

PRINCE GEORGE'S COUNTY, MARYLAND

REPORT ON SINGLE AUDIT

JUNE 30, 2017

**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, 2017, 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, 2018. 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 does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those other auditors. This report does not include the results of our testing of internal control over financial reporting or compliance and other matters for 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 we have issued a separate report for these entities. 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.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2017-002 to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001 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 findings 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, 2018

**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, 2017. 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, the Prince George's Community Television, Inc., 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 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, 2017. Our audit, described below, did not include the operations of these entities because other auditors were engaged to perform audits (when required) in accordance with the Uniform Guidance.

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 qualified and unmodified opinions on compliance for major federal programs. 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 number 2017-003 Special Tests and Provisions - Environmental review. 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 2017-004 Special Test and Provisions – Maximum Per-Unit Subsidy and 2017-005 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, 2017.

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, 2017.

Other 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.

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 a 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. 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-003, 2017-004 and 2017-005 that we consider to be material weaknesses.

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, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated February 28, 2018, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. 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
March 30, 2018

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Agency/Pass-through Entity Program Name	CFDA Number	Pass-through Entity Number	Federal Expenditures by Program	Total Federal Expenditures	Amount Passed Through to Sub-Recipients
<u>U.S. DEPARTMENT OF AGRICULTURE (USDA)</u>					
<u>PASS-THROUGH MARYLAND</u>					
<u>DEPARTMENT OF EDUCATION (MSDE)</u>					
Child Nutrition Cluster:					
Summer Food Program	10.559	n/a	\$ (628)	\$ (628)	\$ -
Subtotal Child Nutrition Cluster:				(628)	-
<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	2,177,204		
WIC Breastfeeding Peer Counseling	10.557	WIB37BPC	191,332		
WIC Vouchers	10.557	n/a	11,340,364	13,708,900	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE				13,708,272	-
<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 (CDBG)	14.218		4,512,650		
Community Development Block Grant- Loans	14.218		4,187,111		
NSP Loans	14.218		533,915	9,233,676	3,336,507
Subtotal Community Development Block Grants				9,233,676	3,336,507
Entitlement Grants Cluster:				9,233,676	3,336,507
Emergency Shelter	14.231		363,455	363,455	164,921
Continuum of Care	14.267		149,698		
Success Rapid Re-housing	14.267		362,881		
Transitional Housing Program	14.267		1,128,178		
Transitional Center for Men	14.267		125,816		
Permanent Housing Program for People with Disabilities	14.267		572,671	2,339,244	-
Home Investment Partnerships Program	14.239		1,503,292		
Home Investment Partnerships Program- Loans	14.239		10,800,974	12,304,266	1,056,369
Shelter Plus	14.238		618,443	618,443	-
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				24,859,084	4,557,797
<u>U.S. DEPARTMENT OF JUSTICE (DOJ)</u>					
<u>Direct</u>					
Asset Forfeiture					
Asset Forfeiture	16.999		1,034,108	1,034,108	-
SCAPP - States Alien Assistance Program	16.606		341,010	341,010	-
Human Trafficking Intervention	16.738		30,220		
JAG	16.738		102,936		
JAG - Department of Corrections	16.738		187,205		
Jag Local	16.738		129,218	449,579	-
Subtotal JAG Cluster:				449,579	-

