TO: Carrie Johnson – LCSW-C, Executive Officer
Washington County Mental Health Authority

FROM: Shelly Marie Martin - *Shelly Marie Martin - OIGH*
Inspector General

DATE: April 9, 2026

RE: Audit Report – Washington County Mental Health Authority

Background

Consistent with State laws and regulations, the Maryland Office of the Inspector General for Health (OIGH) conducts audits of health care providers to ensure that State funds have been expended in accordance with Maryland Department of Health (MDH) guidelines.

Washington County Mental Health Authority (WCMHA), located in Hagerstown, Maryland, is a nonprofit organization responsible for planning, developing, funding, and monitoring publicly funded behavioral health services. It works to promote mental wellness and improve the quality of life for individuals with mental illness through coordination of community-based services. During the audit period (July 1, 2021 to June 30, 2024), WCMHA received $10,094,455 from MDH to support its mission.

Results of Review

The OIGH determined that $45,807 is due to MDH, resulting from MDH form 440 and general ledger variances, expenditure posted to the incorrect fiscal year, reconciliations not performed by MDH-DGLHD and errors identified during initial reconciliations performed by MDH-DGLHD. In addition, the OIGH identified several areas in which controls can be improved. Details regarding these issues, along with OIGH's recommendations, are included in the attached report. WCMHA's response is included as an appendix to this report. We have reviewed the corrective action plan and found it to be sufficient to address all audit issues.

We also wish to acknowledge the cooperation extended to us during the audit by WCMHA.

cc: Dr. Rachel Talley, CMO, Interim Deputy Secretary, Behavioral Health Administration, MDH.

Office of the Inspector General for Health

Audit Report

April 9, 2026

Washington County Mental Health Authority

July 1, 2021 through June 30, 2024

Maryland

OFFICE OF THE INSPECTOR GENERAL FOR HEALTH

Maryland Office of the Inspector General for Health

Audit Report: Washington County Mental Health Authority

The Maryland Office of the Inspector General for Health's (OIGH's) External Audit Division performed an audit on the accounts and records of Washington County Mental Health Authority (WCMHA) relative to its contracts with the Maryland Department of Health (MDH) Behavioral Health Administration (BHA) for the period July 1, 2021 through June 30, 2024.

Objectives of the Examination

The OIGH conducted the audit to:

- Determine the amount of program revenue received and allowable expenditures incurred by the programs.
- Determine any amounts due to the State or to the provider resulting from the operation of the programs during the audit period.
- Determine compliance with the State of Maryland, local county, and MDH policies and regulations.
- Determine compliance with the Maryland Department of Health's Human Services Agreements Manual (HSAM) and approved contracts.
- Provide recommendations for improving internal control, ensuring fiscal compliance, or increasing efficiency.
- Determine the status of any recommendations contained in our prior audit report.

Audit Scope and Methodology

To accomplish our audit objectives, our audit procedures included inquiries of appropriate personnel, inspections of documents and records, and tests of transactions. Generally, transactions were selected for testing based on auditor judgment, which primarily considers risk, the timing or dollar amount of the transaction, or the significance of the transaction to the area of operation reviewed. Unless otherwise specifically indicated, neither statistical nor non-statistical audit sampling was used to select the transactions tested. Therefore, the results of the tests cannot be used to project those results to the entire population from which the test items were selected.

Except as noted in the subsequent paragraph, this performance audit was conducted in accordance with generally accepted government auditing standards (GAGAS). These standards require auditors to plan and execute the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for findings and conclusions based on the audit objectives. We believe the evidence obtained provides a reasonable basis for the findings and conclusions presented in this report.

In accordance with GAGAS, a Peer Review is required to be conducted at least once every three years by an independent external firm. Peer Reviews serve as periodic evaluations of the quality and effectiveness of an organization's audit work and internal quality control systems. The Office of the Inspector General for Health (OIGH) External Audit Division has not undergone a Peer Review to date. However, the division has expressed its intention to comply with GAGAS Peer Review standards and has tentatively arranged for a peer review to take place in May 2027. Until

the peer review is concluded, the OIGH External Audit Division remains non-compliant with the GAGAS Peer Review requirements.

