**TO:** Matthew McConaughey, Health Officer
Wicomico's County Health Department

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

**DATE:** December 1, 2025

**RE:** Audit Report – Wicomico County Health Department

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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.

Wicomico County Health Department (WiCHD), located in Salisbury, Maryland, is a local health department established to preserve and protect the wellbeing of the population by identifying, prioritizing, and addressing health factors that may threaten the health and safety of the community. WiCHD seeks to accomplish its mission by working with partners throughout the county and State to:

- Promote and encourage healthy behavior.
- Protect against environmental hazards.
- Assure the quality and accessibility of health services.
- Prevent epidemics and the spread of disease; and
- Respond to disasters and assist communities in recovery.

During the audit period, (July 1, 2020 to June 30, 2023) WiCHD received $67,541,572 from MDH in support of its mission.

Results of Review

The OIGH determined that $31,772 is due to MDH, resulting from missing equipment. The OIGH also identified several areas in which internal controls can be improved. Details regarding these issues, along with OIGH's recommendations, are included in the attached report.

The WiCHD's responses to this audit are included as an appendix to this report. We have reviewed the response and identified statements in the response that conflicted with or disagreed with the report finding. 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.

The OIGH acknowledge the cooperation extended to us during the audit by WiCHD. The OIGH also acknowledge WiCHD's willingness to address the audit issues and implement appropriate corrective actions.

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

# Office of the Inspector General for Health

# Audit Report

December 1, 2025

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# Wicomico County Health Department

July 1, 2020 through June 30, 2023

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Maryland

OFFICE OF THE INSPECTOR GENERAL FOR HEALTH

# Maryland Office of the Inspector General for Health

## Audit Report: Wicomico's County Health Department

The Office of the Inspector General for Health's (OIGH) External Audit Division has performed an audit on the accounts and records of the Wicomico County Health Department (WiCHD) relative to its contracts (Schedule SC), for the period July 1, 2020, through June 30, 2023, with the following MDH administrations:

- Behavioral Health Administration (BHA)
- Public Health Services (DSPHS)
- Prevention and Health Promotion Administration (PHPA)
- Office of Preparedness and Response Administration (OP&R)
- Office of Eligibility Services Administration (OES)
- Office of Health Services Administration (OHS)
- Office of Provider Engagement and Regulation (OPER)
- Office of Population and Health Improvement (OPHI)

**Objectives of the Examination**

The OIGH conducted the audit to:

- Determine the amount of program revenue received and allowable expenditures incurred by the program for the contracts.
- Determine any amount due to the State or to the provider resulting from the operation of the programs during the audit period.
- Determine whether financial matters were conducted in accordance with MDH's Local Health Department Funding System Manual (LHDFSM).
- 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 Schedule**

This report contains the following schedules:

- Summary of Amount Due to MDH
- Schedule SC: Schedule of Contracts Audited
- Schedule of Missing Equipment

**Internal Control**

WiCHD'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. As a result of tests that were performed, our examination disclosed several weaknesses.

**Prior Audit Report**

Our audit also included a review to determine the status of the five recommendations contained in our prior audit report. Our review determined that all five recommendations were corrected.

**Conclusion**

As a result of procedures performed, in accordance with the examination objectives set forth above, the OIGH determined that $31,772 is due to MDH. The following is a summary of the amount due:

| Wicomico County Health Department<br>Summary of Amount Due to MDH<br>Audit Period FY2020 to FY2023 | | | |
|---|---|---|---|
| **Finding Number** | **Finding Description** | **Amount Due to MDH** | **Report Page Reference** |
| 6 | Missing Equipment | $ 31,772 | 15 |
| | **Total Amount Due to MDH** | **$ 31,772** | |

**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 **December 31, 2025**.

# Table of Contents

**Schedule SC**

**Wicomico County Health Department**
**Schedule Of Contracts Audited**
**Fiscal Year 2021 Through 2023**
**All Administrations**

| Contract Number | PCA Number | Program | 2021 | 2022 | 2023 |
|---|---|---|---|---|---|
| | | **PHPA - OPHI - IDEHA** | | | |
| AD347PRV | F765N | HIV PREVENTION SERVICES | $ 56,600 | $ 56,600 | $ 56,600 |
| AD660CMA | F760N | AIDS CASE MANAGEMENT | 337,411 | 395,160 | 577,833 |
| AD490RWS | F763N | RYAN WHITE B SUPPORT SERVICES | - | 150,210 | - |
| AD711INT | F776N | INTEGRATION OF SEXUAL HEALTH IN RECOVERY | 49,891 | 40,000 | 40,000 |
| AD717PRP | F912N | HIV PRE-EXPOSURE PROPHYLAXIX CLINIC | 118,936 | 100,000 | 103,820 |
| AD751SSP | F784N | SYRINGE SERVICES PROGRAM | 70,313 | - | - |
| FE723COV | F918N | FEMA EMERGENCY PROTECTIVE MEASURES | 769,500 | 769,500 | - |
| CP014CVD | F907N | COVID-19 REVENUE LOSS ASSISTANCE | 372,096 | - | - |
| AD836SUP | F500N | RYAN WHITE PART B SUPPLEMENTAL | 198,879 | - | - |
| AS820COV | F757N | RYAN WHITE B COVID RESPONSE | 22,187 | - | - |
| CHC87ECM | F708N | CHILDHOOD LEAD POISONING PREVENTION | 223,782 | 283,782 | 344,851 |
| AD754SRA | F724N | SEXUAL RISK ADVOIDANCE GRANT | 78,841 | 79,756 | 89,700 |
| VC523COV | F919N | IMMUNVACINES FOR CHILDREN COVID #4 | - | 560,482 | 432,607 |
| AD797AHR | F810N | ACCESS HARM REDUCTION GRANT | 382,946 | 382,946 | 384,541 |
| ARP32HVF | F976N | ARP - ROUND 1 - HOME VISITING | - | 22,607 | 45,216 |
| CH335STD | F741N | SEXUALLY TRANSMITTED DISEASE | 11,000 | 89,402 | 87,582 |
| ID923EDG | F829N | ENHANCING DETECTION GRANTS - ELC | 572,197 | 569,389 | 340,502 |
| ID947EDE | F795N | ENHANCING DETECTION GRANTS - ELC | - | 888,825 | 895,600 |
| IZ823COV | F836N | COVID IMMUNIZATION CARES 1 | 89,417 | - | - |
| MV623COV | F838N | COVID MASS VACCINATION CARES | 207,542 | 303,424 | 186,072 |
| CH373IMM | F747N | IMMUNIZATION-HEP-IAP,HEP-B | 75,100 | 50,100 | 50,000 |
| | | Total PHPA-OPHI-IDEHA Contracts | $ 3,636,638 | $ 4,742,183 | $ 3,634,924 |
| | | | | | |
| | | **BHA** | | | |
| AS021SAS | F840N | GENERAL FUND TREATMENT GRANT | $ 200,417 | $ 369,679 | $ 179,873 |
| AS085TCA | F865N | TEMPORARY CASH ASSISTANCE (TCA) | 80,104 | 80,105 | 80,105 |
| AS136STP | F868N | SUBSTANCE ABUSE TREATMENT OUTCOMES PARTNERSHIP -STOP | 147,063 | 144,883 | 144,882 |
| AS195DCT | F854N | DRUG COURT SERCICES | 61,573 | 61,573 | 61,573 |
| AS255FED | F846N | FEDERAL SERVICE GRANT | 219,947 | 300,071 | 300,071 |
| AS364ADM | F909N | ADMINISTRATIVE LAA | 622,715 | 637,144 | 657,852 |
| AS457ODA | F755N | OVERDOSE EDUCATION AND NAZOXONE DISTRIBUTION | 39,945 | 89,609 | 154,465 |

