TO: Ms. Amanda Nickerson, Director
Luminis Health Doctor's Community Medical Center

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

DATE: June 24, 2026

RE: Audit Report – Luminis Health Doctor's Community Medical Center

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Background

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

Luminis Health Doctor's Community Medical Center (DCMC) is a comprehensive medical center providing vital health care services in the State of Maryland. During the audit period (July 1, 2021 to June 30, 2024), DCMC received $3,947,319 from MDH in support of its mission.

Results of Review

As a result of procedures performed, in accordance with the examination, the OIGH determined that $233,129 is due to MDH based on the following issues: variance between MDH Form 440 and the General Ledger, omission of fringe benefits and gift revenue from primary ledgers, and incorrect invoice payments resulting in ledger overstatements. In addition, the OIGH identified several areas in which controls can be improved. Details regarding these issues, along with the OIGH's recommendations, are included in the attached report.

DCMC's responses to this audit report are included as an appendix to this report. We have reviewed the responses and identified statements in the response that conflicted with or disagreed with the report's findings. We reviewed and reassessed our audit documentation and reaffirmed the validity of our findings in accordance with generally accepted government auditing standards. We have included auditor comments to explain our position.

We wish to acknowledge the cooperation of Luminis Health Doctor's Community Medical Center's staff during this audit.

CC: Dr. Meg Sullivan, Deputy Secretary for Public Health Services, MDH

Office of the Inspector General for Health

Audit Report

June 24, 2026

Luminis Health Doctor's Community Medical Center

July 1, 2021 through June 30, 2024

Maryland

OFFICE OF THE INSPECTOR GENERAL FOR HEALTH

Office of the Inspector General for Health

Audit Report: Luminis Health Doctor's Community Medical Center

The Office of the Inspector General for Health's (OIGH) External Audit Division performed an audit of the accounts and records of Luminis Health Doctor's Community Medical Center (DCMC) relative to its contracts with the Maryland Department of Health (MDH), for the period July 1, 2021 through June 30, 2024.

Objectives of the Examination

- 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 (MDH) 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). Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions, in alignment with our audit objectives. Based on the evidence obtained, we believe our findings and conclusions, as presented in this report, are well supported.

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 a Peer Review is conducted, the OIGH External Audit Division remains non-compliant with the GAGAS Peer Review requirements.

Internal Control
DCMC'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 of 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 recommendations contained in our preceding audit report of DCMC dated April 10, 2023. Our review determined that three recommendations were not corrected and are repeated in this report.

Conclusion
As a result of procedures performed, in accordance with the examination objectives set forth above, the OIGH determined that $233,129 is due to MDH. See the schedule below for more details:

Luminis Health Doctor's Community Medical Center
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	MDH Form 440 and General Ledger Variance	$ 232,979	7
5	Incorrect Invoice Payments	150	9
Total Amount Due to MDH		**$ 233,129**	

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 July 24, 2026.

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* Denotes item was not corrected from preceding audit.

Schedule SC

Luminis Health Doctor's Community Medical Center
Schedule of Contracts Audited
Fiscal Year 2022 through 2024

Contract Number	PCA Number	Program	2022	2023	2024
		PHPA-FHA			
FHF12DCH	N5105,N6019,N513S,N6011	Breast & Cervical Cancer Diagnosis, Case Management	$ 468,588	$ 468,588	$ 468,588
FHF13CRF	N563S	PG's County Cancer Prevention, Education, Screening, & Treatment Grant	847,185	847,185	847,185
		Total Dollars Audited by Fiscal Year	**$ 1,315,773**	**$ 1,315,773**	**$ 1,315,773**
	Total Number of Contracts Audited		**6**		
	Total Contract Dollars Audited		**$ 3,947,319**		

Findings and Recommendations

Reconciliation

Finding 1 – MDH form 440 and general ledger variances
Expenditures reported on Annual Reports (MDH Form 440) did not always agree with DCMC's General Ledger (**Repeated Finding).**