Presentation of Audit Schedules
This report contains the following schedules:

- Summary of Amounts Due to MDH
- Schedule SC: Schedule of Contracts Audited
- Schedule of MDH Form 440 and General Ledger Variance
- Schedule of Unreconciled MDH Form 440s
- Schedule of Errors made by MDH during Initial Reconciliation

Internal Control
WCMHA's management is responsible for establishing and maintaining effective internal control. Internal control is a process designed to provide reasonable assurance that objectives pertaining to the reliability of financial records, effectiveness, and efficiency of operations, including the safeguarding of assets and compliance with applicable laws, rules, and regulations are achieved. Our study and evaluation performed on the internal control systems to achieve the objectives of the examination would not necessarily disclose all material weaknesses. Also, because of inherent limitations in internal control, errors or fraud may nevertheless occur and not be detected. Projections of any evaluation of internal control to future periods are subject to the risk that conditions may change or compliance with policies and procedures may deteriorate. Accordingly, we cannot express an opinion on the system of internal control taken as a whole.

Our assessment of internal controls was based on provider procedures and controls in place at the time of our fieldwork. Our tests of transactions and other auditing procedures were generally focused on the transactions occurring during our audit period but may include transactions before or after this period as we considered necessary to achieve our audit objectives.

Our reports are designed to assist MDH in exercising its oversight functions and to provide constructive recommendations for improving State operations. As a result, our reports generally do not address activities we reviewed that are functioning properly.

Prior Audit Report
Our audit also included a review to determine the status of the three recommendations contained in our preceding audit report of WCMHA dated October 18, 2023. Our review determined that one of the three recommendations was not corrected and is repeated in this report.

Conclusion
As a result of procedures performed, in accordance with the examination objectives set forth above, the OIGH determined that $45,807 is due to MDH. The following is a summary of the amounts due.

Washington County Mental Health Authority Summary of Amount Due to MDH Audit Period FY 2022 to FY 2024			
Finding Number	**Finding Description**	**Amount Due to MDH**	**Report Reference Page**
1	Reconcilation Program - FY23 MDH Form 440 and GL Variance	$218	8
4	Expenditure Posted to Incorrect Fiscal Year (FY23)	13	12
Other Matter 1	Other Matters - Reconcilatons Not Performed	146	13
Other Matter 2	Other Matters - Errors Identifed During Initial Reconcilations	45,430	14
Total Amount Due to MDH		**$45,807**	

Appeal Rights – Appeals to the Division of Cost Accounting and Reimbursement
If you wish to appeal the audit findings, you must notify Nedina Broy Stevenson, Division of Cost Accounting and Reimbursement at Nedinabroy.stevenson@maryland.gov by May 11, 2026.

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* Denotes item was not corrected from preceding audit.

Schedule SC

Washington County Mental Health Authority
Schedule of Contract Audited
Fiscal Year 2022 through 2024
BHA Administration

Contract Number	PCA Number	Program	2022	2023	2024
MH595OTH	T393G/T3932	PASRR Specialist	$ 100,000	$ 100,000	$ 100,000
MH356CSA	M208G/0896	MH Services	1,678,581	1,712,961	2,046,204
MH001OTH	M2321/0896	FB-Suicide Prevention Initiative	20,665	20,665	20,665
MH358OTH	M2040/M2041	Core Service Agency - PATH	35,438	35,438	35,881
MH306OTH	M2051	Continuum of Care	261,839	267,327	267,327
MH162OTH	M208G/0896	Admin CSA	339,796	350,839	413,393
BH314MCS	M2522	MD Readmission Reduction Project	168,292	259,757	191,305
BH002SCS	MS162/0896	CAYAS Mobile Response Stabilization	-	800,000	868,082
		Total Contract Dollars Audited by Fiscal Year	**$ 2,604,611**	**$ 3,546,987**	**$ 3,942,857**

Total Number of Contracts Audited	**23**
Total Contract Audited	**$ 10,094,455**

Findings and Recommendations

Reconciliations Program

Finding 1 – MDH Form 440 and General Ledger Variance
Expenditures reported on the Annual Reports (MDH form 440) did not always agree with the WCMHA general ledger **(Repeat Finding)**.