| | | | | | |
|---|---|---|---|---|---|
| BH023BUP | F804N | BUPRENORPHINE INITIATIVE | 30,000 | 30,000 | 30,000 |
| BH244SUP | F787N | STATE OPIOID CONTROL (SOR) | 37,590 | - | - |
| BH263SOR | F787N | STATE OPIOID RESPONSE (SOR) | - | 293,270 | 88,684 |
| BH223SOR | F718N | STATE OPIOID RESPONSE (SOR) | 249,243 | 111,190 | - |
| BH239CSS | F815N | MARYLAND RECOVERY NET (MDRN) - CSS | - | 20,000 | 10,000 |
| BH305MCS | F897N | READMISSION REDUCTION PILOT PROGRAM & CRITICAL TIME | - | 82,376 | 255,416 |
| BH244SUP | F756N | STATE OPIOID RESPONSE (SOR) | 17,439 | - | - |
| BH011MAR | F971N | NATIONAL SUICIDE PROVENTION HOTLINE TRANSITION TO 988 LIFELINE CALL CENTER | - | 52,259 | 52,259 |
| BH034MAM | F975N | COVID TESTING & MITIGATION - MH | - | - | 14,575 |
| BH029SAM | F974N | COVID TESTING & MITIGATION | - | - | 15,488 |
| BH019SAR | F972N | FBG ARPA SUB. USE - HUB/SPOKE | - | - | 242,898 |
| BH006STC | F983N | 988 STATE & TERRORITY COOP AGREEMENT | - | - | 59,870 |
| BH008SEF | F988N | MARYLAND 988 SYSTEM ENHANCEMENT FUNDING | - | - | 319,451 |
| MH399OTH | F822N | COMMUNITY MENTAL HEALTH SERVICES | 427,781 | 423,667 | 476,509 |
| MH402OTH | F828N | COMMUNITY MENTAL HEALTH BLOCK GRANT | 67,800 | 67,800 | 67,800 |
| MH407OTH | F823N | PATH GRANT | 20,934 | 20,934 | 20,934 |
| MH403OTH | F819N | CONTINUUM OF CARE | 205,962 | 190,578 | 187,474 |
| Rollover | F826N | F826N Rollover | 121,809 | - | - |
| Rollover | F827N | F827N Rollover | 52,858 | - | - |
| | | Total BHA Contracts | $ 2,603,180 | $ 2,975,138 | $ 3,420,179 |
| | | | | | |
| | | **OPER** | | | |
| PF009OAD | F808N | MARYLAND OPIOID ACADEMIC DETAILING | $ 16,405 | $ - | $ - |
| | | Total OPER Contracts | $ 16,405 | $ - | $ - |
| | | | | | |
| | | **OES** | | | |
| MA155ACM | F731N | PWC ELIGIBILITY | $ 554,786 | $ 583,945 | $ 628,786 |
| | | Total OES Contracts | $ 554,786 | $ 583,945 | $ 628,786 |
| | | | | | |
| | | **OPHI** | | | |
| MU535ADP | F841N | SUBSTANCE ABUSE PREVENTION | $ 235,271 | $ 235,271 | $ 235,271 |
| MU015OMP | F870N | OPIOID MISUSE PREVENTION PROGRAM | 88,679 | 88,679 | 88,679 |
| MU642COV | F798N | SUBSTANCE ABUSE PREVENTION COVID | - | 131,014 | 131,014 |
| CDC24HRU | F979N | CDC DISPARITIES GRANT | - | - | 481,727 |
| MU023OFR | F802N | SUBSTANCE ABUSE PREVENTION COVID | - | 59,973 | 59,973 |
| CH574CFT | F400N,F416N | CORE PUBLIC HEALTH SERVICES | 1,842,600 | 2,851,686 | 4,756,478 |
| | | Total OPHI Contracts | $ 2,166,550 | $ 3,366,623 | $ 5,753,142 |
| | | | | | |
| | | **OHS** | | | |
| MA027EPS | F730N | ADMINISTRATIVE CARE COORDINATION | $ 205,000 | $ 205,000 | $ 158,758 |
| MA127GES | F720N | LHD ASSESMENT GRANT | 49,761 | 49,761 | 49,761 |
| MA363GTS | F738N | GENERAL TRANSPORTATION GRANT | 2,100,999 | 2,109,444 | 2,332,793 |
| | | Total OHS Contracts | $ 2,355,760 | $ 2,364,205 | $ 2,541,312 |

