awards must have effective control and accountability for all grant cash including program income.

Effect

Inadequate controls over program income may increase the risk of loss and expose the County to theft. Also, the lack of supervisory review may result in inaccurate accounting and recording of the program income.

Cause

The site coordinators did not consistently implement the established controls and the budget analyst did not ensure that the transmittal forms were reviewed by another official before submitting the transmittal forms for processing.

Recommendation

We recommend that the County ensure that effective control and accountability over program income is implemented. The program administrator should include the monitoring of program income controls during site visits. The transmittal forms should be sent to appropriate Aging official for review and approval.

Views of Responsible Official

To abide by the DFS Nutrition Program's internal policy and procedures, weekly reports (Tally Sheet) will be checked for accuracy and adherence to the said policy. In addition, a training of the program policy will be discussed at the next Site Coordinator's Monthly Training. Effective immediately, a copy of the Tally Sheet policy will be distributed to each Nutrition Site Coordinator along with a memo about the requirement for two signatures.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-11	Special Programs for the Aging	Subrecipient Monitoring	None

Condition

Two out of the nine subrecipients did not have site visits performed. In addition, seven of nine subrecipients failed to submit expenditure reports on or before the reporting due date.

Criteria

Laws, regulations, and the provisions of contracts or grant agreements requires monitoring of subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards and that performance goals are achieved. (OMB Circular A-133 (SS225) and (SS400(d)))

Effect

Lack of subrecipient monitoring may lead to subrecipients not meeting their performance goals which could jeopardize future grant funding

Cause

The County failed to perform the site visits due to oversight.

Recommendation

We recommend that the County require the program manager to prepare an annual schedule of site visits and the program director should monitor performance through review of site visits reports to ensure compliance with the grant requirements

Views of Responsible Official

The Department of Family Services will implement a monitoring plan that ensure that required site visits are completed and related program and expenditure reports are received on time.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-12	HIV Emergency Relief	Reporting	None

Condition

Quarterly performance and financial reports do not appear to be reviewed and approved by someone other than the preparer. We found no evidence that there was a designated person to perform the review. We also noted that these reports were submitted to the District of Columbia 12 to 86 days after the due date.

Criteria

Reports should be reviewed and approved by appropriate personnel to ensure accuracy and completeness. The grant agreement requires submission of the quarterly reports on the designated due dates.

Effect

The quarterly reports submitted to the District of Columbia may contain inaccurate and incomplete information. The delay in submission of the required reports may lead to reductions in future funding.

Cause

We found no evidence that the County designated personnel to perform the review and submission of the quarterly performance and financial reports.

Recommendation

We recommend that the County designate personnel to monitor the timely submission of quarterly and annual financial reports to ensure compliance with District's requirements.

Views of Responsible Official

The Program Manager will review and approve all programmatic reports prior to submission to the District of Columbia. The Program Manager will also continue to review financial reports prior to their submission to the Chief of Financial Services for review and approval. Quarterly reports will be submitted to The Special Assistant to the Health Officer who will be monitoring the progress made in addressing this audit finding and monitoring timely submission of reports to the District of Columbia.

**PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

<u>No.</u>	<u>Program</u>	<u>Findings/Noncompliance</u>	<u>Questioned Costs</u>
2008-13	HIV Emergency Relief	Subrecipient Monitoring	None

Condition

The HIV Emergency Relief program did not provide adequate monitoring of its subrecipients as follows:

1. Site visit reports for two of nine subrecipients were not reviewed.
2. Three of nine subrecipients' Grant Year 17 3rd quarter narrative reports and one of nine subrecipients Grant Year 18 1st quarter narrative reports were not submitted. There was no evidence that these quarterly reports were requested from the subrecipients.
3. One of the nine subrecipients failed to submit the annual Client Survey Summary for Grant Year 17.

Criteria

Laws, regulations, and the provisions of contracts or grant agreements requires monitoring of subrecipient's use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards and that performance goals are achieved. (OMB Circular A-133 (SS225) and (SS400(d)))

Effect

Lack of subrecipient monitoring may lead to subrecipients not meeting their performance goals which could jeopardize future grant funding.

Cause

The County did not consistently implement monitoring controls due to lack of program staff.

Recommendation

We recommend that the County designate program staff to ensure compliance with monitoring requirements of the federal grants.