Analysis
The OIGH's review of MDH contracts for the audit period disclosed that expenditures reported on the fiscal year 2023 Annual Report (MDH form 440) did not always agree with WCMHA's general ledger resulting in a variance of $218 due to MDH. See the schedule below for more detail:

Washington County Mental Health Authority
Schedule of MDH Form 440 and General Ledger Variance

Fiscal Year	Contract Number	Contract Description	Finding Details	Dollar Amount Due to MDH
2023	MH162OTH	Admin - CSA	Provider Reported Expenditures (440) does not agree to Provider General Ledger	$218
			Total Due to MDH	**$218**

Criteria
Human Services Agreement Manual (HSAM) Section 2210.05 states, "The audit reviews expenditures and revenues to determine if they are consistent with the approved budget and supported by adequate documentation, in accordance with generally accepted accounting principles, and/or the grant contract agreement."

Recommendation 1
The OIGH recommends WCMHA:
Ensure that all expenditures recorded in MDH form 440s agree with amounts reflected in the general ledger.

Cost disallowances resulting from the finding above total $218 due to MDH.

Procurement Program

Finding 2 – Deficiencies in Procurement Practices and Policies
WCMHA did not always comply with its Procurement Policy, and the Policy itself requires strengthening to meet state standards.

Analysis
The OIGH's review of WCMHA's procurement system during the audit period identified instances of non-compliance with its Procurement Policy and areas for policy improvement:
Observed Non-Compliance:

- Missing Procurement Support
    - No bidding documentation provided for two vendors in fiscal year 2024 and one vendor in fiscal year 2022.
    - No quotes provided/maintained for one vendor as required by policy in fiscal year 2024.
- Inadequate bidding support provided
    - One vendor bidding support provided in fiscal year 2024, was not for the period in question.
    - One vendor bidding support provided in fiscal year 2022 did not include decision making documents.
- Absence of Sole Source Justification: Sole Source Justifications was not maintained for a total of nine vendors WCMHA classified as sole source.

Identified Policy Weaknesses:
The Procurement Policy lacks sufficient specificity and control requirements related to sole source and emergency procurements to align with State standards. The policy should be enhanced to require formal, written justification supporting the use of sole source procurement, including documented rationale for vendor selection and documented authorization approval prior to contract award.

Additionally, WCMHA should implement an annual review of procurement thresholds to ensure alignment with current market conditions and applicable regulatory requirements. Strengthening these provisions would promote transparency, competition, cost-effectiveness, and effective internal control over procurement activities.

Criteria
Washington County Mental Health Authority procurement policy states: *Purchase orders may be prepared for the purchase of tangible goods. Purchase orders are located electronically at F:\StaffFiles\Public\Ecel\Kelli\Purchase Orders. A printed copy of this log is located in a three-ring binder in the bookshelf in the Office Manager's office. Purchases of less than $1,000.00 may be made at the discretion of the Executive Director with or without the use of the purchase order form.*

The individuals signing and/or approving purchase orders must:

a. Determine if the expenditure is budgeted.
b. Determine if funds are available for the expenditure.
c. Determine if the expenditure is allowable under the grant.
d. Determine if the expenditure is necessary to the program.
e. The individuals signing and/or approving the purchase include, but are not limited to the Executive Director and the Finance Director.

Approved purchase orders will be distributed as follows:

a. Purchase order number will be supplied to the Vendor
b. The original purchase order will be filed in a pending purchase order file to be attached to the invoice with the required procurement documents (written quotes) to be attached to a check request and included in the accounts payable file at the appropriate time.
All received purchase items will be marked "received by", signed and dated and forwarded to the Office Manager or the Finance Director. Purchases by programs with discretionary funds must submit a purchase request through the WCMHA Program Director.

In cases in which the WCMHA has reason to believe that the quality of merchandise or service may be inferior or when other factors outweigh the benefits of selecting the lowest quote, higher quote may be accepted and reason(s) for rejecting the lowest quotation shall be documented in the file.