| | | | | | |
|---|---|---|---|---|---|
| | | **MOTA** | | | |
| ELC09CLW | F796N | ELC CHW OUTREACH | $ 50,000 | $ 90,000 | $ - |
| | | Total MOTA Contracts | $ 50,000 | $ 90,000 | $ - |
| | | | | | |
| | | **PHS** | | | |
| ARP23SLI | F501N | STRENGHTENING LOCAL HEALTH DEPARTMENT INFRASTRUCTURE | $ - | $ - | $ 126,644 |
| | | Total PHS Contracts | $ - | $ - | $ 126,644 |
| | | | | | |
| | | **PHPA - FHA - EHB** | | | |
| CH549CPE | FC01N-FC03N | CANCER PREV, EDUC, SCRN, DIAG-NON CLINICAL | $ 224,895 | $ 227,866 | $ 225,225 |
| CH589TPG | FT02N-FT06N | TOBACCO PREVENTION AND CESSATION | 133,109 | 133,109 | 133,835 |
| CH923BBH | F568N | BABIES BORN HEALTHY INITIATIVE | 141,662 | 146,000 | 146,000 |
| MIE09ARP | F985N | MIECHV ARP ROUND 2 | - | - | 79,850 |
| FHE010TSC | F673N | TOBACCO - ENFORCEMENT INITIATIVE SUPPORT SYNAR COMPLIANCE | 50,000 | 50,000 | 55,000 |
| FH101FFP | F691N | REPRODUCTIVE HEALTH/FAMILY PLANNING | 390,000 | 475,000 | 475,000 |
| FH445CBC | F676N | CDC BREAST & CERVICAL CANCER | 115,374 | 104,800 | 119,800 |
| FHD82SQI | F696N | SURVEILLANCE AND QUALITY IMPROVEMENT | 78,000 | 78,000 | 78,000 |
| FHB03CDT | F667N | BREAST & CERVICAL CANCER DIAGNOSIS, CASE MGMT & TREATMENT | 95,800 | 91,000 | 91,000 |
| FHC18SEA | F636N | ORAL HEALTH SEALANTS | 42,566 | 42,566 | 42,566 |
| FHD38MIC | F661N | HFA EXPANSION | 423,901 | 423,901 | 423,901 |
| FHB81PRE | F602N | PERSONAL RESPONSIBILITY EDUCATION | 56,000 | 56,000 | 58,644 |
| FH008SBH | F973N | SCHOOL BASED HEALTH CENTERS | - | - | 157,798 |
| SBF16MFP | F934N | REPRODUCTIVE HEALTH/FAMILY PLANNING | - | - | 50,000 |
| FH006OAH | F788N | MARYLAND OPTIMAL ADOLESCENCE HEALTH PROGRAM | 71,500 | 118,080 | 97,859 |
| FHB74VIP | F612N | VIOLENCE AND INJURY PREVENTION | 25,658 | - | - |
| FH114TBT | F779N | THRIVE BY THREE (TB3) | - | - | 250,000 |
| FHC21OBS | F913N | OBESITY SCREENING IN THE DENTAL SETTING | 16,000 | 10,500 | - |
| FH628CHI | F915N | WOMEN'S HEALTH SERVICES | 76,696 | 76,696 | 76,696 |
| FH104ODS | F927N | OBESITY SCREENING IN THE DENTAL SETTING | - | 20,000 | - |
| CH023TDC | F931N | TOBACCO, DIABETES, AND CHRONIC DISEASE PREVENTION AND MGMT INITIATIVES | - | - | 145,833 |
| FH583CHC | F817N | CHILDREN WITH SPECIAL NEEDS | 21,250 | - | - |
| CH006OFO | F977N | PHHS - BLOCK GRANT | - | 20,000 | 34,000 |
| WI200WIC | F705N | WOMAN, INFANTS, AND CHILDRES FOOD PROG | 1,005,905 | 1,140,938 | 1,179,800 |
| | | Total PHPA-FHA-EHB Contracts | $ 2,968,316 | $ 3,214,456 | $ 3,920,807 |
| | | | | | |
| | | **Total Dollars Audited by Fiscal Years** | **$ 28,581,584** | **$ 18,400,278** | **$ 20,559,710** |

| | |
|---|---|
| **Total Number of Contracts Audited** | **193** |
| **Total Contract Dollars Audited** | **$ 67,541,572** |

## Findings and Recommendations

## Payroll

**Finding 1 – Internal Controls of Overtime**
WiCHD did not always maintain the pre-approval documentation for employee overtime.

**Analysis**
The OIGH reviewed employee overtime reports and discovered that the WiCHD did not consistently maintain required pre-approval documentation for overtime worked. Specifically, four employees' overtime records were missing pre-approval documentation, and WiCHD stated that approvals were provided verbally.

**Criteria**
The Maryland Department of Health, New Employee Handbook, section VII – Hours of Works states:
*"A. Employees work an 8.0-hour day.*
*B. Lunch period is 30 or 60 minutes depending upon work schedule and is mandatory.*
*C. Normal business hours are 8:00 a.m. to 5:00 p.m.*
*D. Standard pay week is Wednesday through Tuesday, totaling 40 hours.*
*E. Overtime, i.e., time worked beyond the normal schedule, must be approved in advance by supervisor.*
*1. The title rate listing determines overtime or cash time eligibility.*
*2. Straight time cash payment up to 40 hours per week Wednesday to Tuesday.*
*3. Time and one-half cash payment in excess of 40 hours per week Wednesday to Tuesday, or over 8 hours in a day for Direct Patient Care classifications.*
*F. Compensatory time is time worked beyond the normal schedule approved in advance by the supervisor.*
*1. Generally, grades 8 and above are eligible, which usually includes executive, professional and administrative classifications, the title rate listing determines the eligibility.*
*2. Must work at least one-half hour in excess of the regular workday hours before compensatory leave is earned/credited.*
*3. Must be used within a 12-month period.*
*4. Can be taken only with supervisor's advance approval."*

**Recommendation 1**
**The OIGH recommends that WiCHD:**
**Ensure all overtime hours are pre-approved and documented through a standardized authorization process to maintain compliance and accountability.**

## Procurement

**Finding 2 – Inadequate Supporting Documentation for Vendor Procurements**
WiCHD did not always maintain adequate supporting documentation for Vendor Procurements.

**Analysis**
The OIGH reviewed 32 vendor procurement transactions and disclosed that two vendors lacked current supporting documentation for FY2023. The supporting records provided were from prior fiscal years. This occurred because WiCHD did not consistently enforce documentation retention and review controls.

**Criteria**
According to the Maryland Department of Health (MDH) Human Services Agreement Manual (HSAM), *Section 2200 – Procurement, local health departments must: Maintain complete procurement documentation including solicitation records, bid evaluations, approvals, and justifications. Ensure procurements are conducted in accordance with established thresholds and competitive requirements; and Retain procurement files for all active vendors for review and audit purposes. Failure to maintain complete procurement documentation violates HSAM §2200 recordkeeping and internal control requirements.*

**Recommendation 2**
**The OIGH recommends that WiCHD:**

a. **Strengthen its procurement recordkeeping procedures to ensure complete documentation is maintained for all vendors.**
b. **A centralized procurement filing system should be implemented to retain solicitations, evaluations, and approvals for each vendor.**
c. **Management should perform periodic internal reviews to verify that procurement records are properly maintained and readily available for audit and compliance verification.**

**Finding 3 – Consultant Timekeeping and Contracts**
WiCHD did not always maintain complete consultant contract documentation and did not ensure that consultant timesheets included time in and time out entries.

**Analysis**
The OIGH's review of 29 Consultant Fee and Expenditure invoices of four Consultants in the audit period disclosed several documented deficiencies. Specifically:

- FY21: Nine consultant timesheets did not document time in and time out.
- FY22 – FY23: One consultant contract was not provided, and three consultants timesheets lacked time in and time out entries.

The absence of executed consultant contracts prevents verification of contract terms, rates, and authorization. Incomplete timesheets make it impossible to confirm the actual hours worked and billed. Together, these weaknesses reduce accountability, increase the risk of unsupported or inaccurate payments, and indicate noncompliance with MDH consultant documentation and monitoring requirements.