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Agency/Pass-through Entity Program Name	CFDA Number	Pass-through Entity Number	Federal Expenditures by Program	Total Federal Expenditures	Amount Passed Through to Sub-Recipients
Forensic DNA Backlog Reduction Program	16.741		\$ 115,316	\$ 115,316	-
Subtotal Direct Payments				1,940,013	-
<u>PASS-THROUGH INTERNATIONAL ASSOCIATION</u>					
<u>OF CHIEFS OF POLICE</u>					
Epidemiology of Crime Guns	16.560	2013-R2-CX-0001	13,729	13,729	-
<u>PASS-THROUGH GOVERNORS OFFICE OF CRIME</u>					
<u>CONTROL AND PREVENTION</u>					
Violence Prevention	16.123	CBVP-2013-0001	302,343	302,343	-
Disproportionate Reduction	16.540	JJAC-2015-1401	41,100	41,100	-
Bilingual Victim Advocacy & Victim Assistance	16.575	VOCA-2015-1629	528		
Bilingual Victim Advocacy & Victim Assistance	16.575	VOCA-2016-0051	82,490		
Special Victim Assistant	16.575	VOCA-2016-0049	14,297		
Family Justice	16.575	VOCA-2016-0039	61,969	159,284	-
Violence Against Women	16.588	VAWA-2014-1259	1,442		
Violence Against Women	16.588	VAWA-2016-0042	88,470	89,912	-
Veterans Court	16.738	BJAG-2015-0001	144,285		
License Plate Reader	16.738	BJAG-2012-0092	39,575		
Reentry Assessments	16.738	BJAG-2016-0003	75,000	258,860	-
Forensic DNA Backlog Reduction Program	16.741	PGDN-2014-0001	2,706	2,706	-
Forensic Sciences	16.742	CFSI-2015-1503	5,412		
Forensic Sciences	16.742	CFSI-2016-0002	4,810	10,222	-
TOTAL U.S. DEPARTMENT OF JUSTICE				2,818,169	-
<u>U.S. DEPARTMENT OF LABOR (DOL)</u>					
<u>PASS-THROUGH SENIOR SERVICES AMERICA, INC. (SSA)</u>					
Senior Community Service Employment	17.235	n/a	490,356	490,356	-
TOTAL U.S. DEPARTMENT OF LABOR				490,356	-
<u>U.S. DEPARTMENT OF TRANSPORTATION (DOT)</u>					
<u>PASS-THROUGH MARYLAND DEPARTMENT OF</u>					
<u>TRANSPORTATION (MDOT)</u>					
Bridge Repair & Replacement 2	20.205	n/a	53,383		
Brandywine Road Bridge	20.205	n/a	642		
Sunnyside Avenue Bridge	20.205	n/a	25,382		
Commo Road Bridge	20.205	n/a	2,215		
Livingston Road Bridge	20.205	n/a	93,534	175,156	-
Traffic Safety Program	20.600	14-008	15,510		
Traffic Safety	20.600	16-034	126,238	141,748	-
TOTAL U.S. DEPARTMENT OF TRANSPORTATION				316,904	-

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Agency/Pass-through Entity Program Name	CFDA Number	Pass-through Entity Number	Federal Expenditures by Program	Total Federal Expenditures	Amount Passed Through to Sub-Recipients
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE (CNCS)</u>					
<u>Direct</u>					
Foster Grandparents	94.011		\$ 161,065	\$ 161,065	\$ -
Subtotal Foster Grandparent Cluster				161,065	-
Community RSVP	94.002		56,442	56,442	-
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE				<u>217,507</u>	<u>-</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (HHS)</u>					
<u>Direct</u>					
<u>SOC Implementation</u>					
System of Care Expansion	93.104		335,392	335,392	-
<u>PASS-THROUGH MARYLAND DEPARTMENT OF HEALTH AND MENTAL HYGIENE (DHMH)</u>					
Offender Reentry Program	93.243	1H79TI026361-01	258,943		
MD Project Launch	93.243	MH 568 OTH	605,019	863,962	-
Public Health Preparedness	93.069	CH823PHP	417,252		
Cities Readiness Initiatives	93.069	CH823PHP	119,533	536,785	-
Tuberculosis Control	93.116	CHO14TBF	208,559	208,559	-
Project for Assistance in Transition from Homelessness-PATH	93.150	MH 566 OTH	106,652	106,652	106,652
Ryan White B Flex Svcs	93.917	AD485RWS	1,925,005	1,925,005	-
HIV Prevention Services	93.940	AD396PRV	766,869		
Partnership for Care	93.940	AD715PFC	335	767,204	-
Epidemiology Migrant Refugee Health	93.576	CH422REF	532,332	523,332	-
PWC Eligibility	93.767	MA186ACM	156,961		
Administrative Care Coordination	93.767	MA021EPS	66,018	222,979	-
PWC Eligibility	93.778	MA186ACM	936,882		
Medical Assistance Transportation	93.778	MA357GTS	1,236,377		
Administrative Care Coordination	93.778	MA021EPS	261,956	2,435,215	-
Subtotal Medicaid Cluster:				<u>2,435,215</u>	<u>-</u>
Reproductive Health	93.217	FH095FPG	174,111	174,111	-
High Risk Infant	93.994	FH362HRI	116,235	116,235	-
Block Grants for Community Mental Health	93.958	MH 569 OTH	1,241,990	1,241,990	1,241,990
Drug and Alcohol Prevention	93.959	MU530ADP	28,234		
Federal Fund Treatment	93.959	AS243FED	762,019		
Prevention Services	93.959	MU530ADP	493,719		
Administrative	93.959	AS358ADM	239,203		
Integration Sexual Health	93.959	AD681INT	205,798	1,728,973	596,985