In procuring any item or aggregate items whose cost is more than $1,000.00 but less than $5,000.00, the Authority shall solicit written quotations from at least three vendors and shall accept the lowest quotation

In procuring any items or service or aggregate of same costing or expected to cost over $5,000.00 but less than $10,000, the WCMHA shall prepare a written request for proposals/bids outlining the specifications to be met by vendors/contractors. Such requests for proposals/bids shall be sent to all parties known to the WCMHA as having interest in or capability to provide the required goods or service(s).

For any goods or service(s) over $10,000.00, the WCMHA shall publish the request in a newspaper having wide circulation in the geographic area serviced by the WCMHA. The request shall specify a deadline for receipt of proposals/bids of not less than fourteen days from the date of publication of the request. Proposals/bids received after the deadline shall not be considered unless the vendor is able to demonstrate that the WCMHA erred in some manner in issuing or circulating the request, such error resulting in the vendor's being placed in an unfavorable position with regard to preparing and/or submitting its proposal/bid.

Consideration will be made of in-house capabilities to accomplish services before contracting them. Written contracts clearly defining work to be performed will be maintained for all consultant and contract services. The qualifications of the consultant and reasonableness of fees will be considered in hiring consultants. Consultant services will be paid for as work is performed. The Executive Director will approve proposed agreements such as service warranties, cleaning, etc. The Board of Directors will approve audit and all other significant contracts.

The WCMHA may award a procurement contract on the basis of noncompetitive negotiation for mental health or other human services if:
a. there is a reasonable cause to believe that the quality or continuity of services for consumers served by the provider currently under contract with the WCMHA would be seriously disrupted if those services were subjected to a competitive bidding process, or
b. the WCMHA believes that a bid process is unlikely to result in effective competition to provide the specified service, or

c. the WCMHA has determined that there is only one available appropriate source for the specified services.
d. As directed by the granting Agency

Procurement records and files shall include the following at a minimum

- *a. Basis for contractor selection*
- *b. Justification for lack of competition when competitive bids or offers are not obtained*
- *c. Basis for award cost or price*
- *d. Budget and budget approval form reviewed and initialed by the Executive Director, Program Director, if applicable, and Finance Director if a budget applies, and*
- *e. Final procurement record reviewed and initialed by the Executive Director, Program Director, if applicable, and Finance Director.*

The final procurement record shall be filed with accounts payable invoices by fiscal year.
Any single item of durable equipment, including audio-visual products costing over $1,000 having a life expectancy of at least five years shall be inventoried.

Any variances from these procedures must be approved in writing by the Executive
The policy states that *Director and the Board of Directors. In procuring any item or aggregate items whose cost is more than $1,000.00 but less than $5,000.00, the Authority shall solicit written quotations from at least three vendors and shall accept the lowest quotation. n procuring any item or aggregate items whose cost is more than $1,000.00 but less than $5,000.00, the Authority shall solicit written quotations from at least three vendors and shall accept the lowest quotation.*

In procuring any items or services costing over $5,000.00 but less than $10,000.00, the WCMHA shall prepare a written request for proposals/bids outlining the specifications to be met by vendors/contractors. For any goods or services over $10,000.00, the WCMHA shall publish the request in a newspaper having wide circulation in the geographic area serviced by the WCMHA, with a minimum fourteen-day response period.

Internal Control: Procurement records must document the basis for contractor selection, justification for lack of competition when applicable, cost/price basis for award, and required approvals. Final procurement records must be reviewed, initially by appropriate officials, and maintained with accounts payable documentation by fiscal year.

Recommendation 2
The OIGH recommends that WCMHA:

- **a. Abide by their procurement policy by ensuring all procurement transactions are supported by complete documentation, including written quotes, solicitation records, evaluation documentation, cost or price analysis, and documented management approval prior to contract execution**.
- **b. Ensure all sole source procurements are supported by detailed written justification, formal approval, and proper retention in the procurement file.**
- **c. Enhance the Procurement Policy to establish clear and comprehensive procedures governing sole source and emergency procurements and implement an annual review and update of procurement thresholds to ensure continued relevance and compliance.**

Finding 3 – Lack of Vendor Business Verification
WCMHA did not always verify vendors' business standing prior to entering into contractual agreements.

Analysis
The OIGH's review of the contract monitoring process during the audit period disclosed WCMHA did not verify business standing of 13 vendors with the Maryland State Department of Assessments and Taxation (SDAT) prior to entering into contractual agreements.