**Criteria:**
According to LHD Funding Manual: Section 2080.07: *Salary, Fringe and Consultants – Documentation:*

*(a) Salary and fringe costs must be supported by the following:*
*1) Maintenance of a time-reporting system for personnel funded by the award.*
*2) maintenance of adequate records supporting charges for fringe benefits and,*
*3) maintenance of payroll authorization and vouchers.*

*(b) Consultant costs must be supported by the following:*
*1) Maintenance of a time-reporting system for consultants funded by the agreement.*
*2) maintenance of consultants' invoices and,*
*3) maintenance of consultants' signed agreement and any professional licenses required by law.*

**Recommendation 3**
**The OIGH recommends that WiCHD:**

a. **Ensure all consultant contracts are properly executed, approved, and retained for each fiscal year.**
b. **Require all consultants to record time in and time out on their timesheets, with supervisory review and approval before payment processing.**
c. **Management should also implement a monitoring checklist to confirm that consultant files contain executed contracts, detailed timesheets, and payment support prior to reimbursement.**

**Finding 4 – Contract Monitoring and Vendor Business Status Verification**
WiCHD did not always monitor the contract compliance and business status of its vendors.

**Analysis**:
The OIGH's review disclosed that WiCHD did not consistently verify or maintain documentation of vendor business standing. Supporting evidence from the State Department of Assessments and Taxation (SDAT) was missing from several vendors across FY21-FY23, and one vendor contract in FY23 lacked amendment for the updated fee schedule.

**Criteria**
According to the Maryland Department of Health (MDH) Human Services Agreement Manual (HSAM) *§2030.09 – Verification of Legal Status***,** *vendors must be in "Good Standing" with the Maryland Department of Assessments and Taxation (SDAT) to ensure compliance with State tax and registration requirements. Contracting with entities that are not verified for good standing violates State procurement regulations. The manual further states that "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."*

In addition, *HSAM §2100 (Contractor Responsibility) requires vendors to properly manage program and fiscal operations, maintain accurate records, and comply with all applicable State and federal laws. HSAM §2204 (Vendor Compliance/Good Standing) reinforces that vendors must remain legally and financially in good standing—properly registered, authorized to conduct business in Maryland, and compliant with all tax and reporting obligations. Furthermore, COMAR 21.05.01.02 (Responsibility of Prospective Contractors) defines a responsible contractor as one with the capability, integrity, reliability, and resources necessary to perform successfully. Failure to verify and maintain vendor business good standing represents noncompliance with these provisions, as it exposes the State to financial and legal risks by engaging with entities that may lack valid registration, authority to operate, or fiscal accountability—contrary to MDH's established procurement and contract management standards."*

According to the Maryland Department of Health (MDH) Human Services Agreement Manual (HSAM) and related COMAR provisions, *vendors must follow strict requirements when managing, renewing, or modifying contracts.*
*HSAM §2202 (Contract Amendments/Renewals) states that any change to a contract—such as extensions, renewals, funding adjustments, or scope modifications—must be properly authorized, documented in writing, and approved by the Department before taking effect. HSAM §2110 (Internal Controls/Recordkeeping) requires vendors to maintain effective internal controls and accurate financial, programmatic, and administrative records to ensure accountability, transparency, and compliance with State and federal regulations. HSAM §2300 (Contract Administration and Amendments) emphasizes that both MDH and the vendor share responsibility for ensuring that contracts are administered in accordance with approved terms, including monitoring performance, verifying deliverables, and ensuring that any amendments are properly executed and filed. Similarly, COMAR 21.07.04.02 (Contract Modifications) provides that all contract modifications must be made by written agreement, duly signed by authorized officials, and supported by justification that changes are within the original scope of work.*

**Recommendation 4**
**The OIGH recommends that WiCHD:**

a. **Establish a vendor compliance monitoring system to verify and document vendor business standing at award and annually thereafter, with proof filed in each contract folder.**
b. **Implement a formal contract update process requiring all amendments, rate adjustments, and fee schedule changes to be reviewed, approved, and documented timely.**
c. **Centralize contract files and conduct periodic internal reviews to ensure completeness, accuracy, and current documentation.**
d. **Designate a responsible staff member or unit (e.g., Procurement/Grants Manager) to verify that all vendor compliance and contract updates are completed before payment or renewal.**

## Sub-Vendors

**Finding 5 – Insufficient Sub-Vendor Oversight**
WiCHD did not always have adequate controls in place over its sub-vendors.

**Analysis**
The OIGH's review of sub-vendor controls during the audit period disclosed that WiCHD did not have adequate controls in place for its sub-vendors. For example:

- One sub-vendor's required on-site monitoring documentation was not maintained for audit review.
- Two sub-vendor contracts were not provided for the audit period — one from FY21 and another from FY23.

**Criteria**
The Standards for Audit of Human Services Sub-Vendors *Section III.C.1 states: "Vendor responsibilities: The standards set forth in this document shall apply to all MDH human services vendors that award all or a portion of their funds received from MDH to sub-vendors to provide services. Vendors are to comply with these requirements and to communicate them to their sub vendors. These standards shall also apply when a sub-vendor contracts with its own sub-vendor....*

a. *Audits of sub-vendors**:** Each vendor is responsible for conducting or contracting for regular audits of sub-vendors as set forth in sections D. (2) and E. (1 through 4) and consistent with the requirements of these standards.*
b. *Controls over sub-vendors: Each vendor is responsible for having adequate controls and monitoring procedures over its sub-vendors. These controls should include, but not be limited to, properly executed sub-vendor contracts, periodic progress and fiscal reports, review of audit reports and site visits to sub-vendors…"*

**Recommendation 5**
**The OIGH recommends that WiCHD:**

**a. Ensure that all Sub-Vendors monitoring reviews are properly documented, signed, dated, and retained for futured reference.**
**b. Ensure all sub-vendor contract agreements are executed, maintained and readily available for future reference.**

## Equipment

**Finding 6 – Missing Equipment**
WiCHD did not always safeguard and account for all equipment purchased under MDH – Funded programs.

**Analysis**
The OIGH's review of WiCHD's physical inventory documentation disclosed that 25 equipment items had not been verified in recent years, with the last recorded inventory dates ranging from FY2013 to FY2021. This condition indicates that periodic physical inventories were not consistently performed in accordance with State requirements.

WiCHD management explained that the missing records may have resulted from lost or disposed documentation during system issues and a prior MDH security incident. Additionally, some equipment items had not been inventoried for more than a decade, and no official Disposal Inventory Reports or Department of General Services (DGS) approvals were available to confirm their disposition.

The absence of current inventory verification and proper disposal documentation represents a breakdown in internal controls designed to safeguard State property. As a result, WiCHD's equipment records may be incomplete or inaccurate, increasing the risk of undetected loss, misappropriation, or misuse of State-funded assets.