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Agency/Pass-through Entity Program Name	CFDA Number	Pass-through Entity Number	Federal Expenditures by Program	Total Federal Expenditures	Amount Passed Through to Sub-Recipients
<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>					
Breast and Cervical Cancer Program	93.752	FH439CBC	\$ 250	\$ 250	\$ -
Epidemiology STD Caseworker Grant	93.977	CH032STD	294,140	294,140	-
Personal Responsibility Education	93.092	FHC31PRE	(7)	(7)	-
Home Visiting	93.505	PHPA-G2062	38,864		
Home Visiting	93.505	PHPA-G2061	107,577		
Home Visiting	93.505	PHPA-G2411	<u>393,213</u>	539,654	-
Public Health Emergency Preparedness Ebola	93.074	PR065PHP	36,964		
Zika	93.074	CH032STD	<u>12,909</u>	49,873	-
<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	1,965,570		
Title III Part B	93.044	ST-6505-015	<u>33,293</u>	1,998,863	93,865
Subtotal Aging Cluster:					
Medicare Improvements for Patients and Providers Act	93.071	653717/15	3,324	3,324	-
Senior Health Insurance	93.324	ST-6515-015	44,264	44,264	-
Maryland Access Point (MAP)	93.778	6904	(338)		
Maryland Access Point (MAP)	93.778	6540	52,016		
Hospital to Home	93.778	6904	<u>14,392</u>	66,070	-
<u>PASS-THROUGH DISTRICT OF COLUMBIA</u>					
<u>DEPARTMENT OF HEALTH (DCH)</u>					
HIV Emergency Relief Project Grants					
Ryan White CARE	93.914	16Z022	5,327,273		
Ryan White Part A	93.914	RWA_2017	490,932		
Ryan White HIV/AIDS Treatment	93.914	17W022	<u>1,833,980</u>	7,652,185	6,994,006
<u>PASS-THROUGH MARYLAND DEPARTMENT</u>					
<u>OF HUMAN RESOURCES (MDHR)</u>					
Child Support Title IV-Domestic Relations	93.563	CSEA/CRA-15-019	(44,948)	(44,948)	-
<u>PASS-THROUGH CENTERS FOR DISEASE CONTROL AND</u>					
<u>PREVENTION (CDC)</u>					
Epidemiology Hepatitis B Immunization	93.268	CH352IMM	66,316		
Immunization Action Program	93.268	CH383IMM	<u>263,496</u>	329,812	-
Subtotal Immunization Cluster:					
<u>PASS-THROUGH JUDICIAL INSTITUE OF MARYLAND</u>					
<u>ADMINISTRATIVE OFFICE OF THE COURTS</u>					
Anti-Trafficking	93.586	S16000226P	14,750	14,750	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>22,134,624</u>	<u>9,033,498</u>