Criteria
The Human Service Agreement Manual*, section* 2030.09-Verification of Legal Status states: *"A new respondent when not a governmental agency, must present acceptable verification of its legal status (corporation, partnership, fictitious name statement, etc.) prior to the advancement of funds."*

Recommendation 3
The OIGH recommends WCMHA:
Ensure all vendors' legal and business standing status are verified and documented prior to entering into contractual agreements.

Expenditure Program

Finding 4 – Expenditure Charged to Incorrect Fiscal Year
WCMHA improperly recorded an invoice in the incorrect fiscal year.

Analysis
The OIGH's review of expenditures in the audit period disclosed that in fiscal year 2024 WCMHA improperly recorded an invoice under Contract MH595OTH totaling $13 to the incorrect fiscal year. This constitutes a cost disallowance as the expenditure was not recognized in the appropriate performance period.

Criteria
The Human Services Agreement Manual (HSAM) 2060.09 requires that expenditures charged to a grant or contract must be incurred during the approved period of performance and must be supported by appropriate documentation. Costs must be recorded in the proper fiscal year in which the goods or services were received or the obligation was incurred. Accordingly, expenditures must be charged to the correct fiscal year to ensure accurate financial reporting and proper determination of net balances due to or from MDH.

Recommendation 4
The OIGH recommends WCMHA:
Ensure expenditures are recorded in the correct fiscal year they are incurred.

Cost disallowances resulting from the finding above total $13 due to MDH.

Other Matters – MDH Reconciliations

Other Matter 1 – MDH-DGLHD did not always reconcile MDH Form 440s submitted from WCMHA

MDH-DGLHD did not always reconcile MDH Form 440s.

Analysis

The OIGH's review of WCMHA's MDH Form 440s disclosed that the MDH Division of Grant and Local Health Departments (MDH-DGLHD) did not complete all required reconciliations during the audit period, despite WCMHA's timely submission of annual reports and multiple follow-up reminders. In addition, OIGH identified variances totaling $146 between amounts reported on MDH Form 440 and WCMHA's General Ledger (GL). The discrepancies indicate that reported expenditures were not fully reconciled to the accounting records prior to submission. Timely and accurate reconciliation is necessary to ensure proper fiscal resolution of grant activity, identify and correct variances, and determine net balances due to or from MDH. Delays or incomplete reconciliations may result in unresolved funding balances and delayed correction of discrepancies. See the schedule below for more detail:

Washington County Mental Health Authority Schedule of Unreconciled MDH Form 440s				
Fiscal Year	**Contract Number**	**Contract Description**	**Finding Description**	**Variance Amount**
2024	MH356OTH - Rollover	MH Services - Rollover	No Reconciliation Performed by MDH - Funding Amount = Expense Amount	$ -
2023	MH162OTH - Rollover	Admin CSA - Rollover	No Reconciliation Performed by MDH - Funding Amount = Expense Amount	-
2022	MH306OTH	Continuum of Care	No Reconciliation Performed by MDH - Funding Amount = Expense Amount	-
2022	MH358OTH	Core Service Agency - PATH	No Reconciliation Performed by MDH - Funding Amount = Expense Amount	-
2022	MH162OTH - Rollover	Admin CSA - Rollover	1. No Reconciliation Performed by MDH - Funding amount >Expense amount 2. Variances from GL and reported MDH Form 440	146
			Total Amount	**$ 146**

Criteria

Human Services Agreement Manual (HSAM) 2190.01 Background states: "*Reconciliation is a fiscal resolution of the grant/contract pending audit and settlement, usually conducted at the termination of the grant/contract period or at the end of each fiscal year in the case of a multi-year agreement. The reconciliation operation is an arithmetic check of expenditures and incomes, a determination of net balances and disposition of those balances. Reconciliation is based upon*

reported expenditures and incomes, subject to correction by the Division of Program Cost and Analysis".
HSAM 2120.04 Annual Report states: "*A Vendor's Annual Report (DHMH 440) of receipts and expenditures for the budget period must be submitted to the Division of Program Cost and Analysis by August 31, covering the preceding fiscal year. Vendors with multi-year contracts must submit a DHMH 440 for each year of the contract. (Day Care Programs for the Elderly submit the annual report DHMH 2026 by September 30.) Failure to submit this report within the specified time will result in funds being withheld until the reports are filed and reconciliation is complete. This report need not be an audited document. So-called "preliminary" reports will be processed as final reports; therefore, the vendor must not file a report which is not to be relied upon, merely to comply with the filing deadline".*

Since the root cause of this finding originated with MDH-DGLHD, no recommendation is directed to WCMHA.