Analysis
The OIGH's review of MDH Form 440s and DCMC's General Ledgers disclosed that providers' GL expenditure did not always agree with the reported expenditures on MDH Form 440. Specifically, fringe benefits allocated to the MDH Form 440 were not reflected in the GL, while Gifts and Donations were excluded from MDH Form 440. See the schedule below for more details:

Luminis Health Doctor's Community Medical Center
Schedule of MDH Form 440s and GLs Variances

Fiscal Year	Contract Number	PCA Number	Contract Description	Finding Description	Amount Due to MDH
2022	FY22 FHF12DCH_BCCP	N513S,N6013	Maryland Breast and Cervical Cancer Program	Provider Reported Expenditures (440) does not agree to Provider General Ledger	$ 38,402
FY 2022 Total Amount Due to MDH					**$ 38,402**
2023	FY22 FHF12DCH_BCCP	N513S,N6013	Maryland Breast and Cervical Cancer Program	Provider Reported Expenditures (440) does not agree to Provider General Ledger	$ 18,732
2023	FY22 FHF13CRF_CPEST	FC01N-FC02N & FC03N	Prince George's County Cancer Prevention, Education , Screening and Treatment Program	Provider Reported Expenditures (440) does not agree to Provider General Ledger	168,975
FY 2023 Total Amount Due to MDH					**$ 187,707**
2024	FY22 FHF13CRF_CPEST	FC01N-FC02N & FC03N	Prince George's County Cancer Prevention, Education , Screening and Treatment Program	Provider Reported Expenditures (440) does not agree to Provider General Ledger	$ 6,870
FY 2024 Total Amount Due to MDH					**$ 6,870**
Total Amount Due to MDH					**$ 232,979**

Criteria
Human Services Agreement Manual (HSAM) Section 2210.05 Methods states: *"The purpose of the grant/contract audit is to give the State assurance that funds were spent in accordance with the grant/contract agreement. 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 again recommends DCMC:
Ensure all expenditures recorded on MDH Form 440 agree with amounts reflected in the General Ledger and are substantiated by adequate records.

Cost Disallowances from the finding above total $232,979 due to MDH.

Finding 2 – Omission of fringe benefits and gift revenue
Fringe benefits and gift revenue were not recorded in the General Ledger and MDH Form 440, respectively.

Analysis
The OIGH's review of MDH Form 440s and DCMC's General Ledgers disclosed that specific financial data was not consistently captured between internal records and annual reports. Specifically:

- Fringe benefit expenditures were not properly integrated into the primary accounting records. Although DCMC reported a 20% salary allocation of fringe benefits on the MDH Form 440, these costs were maintained in a separate ledger rather than being integrated into the primary MDH General Ledger. Furthermore, for the BCCP contracts, the allocated fringe benefit expenditures reported on the MDH Form 440 were entirely absent from the General Ledger throughout the audit period.
- Gifts and Donations recorded in the General Ledger were entirely excluded from the MDH Form 440 in FY 2022 for the BCCP contract.

These discrepancies directly contributed to the reconciliation variances identified in Finding 1.

Criteria
HSAM 2110.01 Program Specificity states: "*The vendor must maintain an accounting system and records relating to the grant/contract which conform to both Article 19, Section 28A of the Annotated Code of Maryland and Generally Accepted Accounting Principles*."

HSAM 2110.02 – Program Specificity states: *"A separate, distinct accounting record must be maintained for each grant/contract program."*

HSAM 2160.04 (k) states: "*Donations, gifts or endowments allocated to the human services program as specified by terms of the human service agreement" are considered allocable income and must be used to offset DHMH-funded expenditures*."

Recommendation 2
The OIGH recommends DCMC:
a. Integrate all fringe benefit expenditures into separate, distinct General Ledger account for the MDH Contracts.
b. Report all gift and donation income on the MDH Form 440.