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

Federal Agency/Pass-through Entity Program Name	CFDA Number	Pass-through Entity Number	Federal Expenditures by Program	Total Federal Expenditures	Amount Passed Through to Sub-Recipients
<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	n/a	\$ 60,147	\$ 60,147	\$ -
ITP MA Reimbursement	84.027	n/a	26,689	26,689	-
TOTAL U.S. DEPARTMENT OF EDUCATION				86,836	-
<u>U.S. DEPARTMENT OF HOMELAND SECURITY (DHS)</u>					
<u>Direct</u>					
Staffing Adequate Fire/Emergency Response	97.083		1,903,392	1,903,392	
Assistance to Firefighters	97.044		995,925	995,925	-
Biowatch	97.091		1,189,035	1,189,035	-
<u>PASS-THROUGH MARYLAND EMERGENCY</u>					
<u>MANAGEMENT AGENCY (MEMA)</u>					
Emergency Management Performance Grant	97.042	16-SR8854-01	148,663	148,663	-
<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	23,421		
Port Security Grant Program	97.056	EMW-2015-PU-00407	7,361	30,782	-
Homeland Security Grant Program Cluster:					
Body Cameras	97.067	15UASI123-01	149,455		
EMS Surge Capacity	97.067	16UASI606-02	211,863		
Exercise and Training Officer	97.067	15UASI543-01	72,707		
Exercise and Training Officer	97.067	16UASI543-01	46,153		
First Watch	97.067	15UAI606-02	245,131		
First Watch System Monitoring	97.067	14UAI606-03	(10,249)		
HSGP - Citizen Corp	97.067	14UASI543-03	5,000		
Medical Kits	97.067	15UAI645-01	44,995		
NIMS Compliance Officer	97.067	15UAI543-02	57,105		
NIMS Compliance Officer	97.067	16UAI543-02	53,220		
Patient Tracking	97.067	15UAI606-01	98,977		
Radio Communications Encryption	97.067	15UAI543-07	407,080		
Radio Communications Network Fiber Interoperability	97.067	15UAI543-06	385,963		
Regional Planner	97.067	16UAI543-04	138,620		
Regional Planning	97.067	15UAI543-04	238,530		
State Homeland Security	97.067	16-SR8854-02	77,599		
State Homeland Security Program	97.067	15-GA8854-03	328,107		
Volunteer and CCP	97.067	16UAI543-03	34,988		
Volunteer and CCP	97.067	15UAI543-03	184,892	2,770,136	-
TOTAL DEPARTMENT OF HOMELAND SECURITY				7,037,933	-
<u>ENVIRONMENTAL PROTECTION AGENCY</u>					
<u>PASS-THROUGH MARYLAND</u>					
<u>DEPARTMENT OF THE ENVIRONMENT (MDOE)</u>					
Implementation for Municipalities	66.466		96,083	96,083	-
TOTAL ENVIRONMENTAL PROTECTION AGENCY				96,083	-
TOTAL FEDERAL GRANT EXPENDITURES				\$ 71,765,768	\$ 13,591,295

PRINCE GEORGE'S COUNTY, MARYLAND
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2017

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, 2017. 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 outstanding loan balance as of June 30, 2017 were \$10,800,974 and \$4,721,026 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, 2017**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> X </u>	Yes	<u> </u>	No
Significant deficiency(ies) identified that are not considered to be material weakness.	<u> </u>	Yes	<u> X </u>	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	<u> </u>	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
DHS - Homeland Security Grant Program	97.067	Unmodified
DHS - Staffing for Adequate Fire and Emergency Response (SAFER)	97.083	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$2,152,973

Auditee qualified as low-risk auditee?	<u> </u>	Yes	<u> X </u>	No
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PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

II. Financial Statement Findings

Finding 2017-001: Significant Deficiency in Internal Control Over Financial Reporting (Timely 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.