Variance amount resulting from the finding above total $146 due to MDH.

Other Matter 2 – MDH Form 440 Reconciliations Contained Errors
MDH-DGLHD incorrectly reconciled WCMHA's MDH Form 440.

Analysis
The OIGH's review of the MDH Form 440s and WCMHA general ledger for the audit period identified an error in the fiscal year 2024 reconciliation performed by MDH-DGLHD. Specifically, MDH-DGLHD erroneously utilized sub-vendor reports for Contract BH002SCS rather than WCMHA's official submission, leading to inaccurate expenditure reporting. Subsequent to the auditors requesting MDH-DGLHD to re-perform the reconciliation, a review of the revised reconciliation indicated continuing errors. The revised reconciliation inaccurately reported expenditures per MDH Form 440 as $657,534 rather than the correct amount of $612,103, resulting in an over funding to WCMHA in the amount of $45,430. See schedule below for more details:

Washington County Mental Health Authority
Schedule of Errors made by MDH during Initial Reconciliations

Fiscal Year	Contract Number	Contract Description	Finding Description	Dollar Amount
2024	BH002SCS	Mobile Response Stabilization	Error made by MDH in initial reconciliation	$45,430
Total Amount Due to MDH				**$45,430**

Criteria.
The Human Services Agreement Manual (HSAM) Section 2190.01 requires reconciliation to serve as a fiscal resolution of the grant or contract, including an arithmetic verification of expenditures and determination of net balances. Reconciliation must be accurate and subject to correction by the Division to ensure proper disposition of funds.

Since the root cause of this finding originated with MDH-DGLHD, no recommendation is directed to WCMHA.

Over funding amount resulting from the finding above total $45,430 due to MDH.

Appendix – Agency Responses

WASHINGTON COUNTY
MENTAL HEALTH AUTHORITY, INC
1800 Dual Hwy, Suite 301
Hagerstown, Maryland 21740
Telephone: (301) 739-3490
FAX: (301) 733-2250

Carrie Johnson, LCSW-C
Executive Director

Corrective Action Plan
In Response to Office of the Inspector General for Health Draft Audit Report Audit Job No. 341
Audit Period: July 1, 2021 – June 30, 2024

Date: March 23, 2026

Washington County Mental Health Authority (WCMHA) has reviewed the Draft Audit Report issued by the Office of the Inspector General for Health (OIGH) External Audit Division on March 9, 2026, covering the audit period July 1, 2021 through June 30, 2024. This Corrective Action Plan (CAP) is submitted in response to the findings and other matters identified in the report, in accordance with the OIGH's request for a written response by March 23, 2026.
WCMHA takes audit findings seriously and is committed to strengthening its internal controls, improving fiscal compliance, and ensuring the accuracy of financial reporting. The total amount identified as due to MDH is $45,807, which WCMHA acknowledges and is prepared to remit.
The table below summarizes WCMHA's concurrence position on each finding:

Finding #	Description	Amount Due	Position
Finding 1	MDH Form 440 and General Ledger Variance	$218	Concur
Finding 2	Deficiencies in Procurement Practices and Policies	$0	Concur
Finding 3	Lack of Vendor Business Verification	$0	Partial Concurrence / See Response

Finding 4	Expenditure Charged to Incorrect Fiscal Year	$13	Concur
Other Matter 1	MDH-DGLHD Did Not Reconcile MDH Form 440s	$146	Concur (MDH action required)
Other Matter 2	Errors Identified During MDH Initial Reconciliations	$45,430	Concur (MDH action required)
Total Amount Due to MDH		**$45,807**	

Finding 1 – MDH Form 440 and General Ledger Variance Position: Concur Amount Due to MDH: $218

WCMHA concurs with Finding 1. The variance of $218 between the FY2023 MDH Form 440 (Contract MH162OTH, Admin-CSA) and the WCMHA general ledger represents a reconciliation error. WCMHA acknowledges this discrepancy and will remit the identified amount.