Banking & Cash

Finding 3 – Unapproved bank reconciliations
Bank reconciliations were not reviewed or approved by management. **(Repeated Finding)**

Analysis
The OIGH's review of DCMC's bank reconciliation records disclosed that while reconciliations were being performed, they lacked documented evidence of management review or formal approval. Specifically, reconciliations did not bear the signature or initials of a supervisor, nor a date of review. Without a formal approval process, there is a heightened risk that discrepancies, unauthorized transactions, or accounting errors could remain undetected.

Criteria
The bank reconciliation process is one of the most important internal controls because it helps to prevent misappropriations from going unnoticed. To promote accuracy, bank reconciliations should be prepared in a timely manner and reviewed by management.

Recommendation 3
The OIGH again recommends DCMC:
Ensures that bank reconciliations are reviewed and signed by management each month.

Expenditure

Finding 4 – No proof of delivery documentation for expenditures
DCMC did not always maintain proof of delivery supporting documentation for its expenditures.

Analysis
The OIGH's review of expenditure disclosed that DCMC did not always maintain proof of delivery supporting documentation for its expenditures. According to the provider, they could not access the delivery documentation after two years.

Criteria
HSAM 2110.05 Expense states: *"Each expense must be recorded and charged against its appropriate line item and must be substantiated by documentation sufficient to identify the transaction."*

HSAM 2110.08 Inspection states: *"The vendor's accounting records concerning the grant/contract program must be made available for inspection or audit by the Department at any reasonable time. All accounting records must be maintained until a final audit report has been issued by the DHMH Audit Division or until five years have elapsed since the close of the grant/contract period."*

Recommendation 4
The OIGH recommends DCMC:
a. Maintain proof of delivery documentation for all program expenditures.
b. Retain all supporting fiscal account records for at least five years.

Finding 5 – Incorrect invoice payments
General Ledger expenditures exceeded supported invoice totals resulting in overpayments. **(Repeated Finding).**

Analysis
The OIGH's review of DCMC's Expenditures for the audit period disclosed that discrepancies existed between invoice totals and the General Ledger. Specifically, the reported General Ledger amounts exceeded the totals supported by the invoices provided, resulting in an overpayment of $150. See the schedule below for more details:

Luminis Health Doctor's Community Medical Center Schedule of Incorrect Invoice Payments				
Fiscal Year	**Contract Number**	**PCA Number**	**Finding Description**	**Disallowed Amount**
2024	BCCP	N5105,N6019,N513S,N6011	Incorrect Invoice Payment	$ 140
2024	CPEST	N563S	Incorrect Invoice Payment	10
Total Cost Disallowances Due to MDH				**$ 150**

Criteria
HSAM Section 2110.05 2110.05 Expense states: "*Each expense must be recorded and charged against its appropriate line item and must be substantiated by documentation sufficient to identify the transaction."*

HSAM Section 2150.09 Unallowable Costs states: *"Generally, Unallowable Costs are: Costs or expenses unrelated to the MDH funded project, Costs not adequately documented."*

Recommendation 5
The OIGH again recommends DCMC:
Ensure to record all expenditures to the correct invoice amount.

Cost Disallowances from the finding above total $150 due to MDH.

Appendix 1: Provider Responses

Luminis Health

2001 Medical Parkway
Annapolis, Md. 21401
LuminisHealth.org

May 20, 2026
Chau Nguyen, Chief,
Audit Division
Office of the Inspector General
Maryland Department of Health
201 West Preston Street
Baltimore, Maryland 21201

Audit Job Number: 342
Dear Mr. Nguyen:

The Office of Inspector General's External Audit Division has presented Luminis Health Doctors Community Medical Center (LHDCMC) with a draft audit report regarding the audit conducted for the Maryland Department of Health (MDH), Prevention and Health Promotion contracts for the period of July 1, 2021, through June 30, 2024.

This letter serves as LHDCMC's formal response to the draft report. The report identifies cost disallowances totaling $232,979 due to MDH. At this time, LHDCMC does not agree with the audit findings and recommendations as presented. Upon issuance of the final report, LHDCMC intends to formally request an appeal.