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 previous year's audit completion and implementation of a new accounting standard.

Effect

Delays were experienced in preparing closing entries and obtaining final trial balances, schedules, reconciliations and other financial reports needed by management and the auditors.

Recommendation

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. We also recommend periodic training updates regarding GASB pronouncements to update and assist staff with implementation of new GASB pronouncements.

Views of responsible officials and planned corrective actions

The County as well as the Financial Reporting Section does have a closing schedule for year end. Additionally, there are due dates and they are monitored. There are other factors besides schedules that go into an efficient audit process. For the majority of the FY17 audit, the Financial Reporting Section was fully staffed. However, most of the staff were involved in assignments that they had never done before. Action has been taken to address deficiencies. Additionally, we will work with the auditors to improve the timeliness of the financial audit process.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

Finding 2017-002 Material Weakness in Internal Control Over Financial Reporting (Prior Period Adjustments)

Condition

The County's process for review of the financial statement was not sufficient to identify a material misstatement of the prior year financial statements. A material correction of an error in previously issued financial statements was necessary to conform to accounting principles generally accepted in the United States of America "GAAP."

Criteria

Management is responsible for establishing and maintaining internal controls over financial reporting and for the fair presentation of the financial position, results of operations, cash flows, and disclosures in the financial statements, in conformity with U.S. generally accepted accounting principles (GAAP).

Context

A Payroll liability/clearing account contained an error of \$14,371,858 which was included in the financial statements of the County. In addition, estimated benefits payable balance of \$11,486,134 were erroneously included in the financial statements of other post-employment benefits Plan as they were not currently due or payable.

Cause

Supervisory review of the payroll liability/clearing account and estimated benefits payable did not detect the errors that were included in the financial statements of the County.

Effect

The County has restated the beginning of year net position balance in the Statement of Revenues, Expenses and Changes in Net Position, Statement of Net Position, Statement of Changes in Fiduciary Net Position and Statement of Fiduciary Net Position in order to correct this error. A prior period adjustment was made to the statements in the amount of \$14,371,858 and \$11,486,134 respectively, to correct the errors.

Recommendation

We recommend that management review and strengthen its policies and procedures to ensure accurate GAAP financial reporting.

Views of responsible officials and planned corrective actions

In fiscal year 2017, the County identified an error in the balance of the payroll clearing account that had accumulated over previous fiscal years. The error and resolution was communicated to the auditors and County management prior to the commencement of year end field work. The payroll supervisor and the General Fund accountant will be responsible for monitoring this account and making the appropriate adjustments. Additionally, there was a restatement of \$11,489,134 to correct an error in the accrual of claim expenditures. This accrual had been treated this way for many years and previous audits. As a result of this finding, all claims accruals will be reviewed to ensure appropriate treatment.

PRINCE GEORGE'S COUNTY, MARYLAND
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2017

III. Federal Award Findings and Questioned Costs

Finding Reference: **2017-003**

Federal Agency: U.S. Department of Housing and Urban Development
Compliance Requirement: Special Tests and Provisions - Environmental Reviews
Type of Finding: Qualified-Material Weakness in Internal Control, Material Noncompliance
Federal Program: 14.218 – Community Development Block Grant Cluster (CDBG)
Grant Award: CDBG - B-16-UC-24-0002
Prior Year Finding Number: 2016-002

Condition/Context

The County failed to properly document the completion of the environmental review for 7 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

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 environmental 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, 2017

Finding Reference: 2017-004

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 Partnerships Program (HOME)
Grant Award: HOME - M16-UC240505
Prior Year Finding Number: 2016-006

Condition/Context

The County failed to document their review of the maximum per-unit Subsidy for multi-family home loans for 11 out of 12 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, 2017

Finding Reference: 2017-005

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 Partnerships Program (HOME)
Grant Award: HOME - M16-UC240505
Prior Year Finding Number: 2016-007

Condition/Context

The County failed to perform 11 out of 12 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