Corrective Actions

Field	Details	Responsible Party	Target Date
Immediate Action	WCMHA will remit $218 to MDH upon finalization of the audit report.	Finance Director	March 31, 2026
Process Control	Implement a mandatory dual-review checklist requiring the Finance Director and Executive Director to reconcile all MDH Form 440 entries to the general ledger prior to submission.	Finance Director	April 30, 2026
Documentation	Maintain a reconciliation workpaper for each MDH Form 440 submission as a permanent file attachment. The workpaper will show line-by-line agreement between the 440 and the GL.	Finance Director	April 30, 2026

Finding 2 – Deficiencies in Procurement Practices and Policies Position: Concur Amount Due to MDH: $0

WCMHA concurs with Finding 2. The OIGH identified multiple instances of non-compliance with WCMHA's own Procurement Policy, including missing bidding documentation, absent sole source justifications, and inadequate procurement support for several vendors. WCMHA acknowledges that the policy itself requires enhancement, particularly regarding sole source and emergency procurement procedures.

Corrective Actions

Field	Details	Responsible Party	Target Date
Immediate Action	WCMHA has conducted an internal review of all active vendor files and identified procurement records lacking required documentation. Retroactive documentation has been obtained where possible.	Finance Director	March 19, 2026
Policy Revision	WCMHA will revise its Procurement Policy to include: (1) explicit written justification requirements for sole source procurements; (2) formal approval authorization procedures prior to contract award; (3) emergency procurement procedures; and (4) annual review of procurement thresholds aligned with market conditions and MDH requirements.	Executive Director / Board	June 30, 2026
Sole Source Documentation	All sole source determinations will require a completed Sole Source Justification Form, signed by the Executive Director, prior to contract execution. A template form will be developed and adopted.	Executive Director	April 30, 2026
Annual Compliance Review	WCMHA will implement an annual procurement audit conducted by the Finance Director each October to verify compliance and identify gaps before the next fiscal year.	Finance Director	October 2026 (annually)

Finding 3 – Lack of Vendor Business Verification Position: Partial Concurrence Amount Due to MDH: $0

WCMHA partially concurs with Finding 3. WCMHA agrees that verifying vendors' legal and business standing prior to entering contractual agreements is an important compliance requirement under HSAM Section 2030.09, and that documentation of such verification should be consistently maintained.

However, WCMHA respectfully notes the following context for the record:

Several of the 13 vendors cited were long-standing service providers with established relationships with WCMHA, whose legal status had been previously verified in prior contract periods. The absence of

- current-period documentation does not necessarily indicate that vendors were non-compliant with SDAT requirements at the time of contracting.
- WCMHA maintains that no funding or services were jeopardized as a result of these omissions, and there is no evidence that any vendor lacked legal standing during the audit period.
- WCMHA requests that the OIGH consider providing guidance on whether re-verification of status for multi-year vendors is required annually or only at initial contracting, to clarify expectations going forward.

Notwithstanding the above, WCMHA commits to full compliance with HSAM 2030.09 and will implement the corrective measures below.

Corrective Actions

Field	Details	Responsible Party	Target Date
Immediate Action	WCMHA has queried all 13 cited vendors through the Maryland SDAT database and has printed and filed current status documentation.	Finance Director	March 19, 2026
Vendor Onboarding Checklist	WCMHA will implement a formal Vendor Onboarding Checklist that requires, at minimum: (1) SDAT business verification; (2) printed confirmation of good standing; (3) date and name of staff performing verification. This checklist must be completed and approved before any new contract is executed.	Finance Director	April 30, 2026

Annual Reverification	WCMHA will implement annual SDAT re-verification for all active vendors as a conservative compliance measure.	Finance Director	July 31, 2026 (annually)
Policy Update	The WCMHA Procurement Policy will be updated to incorporate the vendor verification requirement as a standard procurement step.	Executive Director	June 30, 2026

Finding 4 – Expenditure Charged to Incorrect Fiscal Year Position: Concur Amount Due to MDH: $13

WCMHA concurs with Finding 4. An invoice totaling $13 under Contract MH595OTH was recorded in fiscal year
2024 when it should have been recorded in the prior fiscal year. WCMHA acknowledges this as a cost disallowance and will remit the identified amount.