See Schedule below for details:

| Wicomico County Health Department<br>Schedule of Missing Equipment<br>Audit Period FY2020 to FY2023 | | | | | |
|---|---|---|---|---|---|
| **Barcode Number** | **Fiscal Year** | **Missing Item Description** | **Acquisition Cost** | **Last Inventory Date** | **Disallowed Amount** |
| 101860 | FY12 | DESK | $ 767 | 1/22/2013 | $ 767 |
| 101911 | FY19 | DESK | 767 | 8/3/2018 | 767 |
| 101927 | FY19 | DESK | 927 | 8/7/2018 | 927 |
| 104083 | FY17 | X-RAY | 10,500 | 7/21/2016 | 10,500 |
| 104618 | FY12 | LIGHT | 695 | 1/30/2013 | 695 |
| 104619 | FY12 | LIGHT | 695 | 1/30/2013 | 695 |
| 106614 | FY12 | STATION | 1,494 | 3/4/2013 | 1,494 |
| 107160 | FY19 | CHAIR | 651 | 8/7/2018 | 651 |
| 107351 | FY17 | LIGHT CURING | 776 | 7/21/2016 | 776 |
| 107500 | FY18 | HANDPIECE MOTOR | 625 | 4/15/2019 | 625 |
| 107594 | FY17 | NITROUS OXIDE | 4,056 | 7/26/2016 | 4,056 |
| 107902 | FY19 | DESK | 765 | 8/3/2018 | 765 |
| 107905 | FY21 | DESK HUTCH | 508 | 11/10/2020 | 508 |
| 107908 | FY16 | DESK | 508 | 2/1/2017 | 508 |
| 107910 | FY16 | DESK | 622 | 2/1/2017 | 622 |
| 102148 | FY12 | DESK | 600 | 1/22/2013 | 600 |
| 103662 | FY12 | DESK | 616 | 1/22/2013 | 616 |
| 101683 | FY12 | CHAIR | 729 | 1/29/2013 | 729 |
| 103492 | FY13 | DESK | 779 | 12/11/2012 | 779 |
| 100398 | FY11 | TOYS | 794 | 2/1/2012 | 794 |
| 104453 | FY16 | FILE VERTICAL | 827 | 2/1/2017 | 827 |
| 103161 | FY17 | FILE LATERAL | 899 | 7/21/2016 | 899 |
| 104198 | FY18 | TELEVISON | 711 | 8/1/2018 | 711 |
| 104199 | FY18 | KIT | 711 | 8/1/2018 | 711 |
| 104705 | FY18 | KIT | 750 | 8/3/2018 | 750 |
| | | **Total Cost Disallowance** | **$ 31,772** | | **$ 31,772** |

**Criteria**

According to the Department of General Services (DGS) Inventory Control Manual, "*agencies are required to maintain strict accountability and safeguarding of all State property. Section V.02 Security Measures mandates that agencies "take every precaution that is practical or necessary to protect State property from being lost or stolen," including permanently marking all capital and non-capital equipment as Maryland State property, recording serial numbers, locking and securing sensitive items, and implementing sign-out and return procedures to ensure proper custody and control. Additionally, Section IV.03 General Requirements establishes that all State-owned personal property must be properly controlled, safeguarded, and disposed of only in accordance*

*with DGS procedures, prohibiting items from being stored, transferred, scrapped, junked, or otherwise removed from agency possession without proper authorization and documentation from the Inventory Standards and Support Services Division (ISSSD). Together, these standards require agencies to maintain complete and accurate inventory records, ensure adequate physical safeguards, and follow proper reporting and disposal procedures to prevent loss, theft, or mismanagement of State assets. Failure to meet these requirements resulted in 25 equipment items being missing, indicating that the controls outlined in the Inventory Control Manual were not fully implemented or enforced. DGS's Inventory Control Manual Section IV.02 Security Measures states: "A. Agencies shall take every precaution that is practical or necessary to protect State property from being lost or stolen. B. Losses shall be investigated to determine the cause and to take corrective action to protect property against future loss occurrences"*

**Recommendation 6**

**The OIGH recommends that WiCHD:**

**a. Conduct and document annual inventory verification and update property records accordingly.**

**b. Complete physical inventory count shall be implemented immediately to reconcile all 25 missing items.**

Cost Disallowances resulting from the 25 missing equipment total $31,772 due to MDH.

**Finding 7 – Weakness in Equipment Inventory Accuracy**
WiCHD needs to strengthen controls to ensure accuracy of equipment inventory records.

**Analysis**

The OIGH's review of WiCHD equipment inventory system during the audit period highlighted several areas where equipment inventory accuracy could be strengthened. We noted instances where:

- One Item description classification on Inventory List was posted incorrectly.
- One Equipment purchase was posted to the incorrect line item.

**Criteria**

The DGS Inventory Control Manual, section II.03.A states: "*A procedure for maintaining a capital equipment inventory system, manual or computerized, shall be written and implemented. A copy of the procedure shall be retained on file for reference and audit purposes. These requirements are applicable to each State-owned item of capital equipment within an organization's responsibility and on loan to the organization (refer to Section III .03 for additional information). The requirements do not apply to items temporarily assigned to an organization under the guidelines set forth in Section VI permanent records for which the lending organization is responsible. The following minimum data shall be maintained:*

*1. Item Identification consisting of at least the agency property identification number and description (refer to .03 E. of this Section)*

*2. Name of supplier and purchase order or other acquisition document number.*

*3. Acquisition cost and date.*

*4. Physical location of item.*

*5. Serial number, if any.*
*6. Source of funds.*
*7. Most recent physical inventory date.*
*8. Justification and authorization reference for transfer or disposal.*
*9. Detail inventory records and control accounts shall be maintained by category (equipment, motor vehicles, and livestock) of fixed assets.*
*In manual systems, Form DGS-950-2, (Section VI), is the recommended format for recording equipment information. Form DGS-950-3, (Section VI), is recommended for motor vehicles, and Form DGS-950-5 (Section VI) is recommended for livestock. Computerized systems shall have the capability to maintain, and report required information"*

The DGS Inventory Control Manual, section II. 03. B states, *"Physical Inventories: I. Capital Equipment: a. Sensitive Items – A complete physical inventory shall be taken at least once each year. b. Non-Sensitive – A complete physical inventory shall be taken at least once every three years. It is not necessary that the physical inventory be taken in its entirety on a given date. Periodic checks may be made throughout the period between inventory cycles. However, by the end of each cycle, all items shall have been physically checked."*

**Recommendation 7**
**The OIGH recommends that WiCHD:**

**a. Strengthening the input review process to ensure all physical descriptions match the recorded classification before an item is tagged.**
**b. Verify and correct inventory classifications to maintain accurate asset records.**

## Information Technology Security

**Finding 8 – Safeguarding Sensitive Data**
WiCHD did not document its review of the SOC 2 Type 2 Report

**Analysis**
The OIGH's review of information technology program disclosed that WiCHD did not document review of independent security review (annual SOC 2 Type 2 report) from external third party to confirm that sensitive data was being effectively safeguarded. The lack of documented review prevents verification that third-party IT providers maintain adequate data protection controls.