Views of Responsible Official

The Program Manager will institute a dedicated tracking system to record the development, review, supervisory approval and distribution of subrecipient site visit reports. The Program will fully utilize the current electronic tracking system to identify when subrecipients' reports are due and received. Delinquent subrecipients will receive reminder phone calls and written notices. Copies of the notices will be included in each subrecipient's institutional file. The program will enforce its current policy of withholding reimbursement until required reports, including monthly/quarterly and client survey summaries, are submitted.

**PRINCE GEORGE'S COUNTY, MARYLAND
MANAGEMENT'S ASSESSMENT OF STATUS OF PRIOR
AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Compliance Requirement: Eligibility

Program: Medical Assistance Transportation Grant

CFDA No.: 93.778

Finding: Medicaid eligibility does not appear to be verified through the State's
07-1 Electronic Verification System (EVS). We found no evidence that there was a designated person to perform the review.

Status: This finding has been corrected.

Compliance Requirement: Eligibility

Program: Medical Assistance Transportation Grant

CFDA No.: 93.778

Finding: The medical appointments of applicants were not randomly verified to
07-2 determine that the use of Medicaid transportation was appropriate. We could not find any documentary evidence of random verifications having taken place.

Status: This has been corrected.

**PRINCE GEORGE'S COUNTY, MARYLAND
MANAGEMENT'S ASSESSMENT OF STATUS OF PRIOR
AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Compliance

Requirement: Special Tests & Provisions

Program: Medical Assistance Transportation Grant

CFDA No.: 93.778

Finding: 07-3 The Data Input Coordinator (DIC) had not entered information validating a disbursement under the program until two and a half months after the activity had occurred. We observed the problem several times on all bills processed during the fiscal year. The delay is caused by the manual input of trip details of the vendor in the system (MUMPS) prior to the DIC's reconciliation against trip schedules in the system.

Status: This has been corrected. The vendor billings are validated within the month of receipt.

Compliance

Requirement: Special Tests & Provisions

Program: Medical Assistance Transportation Grant

CFDA No.: 93.778

Finding: 07-4 The County does not have an effective complaint process. It does not provide reasonable information and assistance to ensure that complaints are effectively logged and it has not established quality processes for the efficient acknowledgement and processing of complaints. Also, the complaint logs submitted to the State were not reviewed and approved by the Program Chief. This was noted on both complaint logs reviewed. Moreover, the fourth quarter complaints log was submitted to the State after the lapse of two quarters.

Status: This has been corrected. A system focusing on complaint management, resolution, documentation and reporting has been established.

**PRINCE GEORGE'S COUNTY, MARYLAND
MANAGEMENT'S ASSESSMENT OF STATUS OF PRIOR
AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Compliance

Requirement: Special Tests & Provisions

Program: Medical Assistance Transportation Grant

CFDA No.: 93.778

Finding: 07-5 There was no evidence that regular program staff meetings, as well as meetings involving the Supervisor, Program Chief, Division Director, and the Administrative Assistant for review of the Budget were conducted as evidenced by the absence of minutes of meetings and/or meeting agendas.

Status: This has been corrected. A support staff has been assigned to take the minutes of the program staff meetings.

Compliance

Requirement: Davis Bacon Act

Program: Community Development Block Grant

CFDA No.: 14.218

Finding: 07- 6 Based on the Davis Bacon Act requirement, contractors or subcontractors should submit weekly certified payrolls and statements of compliance for DHCD's review to ensure that the contractors are paying the prevailing wage rates. We noted that six out of ten project files lack evidence of weekly payroll submissions and review.

Status: This has been corrected.

**PRINCE GEORGE'S COUNTY, MARYLAND
MANAGEMENT'S ASSESSMENT OF STATUS OF PRIOR
AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008**

Compliance

Requirement: Equipment and Real Property Management

Program: Homeland Security Grant Program

CFDA No.: 97.004 & 97.067

Finding: Separate records of fixed assets purchased with federal funds were not properly
07- 7 maintained. As a result, equipment acquired under federal awards totaling \$938,341.59 was recorded as expenditures. The equipment was not recorded in the Capital Asset System and was not capitalized as of June 30, 2007.

Status: This has been corrected. Better coordination between the Project Managers, Fiscal Coordinators and Supply Manager was established to ensure all equipment purchased is recorded in the Capital Asset System.