Corrective Actions

Field	Details	Responsible Party	Target Date
Immediate Action	WCMHA will remit $13 to MDH upon finalization of the audit report.	Finance Director	March 19, 2026
Period-End Review	WCMHA will implement a fiscal yearend invoice review procedure in which the Finance Director reviews all pending invoices in the 30 days prior to June 30 to ensure correct period coding. Invoices near fiscal year boundaries will be flagged for	Finance Director	June 30, 2026
	supervisory review.		
Accrual Documentation	WCMHA will maintain a formal accruals log at fiscal year-end documenting the basis for period assignment of all invoices received within 60 days of fiscal year-end.	Finance Director	July 31, 2026

Other Matter 1 – MDH-DGLHD Did Not Reconcile MDH Form 440s Position: Concur – No Action Required of WCMHA Amount Due to MDH: $146

WCMHA concurs with the OIGH's finding that MDH-DGLHD did not complete all required reconciliations despite WCMHA's timely submission of annual reports and multiple follow-up reminders. WCMHA acknowledges the $146 variance identified and will remit this amount as directed.

As noted by the OIGH, the root cause of this finding originated prior to and outside of WCMHA's submission process, and no corrective action recommendation was directed to WCMHA. WCMHA appreciates the OIGH's acknowledgment that WCMHA fulfilled its reporting obligations in a timely manner.

WCMHA requests that MDH-DGLHD confirm a timeline for completing all outstanding reconciliations referenced in this finding to ensure final resolution. WCMHA is prepared to cooperate fully with MDH to resolve all outstanding balances.

Other Matter 2 – Errors Identified During MDH Initial Reconciliations Position: Concur – No Action Required of WCMHA Amount Due to MDH: $45,430

WCMHA concurs with the OIGH's determination that MDH-DGLHD made errors in the FY2024 reconciliation of
Contract BH002SCS (CAYAS Mobile Response Stabilization). Specifically, MDH-DGLHD used a sub-vendor's MDH Form 440 instead of WCMHA's official submission, and subsequent corrections by MDH-DGLHD continued to contain errors, resulting in an over-funding of $45,430 to WCMHA.

WCMHA acknowledges the over-funding and is prepared to remit $45,430 to MDH upon finalization of the audit report. As the OIGH noted, the root cause of this finding originated with MDH-DGLHD, and no corrective action recommendation was directed to WCMHA.

WCMHA requests that MDH-DGLHD implement quality control procedures to ensure that the correct vendor's Form 440 is used in all future reconciliations and that reconciliation results are reviewed for accuracy before finalization.

Summary of Amounts to Be Remitted to MDH

Finding	Description	Amount Due	Remittance Date
Finding 1	MDH Form 440 and GL Variance	$218	3/19/2026
Finding 4	Expenditure Posted to Incorrect Fiscal Year	$13	3/19/2026

Other Matter 1	Reconciliations Not Performed (GL Variance)	$146	3/19/2026
Other Matter 2	Errors Identified During Initial Reconciliations	$45,430	3/19/2026
Total Amount Due to MDH		**$45,807**	

Closing Statement
WCMHA is committed to maintaining the highest standards of fiscal accountability and compliance with all applicable State, MDH, and contractual requirements. We appreciate the thoroughness of the OIGH's audit and the opportunity to respond to the findings.

We will implement all corrective actions described in this plan according to the timelines noted. WCMHA respectfully requests that the OIGH and MDH confirm acceptable timelines for remittance of the $45,807 upon finalization of the audit report.

Questions regarding this Corrective Action Plan may be directed to:

Carrie Johnson, LCSW-C
Executive Officer, Washington County Mental Health Authority
1800 Dual Hwy, Suite 301, Hagerstown, MD 21740

Respectfully submitted,

___ _____

Carrie Johnson, LCSW-C
Executive Director
Washington County Mental Health Authority
Date: ____3/25/26_____

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