Specifically, LHDCMC is contesting the findings related to fringe benefit allocations. LHDCMC provides appropriate fringe benefits to each employee in accordance with established policies; however, the methodology applied has not previously been identified as noncompliant in prior audits. In fact, this matter was not raised in any prior audit findings, and therefore the organization had no indication that changes to its approach were required.

It should also be noted that most of the reported variance's stem from the treatment and allocation of fringe benefits. LHDCMC believes its methodology is reasonable, consistently applied, and aligned with its historical practices.

LHDCMC remains committed to working collaboratively with MDH and the Office of Inspector General to resolve these matters and will provide any additional supporting documentation as needed during the appeal process.

The next chart is the Action Plan for the Five Recommendations related to these Five Findings:

1. Reconciliation of MDH 440 to the General Ledger

2. Omission of Fringe Benefits and Gift Revenue
3. Unapproved Bank Reconciliation
4. No Supporting Documentation for Expenditures
5. Incorrect Invoice Payments

Sincerely,
Beverly Douglas, Luminis Health Accounting Manager

Luminis Health Doctor's Community Medical Center
Action Plan
May 12, 2026

Objective	*Action*	*Target Date*	*Status*
1. Expenditures reported on Form 440 should agree with the General Ledger.	Accountants will prepare monthly financial reports for the Program Manager to review before signing and filing to DMH. Accountants will ensure that the grant accounts balance each month. Program Manager to ensure accuracy before filing the MDH 440 moving forward.	July 2026	In Process
2. Omission of Fringe Benefits and Gift Revenue	The Process being set up to make journal entries to move each grant employees' fringe from the benefits account to the individual grant. This will now be able to be identified for each grant.	July 2026	In process
3. Unapproved Bank Reconciliations	This has been rectified. The Senior Accountant is responsible for preparing the monthly reconciliation and the Manager will then approve upon completion.	January 2026	done
No Supporting Documentation for Expenditures	System-wide, new processes are being implemented requiring all purchases to be identified and established as Purchase Orders. This approach will enable improved tracking	July 2026	In process

Objective	*Action*	*Target Date*	*Status*
	and maintenance of invoices, as well as supporting documentation. Finance and the Program Manager will ensure that Accounts Payable (AP) applies all invoices to the correct project numbers and grant departments when coding.		
4. Incorrect Invoice Payments	Accountants will assure that AP and the Program Manager expense and invoices match the payment amounts moving forward.	July 2026	In Process

Appendix 2: Auditor's Comments to Provider Responses

Finding Number	Brief Description	DCMC's Responses
1	MDH Form 440 and General Ledger Variances	DCMC's Response: LHDCMC is contesting the findings related to fringe benefit allocations. LHDCMC provides appropriate fringe benefits to each employee in accordance with established policies; however, the methodology applied has not previously been identified as noncompliant in prior audits. In fact, this matter was not raised in any prior audit findings, and therefore the organization had no indication that changes to its approach were required. It should also be noted that most of the reported variance's stem from the treatment and allocation of fringe benefits. LHDCMC believes its methodology is reasonable, consistently applied, and aligned with its historical practices
Auditor's Comments: The OIGH reviewed the provider's response and maintains that the findings remain valid. The reconciliation variances resulted from discrepancies between the primary General Ledger (GL) and the expenditures reported on the MDH Form 440. Specifically, the variances were primarily attributable to differences between the DCMC's General Ledgers and the reported MDH Form 440 expenditures for the CPEST contracts. In addition, fringe benefit expenditures reported on the MDH Form 440 for the BCCP contracts were not recorded in either the primary GL or any separate grant-specific GL throughout the audit period. Furthermore, FY 2022 gifts and donations were recorded in the BCCP contracts' GL but were excluded from the corresponding MDH Form 440 reporting. Accordingly, the auditor adjustments were necessary to reconcile the GL balances to the reported expenditures. Although LHDCMC stated that no similar findings were reported in prior audits, the OIGH noted that prior audits did not identify this issue because DCMC previously recorded employee fringe benefits separately and distinctly within the MDH contract GLs. However, DCMC did not follow the same accounting practice during the current audit period.		

Audit Team

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Audit Job Number: 342