**Criteria**
The American Institute of Certified Public Accountants (AICPA) has released recommendations on service organization audits. Customers, such as AOBI, may request an independent auditor's report known as a System and Organization Controls (SOC) for Service Organizations report. SOC reports come in a variety of formats, with differing scopes and levels of review and auditing. The results of the auditor's review of controls in place and tests of operating effectiveness for the period under review are included in one type of report, known as a SOC 2 Type 2 report, and could include an evaluation of system security, data availability, processing integrity, data confidentiality, and privacy.

**Recommendation 8**
**The OIGH recommends that WiCHD:**
**Review SOC 2 Type 2 Report from external third party, document review and save for future reference.**

# Appendix 1: Provider Responses

**Wicomico County Health Department**
108 East Main Street • Salisbury, Maryland 21801
*Matthew McConaughey, MPH, Health Officer*

Nov 7, 2025

Chau Nguyen
Acting Chief, External Audit Division
Office of the Inspector General for Health

Dear Mr Nguyen,

Please accept this letter as our formal Corrective Action Plan as well as our grievance of the charge back of $32,455 for missing equipment.

Corrective Actions:

Finding 1:

WiCHD were informed 2023 that all comp time and overtime approval had to be in writing and not just verbal by the OIG Office. At that time, we corrected our procedures since, by having staff email their supervisors for approval. The supervisor then responds to the employee, as well as copying Personnel for a record of the approval. The time frame of our current audit overlaps 2023, before we started to document approval via emails.

Finding 2:

Since 2023, our purchasing policy has changed and we complete sole-source forms per County guidelines, for any purchase over $5,000. WiCHD will continue this process as well as keep documentation when we receive no responses from vendors on active procurement efforts.

To ensure all documentation is kept properly, all documentation for each procurement will be kept in a shared drive in google. Our Procurement department will scan all documentation for each procurement process, including documentation if no vendors respond to published ads. The drive will be shared with Management as well for review.

Finding 3:

As stated in our Audit: The staffing agency we used in FY 21 for extra staffing for our COVID efforts, did not list beginning and end time on their invoices, just hours worked. These hours worked were verified by each supervisor before WiCHD submitted payments. We no longer use this staffing agency; therefore, it is no longer an issue.

For FY 22-23, as explained multiple times to the OIG Auditing Staff, our consultant is not paid by hour, she is paid per PSSAR evaluations that are performed. We have already corrected the Contract for this vendor for FY 26, making sure that the consultant properly details the terms of payment. We will also no longer charge this expense to 0200 series line item and will budget and charge 0881-line item.

Finding 4:

Since FY 23, we have addressed contract issues with contract guidance and a checklist on our Wichd's Sharepoint website. The check list contains all information that needs to be documented and attached to the contract. Documentation for SDAT is included on the checklist. No contracts will be signed without proper documentation attached. The contract guidance also includes Contract addendums and process to update any current contracts including a fee change. (Please see attached documentation that was implemented in 2024). We have also begun reviewing contract tracking software to use as a tool to make sure we are compliant with all guidelines and retention for contracts.

Finding 5:

On site Monitoring:

A new police has been developed for Vendor monitoring The policy will be reviewed and enforce to Program Managers an/or designee.

**On Site Visit Procedures**

1) Pre-Visit Notification: Send monitoring notice 2-4 weeks ahead, including documentation request list.
2) Entrance Meeting: Explain purpose of visit, agenda, roles and expectations.
3) Program Review: Observe services or activities and interview leadership and/or staff
4) File & Documentation Review: Random sample of client files, invoices, and financial records
5) Facility Walkthrough (if applicable): Confirm equipment or program materials purchased with grant funds exist and are in use.
6) Exit Conference: Provide preliminary results and next steps.

One sub-vendor referred to is Wicomico County. Wicomico County previously had an employee that was funded out of a MDH grant. A contract was not completed between Wicomico County and Wicomico Co Health Department. Wicomico Co no longer has an employee that is paid by MDH funding. The other vendor contract was missed during Covid. Although we feel we do a good job with our contracts, we always try to improve and therefore are implementing a contract tracking software (mentioned in Finding 4) to make sure all contracts are signed yearly and all documentation is kept together for each vendor.

Finding 6:

As discussed during the audit, we strongly believe the inventory discrepancies, which date back to 2013, are a result of the cyber-attack rather than physical loss occurring between 2013 and 2020. This conclusion is supported by the fact that the inventory was not noted as missing in our two previous OIG audits, which covered Fiscal Years 2014 through 2017 (completed October 2018) and Fiscal Years 2017 through 2020 (completed September 2022).

The issue surfaced only after we restored our inventory program (MITS) from backups, approximately 18 months following the cyber-attack. We are currently working with DGS to officially remove these items from our records, as the disposal documentation was lost in the attack.

We are also questioning the calculation of the $32,455 charge, given the age and limited value of the property in question. Of the 26 items listed, 15 are over 20 years old, and five of those 15 are over 30 years old. According to the DGS Inventory Manual, "Junk" is defined as property with "no economic, scrap, or functional value." We contest the functional or financial value remaining in a 20- or 30-year-old desk or television. I have included OIG's Schedule of Missing Equipment but added the acquisition date, which does not match the Fiscal Year Column. The OIG's Fiscal Year Column shows when it was last inventoried, not when the inventory was purchased, which does not give an accurate description of how old this inventory was.

As we repeatedly explained to the OIG auditing staff, we believe the disposal information was corrupted during the cyber-attack. We were able to demonstrate that other inventory purchased around the same time periods was properly disposed of previously, citing disposal numbers and dates found in related records. Although we no longer possess copies of the disposal forms—as the retention schedule does not require keeping them for more than 10 years—this evidence shows that the practice of disposal was followed for similar assets.

Furthermore, many of the desks last inventoried in 2013 were located at our Fritz facility, which experienced a flood in 2016. We believe these items were ruined in the flood and subsequently disposed of.

These examples reinforce our position that the loss of disposal records for the missing inventory was due to the cyber-attack and the subsequent loss of data. WiCHD will continue to follow DGS Inventory Manual and Guidelines.

| WicomicoCountyHealthDepartment | | | | | | |
|---|---|---|---|---|---|---|
| Barconde Number | Fiscal Year | MissingIte m | Acqusation Cost | Acquastion Date | Last Inventory Date | Disallowed Amount |
| 101860 | FY12 | DESK | $ 767 | 11/30/1995 | 1/22/2013 | $ 767 |
| 101911 | FY19 | DESK | 767 | 6/7/1995 | 8/3/2018 | 767 |
| 101927 | FY19 | DESK | 927 | 3/11/2002 | 8/7/2018 | 927 |
| 104083 | FY17 | X-RAY | 10,500 | 8/24/2005 | 7/21/2016 | 10,500 |
| 104618 | FY12 | LIGHT | 695 | 8/28/2006 | 1/30/2013 | 695 |
| 104619 | FY12 | LIGHT | 695 | 8/28/2006 | 1/30/2013 | 695 |
| 106614 | FY12 | STATION | 1,494 | 6/21/2010 | 3/4/2013 | 1,494 |
| 107160 | FY19 | CHAIR | 651 | 11/14/20211 | 8/7/2018 | 651 |
| 107351 | FY17 | LIGHT | 776 | 6/6/2012 | 7/21/2016 | 776 |
| 107500 | FY18 | HANDPIECE | 625 | 9/12/2012 | 4/15/2019 | 625 |
| 107594 | FY17 | NITROUS | 4,056 | 7/31/2012 | 7/26/2016 | 4,056 |
| 107902 | FY19 | DESK | 765 | 7/15/2013 | 8/3/2018 | 765 |
| 107905 | FY21 | DESK HUTCH | 508 | 7/16/2013 | 11/10/2020 | 508 |
| 107908 | FY16 | DESK | 508 | 7/16/2013 | 2/1/2017 | 508 |
| 107910 | FY16 | DESK | 622 | 7/16/2013 | 2/1/2017 | 622 |
| 108264 | FY14 | DESK | 683 | 6/11/2015 | 6/11/2015 | 683 |
| 102148 | FY12 | DESK | 600 | 9/11/2006 | 1/22/2013 | 600 |
| 103662 | FY12 | DESK | 616 | 1/2/1990 | 1/22/2013 | 616 |
| 101683 | FY12 | CHAIR | 729 | 1/2/1990 | 1/29/2013 | 729 |
| 103492 | FY13 | DESK | 779 | 5/19/2005 | 12/11/2012 | 779 |
| 100398 | FY11 | TOYS | 794 | 7/3/1996 | 2/1/2012 | 794 |
| 104453 | FY16 | FILE VERTICAL | 827 | 8/22/2005 | 2/1/2017 | 827 |
| 103161 | FY17 | FILE LATERAL | 899 | 5/29/1990 | 7/21/2016 | 899 |
| 104198 | FY18 | TELEVISON | 711 | 9/8/2005 | 8/1/2018 | 711 |
| 104199 | FY18 | KIT | 711 | 9/8/2005 | 8/1/2018 | 711 |
| 104705 | FY18 | KIT | 750 | 1/5/2001 | 8/3/2018 | 750 |
| | | **Total Cost Disallownces** | **$ 32,455** | | | **$ 32,455** |

Finding 7:

During COVID when purchasing equipment to use in the emergency we accidentally listed one piece of equipment incorrectly in the description field and accidentally charged a piece of equipment to 0965 instead of 1073-line item. WiCHD will continue to have 2 approval levels for all purchases and overview to ensure accuracy.

Finding 8:

The Agency was under the understanding that the documentation of reviewing the SOC 2 Type 2 report was sufficiently handled by the MDH SDI process. However, based on OIGH's recommendations, WiCHD will begin a documentation process of reviewing SOC 2 Type 2 reports in addition to the SDI process.

If you have any questions or concerns, we will be more than accommodating to hold another exit meeting.

Sincerely,

Matthew McConaughey, MPH

Health Officer

## Wicomico County Health Department Checklist for Reviewing Contracts

| ITEM | DESCRIPTION/EXAMPLES | ☑ |
|---|---|---|
| **Approval Log** | Complete approval log to demonstrate that contract has been reviewed by Supervisor, Director, and Fiscal (if money is involved) before requesting Health Officer signature. | |
| **Date** | Look at all dates, make sure that the fiscal year is correct, and all dates are filled in. | |
| **Names, Contact Information** | Check for correct contact information, for example, contact person, correct email address and correct telephone and fax number. | |
| **Payment** | Detail out the terms of Payment. We cannot pay upfront; we must receive full or partial service before submitting for full or partial payment. Must receive an invoice to initiate payment. (Invoice must include date, vendors name, address, Federal ID number or SS #, and description of services or goods.) Once the invoice is received, the State has 30 days to make payment. We cannot pay a late fee. | |
| **Total Dollar Amount** | Ensure that there is a total dollar amount on the contract and matches amount in approved budget. | |
| **Insurance/Liability Coverage, Certification** | If the contract requires the contractor to provide a Certificate of Liability Insurance or other Certification, attach the document(s) to the contract. | |
| **SDI Approval** | Attach the SDI approval with contract. (If SDI review is needed, see flowchart) If needed, submit an SDI review request form. | |
| **Granting Administration Approval** | Ensure service is approved in the budget or in writing from the grant administration. | |
| **Purchase Order Complete** | All contracts will need a Purchase Order completed. | |
| **County Legal Review** | Does this contract need legal review? Does the contract involve another County Agency? | |
| **Vendor in "Good Standing"** | Is the vendor in Good Standing with the State of Maryland? https://egov.maryland.gov/BusinessExpress/EntitySearch (ATTACH TO MOU/VENDOR CONTRACT PACKET) | |
| **Termination** | Check to make sure that there is a termination clause and that the terms of the termination are appropriate to the contract. | |
| **Attachments** | Confirm that all attachments are attached and referenced by letter or number according to how they are in the contract. | |
| **Bids or RFPs** | Was Procurement contact for a formal bid or RFP? Did the department receive quotes for the goods/service? (please see the Purchasing Manual) | |
| **Sole Source Form** | Is a Sole Source Form completed and approved (if needed). | |
| **Mini - Grants** | Please include Form 432 with contract. **(Only 5013c, non-profits, churches can be given funds in advance).** | |
| **Indemnification Clause** | Read the document for an indemnification clause, we cannot sign one with an indemnification clause where we are indemnifying the other party. *Directions from the State*: "The State shall not assume any obligation to indemnify, hold harmless, or pay attorneys' fees that may arise from or in any way be associated with the performance or operation of this agreement." Consult with Administration or Health Officer if contract is with another state agency. | |
| **Governing Law** | The Principal Agreement shall be enforced in accordance with and governed by the laws of the State of Maryland. | |
| **Business Associate Agreement** | In the Business Associate Agreement, we are the Covered Entity. As per our MDH Privacy Officer, we do not sign Business Associate Agreements initiated by other agencies making us the Business Associate. | |

***Effective September 16, 2024: Please include with your MOU approval packet.***

# Guidelines on Completing Contracts

*(Click name to open link to the template)*

**FMIS Purchase Orders**: Can be used for services under $5,000 that are a one-time only service (example: a speaker for an event), that do not have ongoing deliverables, and a contract is not required. (Deliverables should be clearly specified on PO.)

**Wicomico Interagency Agreement:** To be used when contracting with a university or college. *Only red sections can be changed* on this IA, all other language must stay the same. Other items required: Statement of Work (For AmeriCorps workers, this could be the contract that SU has us sign, it can be attached to our IA) and a detail budget if required. (A budget detail may not be needed).

**Wicomico MOU for other Gov't Agencies:** To be used for all other State or Local Agencies (ie, other HDs, other Wicomico Co Dept's and City of Salisbury). *Only red sections can be changed*. Other items required: Statement of Work (no template for statement of work, can be created by the department) and detailed budget if needed (if template is needed can use MDH 432-page B).

**WiCHD MOU In-house Template:** To be used when contracting with another department within Wicomico Co Health Dept.

**Wicomico MOU – Mod:** To be used for any modifications to the original contract.

**Wicomico Vendor Contract:** To be used to contract with any vendor including contract for services (ie, Doctors, NPs, Dentist and Dental Hygienists). *Only red sections can be changed*. Each Contract will need to list an Agreement Monitor from your department. If a vendor asks us to sign their contract, please refer to the WiCHD checklist for reviewing contracts. Per AG, if we sign a vendor contract, they will still need to sign our contract as well. They must agree to the conditions in our contract.

**Wicomico Vendor Contract (Mini-Grant Funding Only):** This is to be used for min-grant recipients who will be given funds up front. The MDH 432 budget will need to accompany the contract. *Only red sections can be changed*. Each contract will need to list an Agreement Monitor from your department. *Contract will not be signed unless all Payments to the Vendors will be made before May 1st.

**Wicomico Vendor Contract – Mod:** To be used to modify any Wicomico Vendor Contract or Mini-Grant Contract.

# Appendix 2 – Auditor comments to Provider Responses

**Finding 3 – Consultant Timekeeping and Contracts**

**WiCHD's Response**

As stated in our Audit: The staffing agency we used in FY21 for extra staffing for our COVID efforts did not list beginning and end times on their invoices, just hours worked. These hours worked were verified by each supervisor before WiCHD processed payments. We no longer use this staffing agency; therefore, it is no longer an issue.

For FY22–23, as explained multiple times to the OIG Auditing Staff, our consultant is not paid by the hour she is paid per PSSAR evaluations that are performed. We have already corrected the Contract for this vendor for FY 26, making sure that the consultant properly details the terms of payment. We will also no longer charge this expense to 0200 series line item and will budget and charge 0881-line item.

**Auditor Comments**

Upon review of the explanation and further examination of the supporting documentation, the OIGH maintains its position that the finding should stand. As communicated to WiCHD during the audit, LHDFSM Section 2080.07 requires that consultant costs be supported by a time-reporting system for all consultants funded by the agreement.

The documentation provided confirms that WiCHD did not maintain a time-reporting system for the consultant during the audit period. The absence of required time documentation does not meet the LHDFSM requirements and results in noncompliance. While we acknowledge WiCHD's corrective actions for future periods, these actions do not remediate the condition identified for FY22-23.

**Finding 6 – Missing Equipment**

**WiCHD's Response**

As discussed during the audit, we strongly believe the inventory discrepancies, which date back to 2013, are a result of the cyber-attack rather than physical loss occurring between 2013 and 2020. This conclusion is supported by the fact that the inventory was not noted as missing in our two previous OIG audits, which covered Fiscal Years 2014 through 2017 (completed October 2018) and Fiscal Years 2017 through 2020 (completed September 2022).

The issue surfaced only after we restored our inventory program (MITS) from backups, approximately 18 months following the cyber-attack. We are currently working with DGS to officially remove these items from our records, as the disposal documentation was lost in the attack.

We are also questioning the calculation of the $31,772 charge, given the age and limited value of the property in question. Of the 25 items listed, 1 5 are over 20 years old, and five of those 15 are over 30 years old. According to the DGS Inventory Manual, "Junk" is defined as property with "no economic, scrap, or functional value." We contest the functional or financial value remaining in a 20- or 30-year-old desk or television. I have included OIG's Schedule of Missing Equipment but added the acquisition date, which does not match the Fiscal Year Column. The OIG's Fiscal Year Column shows when it was last inventoried, not when the inventory was purchased, which does not give an accurate description of how old this inventory was. As we repeatedly explained to the OIG auditing staff, we believe the disposal information was corrupted during the cyber-attack.

We were able to demonstrate that other inventory purchased around the same time periods was properly disposed of previously, citing disposal numbers and dates found in related records. Although we no longer possess copies of the disposal forms-as the retention schedule does not require keeping them for more than 10 years-this evidence shows that the practice of disposal was followed for similar assets. Furthermore, many of the desks last inventoried in 2013 were located at our Fritz facility, which experienced a flood in 2016. We believe these items were ruined in the flood and subsequently disposed of.

These examples reinforce our position that the loss of disposal records for the missing inventory was due to the cyber-attack and the subsequent loss of data. WiCHD will continue to follow DGS inventory Manual and Guidelines

**Auditor Comments**

Upon review of the explanation and conducting additional verification, the OIGH will update the total number of missing equipment items to 25 and revise the related amount due to MDH to $31,772, which will be reflected in Finding 6.

We reviewed WiCHD’s additional narrative, and the supporting documentation submitted. While WiCHD continues to list the equipment items in its inventory system, the audit confirmed that these items were not inventoried for extended periods ranging from five to ten years and were not documented as disposed. WiCHD demonstrated that other inventory purchased during similar time periods had been properly disposed of and, therefore, assumed that the equipment identified in the finding would have been disposed of as well. However, the referenced disposal records pertain to different assets with different property tag numbers and do not substantiate or replace the disposition of the items identified in the finding. Without official disposal documentation or DGS-approved records for the specific items in question, the OIGH does not concur with WiCHD’s assumption. As stated during the audit, WiCHD was unable to provide any official Disposal or Missing Inventory Reports, nor any Department of General Services (DGS) - Inventory Standards and Support Services Division (ISSSD) approvals to substantiate the items’ disposition. Absent such documentation, the equipment must be deemed missing.

The DGS Inventory Control Manual outlines clear requirements for safeguarding and properly disposing of State property. Specifically:

- Section V, Reporting Missing and Stolen Personal Property, .02 Security Measures, requires agencies to take all practical precautions to protect State property and to investigate losses to determine the cause and implement corrective actions.
- Section IV, Excess Personal Property Disposition, .03 General Requirements, states that ISSSD determines property disposition methods; excess property must be declared to ISSSD; and no items may be stored, scrapped, junked, donated, transferred, or sold without ISSSD approval.

No documentation was provided demonstrating compliance with these requirements. As a result, the missing items remain unaccounted for under State inventory standards. While we acknowledge WiCHD's belief that the cyber-attack and historic events contributed to the loss of records, the absence of required approvals and disposition documentation results in noncompliance with DGS inventory requirements and supports the continuation of the finding.

# Audit Team

**Chau Nguyen, CPA**
Acting Chief Auditor

**Isis Powell**
Audit Supervisor

**Demissie Gebremedhin**
Staff Auditor

**Tsehaye Ambaye**
Staff Auditor

**Audit Job Number: 334**