**TO:** David H. Wamsley, Executive Director/CEO
Emerge, Inc.

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

**DATE:** March 10, 2026

**RE:** Desk Audit Report – Emerge, Inc.

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Background

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

Emerge, Inc. is a Maryland-based non-profit organization focused on supporting people with disabilities, with headquarters located in Columbia, Maryland**.** They operate across various locations in Maryland, including residential, day, and business services in areas like Baltimore, Perry Hall, and Silver Spring. During the audit period (July 1, 2021 to June 30, 2024), Emerge received $591,641 from MDH to support its mission.

Results of Review

The OIGH determined that $46,934 is due to MDH based on MDH Form 440 and provider's general ledger variances. Emerge, Inc's. responses to this audit are included as an appendix to this report. We have reviewed Emerge, Inc.'s 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 Emerge Inc. team.

cc: Marlana Hutchinson, Deputy Secretary, Developmental Disabilities Administration
Robert L. White, FACHE, MBA, MHA, Chief Operating Officer, Developmental Disabilities Administration

# Office of the Inspector General for Health

# Desk Audit Report

March 10, 2026

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## Emerge, Inc.

July 1, 2021 through June 30, 2024

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Maryland

OFFICE OF THE INSPECTOR GENERAL FOR HEALTH

# Maryland Office of the Inspector General for Health

## Desk Audit Report: Emerge, Inc.

The Office of the Inspector General for Health's (OIGH) External Audit Division has performed a desk audit on the accounts and records of Emerge, Inc. relative to its contracts with the Maryland Department of Health (MDH)'s Developmental Disabilities Administration (DDA) 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 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 the MDH's Human Services Agreements Manual (HSAM).

### 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:

- Schedule SC: Schedule of Contracts Audited

- Schedule of MDH Form 440 and GL Variances

**Internal Control**

Emerge, Inc.'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. As this was a desk audit, OIGH did not assess Emerge, Inc.'s internal control system.

**Conclusion**

As a result of procedures performed, in accordance with the examination objectives set forth above, the OIGH determined that $46,934 is due to MDH. The following is a summary of the amount due:

| Emerge, Inc.<br>Summary of Amount Due to MDH<br>Audit Period FY2021 to FY2024 | | | |
|---|---|---|---|
| **Finding Number** | **Finding Description** | **Amount Due to MDH** | **Report Reference Page** |
| 1 | MDH Form 440 and general ledger variances | $ 46,934 | 7 |
| **Total Amount Due to MDH** | | **$ 46,934** | |

**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 **April 10, 2026.**

# Table of Contents

Schedule SC

**EMERGE, INC.**
**SCHEDULE OF CONTRACTS DESK AUDITED**
**FISCAL YEARS 2022 THROUGH 2024**

| CONTRACTS | PCA | PROGRAM | 2022 | 2023 | 2024 |
|---|---|---|---|---|---|
| | | **DDA** | | | |
| MR815FIS | P210G | INDIVIDUAL SUPPORT SERVICES (ISS) | $ 178,040 | $ 202,746 | $ 210,855 |
| | | **Total Contracts Desk Audited by Fiscal Year** | **$ 178,040** | **$ 202,746** | **$ 210,855** |
| | | **Total Number of Contracts Desk Audited** | | | **3** |
| | | **Total Contract Dollars Desk Audited** | | | **$ 591,641** |

# Findings and Recommendations

## Reconciliations

**Finding 1 – MDH Form 440 and General Ledger Variances**
Emerge, Inc's. expenditures reported in the Annual Reports (MDH Form 440) did not always agree with their general ledger (GL).

**Analysis**
The OIGH's review of MDH contracts for the audit period disclosed that expenditures reported on Annual Report (MDH Form 440) did not always agree with Emerge, Inc's. general ledger. See schedule below for more details:

| Emerge, Inc.<br>Schedule of MDH Form 440 and GL Variances<br>Audit Period FY2021 to FY2024 | | | |
|---|---|---|---|
| **Fiscal Year** | **Contract Number** | **Contract Description** | **Amount Due to MDH** |
| 2022 | MR815FIS | Individual Support Services (ISS) | $41,405 |
| 2023 | MR815FIS | Individual Support Services (ISS) | 450 |
| 2024 | MR815FIS | Individual Support Services (ISS) | 5,079 |
| **Total Due To MDH** | | | **$46,934** |

**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 Emerge, Inc.:**
**Ensure all expenditures recorded in MDH Form 440s agree with amounts reflected in the general ledger.**

Cost disallowances from the finding above total $46,934 due to MDH.

# Appendix – Agency's Reponses


February 23, 2026

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

Audit Job No. 347
Corrective Action Plan

Dear Chau Nguyen:

The corrective action plan for the aforementioned audit follows.

Emerge concurs with the audit findings and recommendations in the plan.

Emerge uses a detailed chart of accounts of over 1500 accounts to ensure that we are properly allocating expenses to the correct funding source.

As a corrective action for future grants, the MDH 440 will be reconciled in the third quarter of each fiscal year comparing the approved budget to the actual expenditures to determine if a modification should be requested to the grant based upon major projections and/or if the expenditure pattern should be altered.

In the event the trial balance indicates a need, Emerge will be make a modification request to the appropriate division of the Health Department based upon program needs. This will ensure that if the needs of service recipients change, various line items will be adjusted for the expenditures needed to provide the approved services to service recipients of MDH.

At the current time Emerge does not have any grants funded by MDH, but in the event of future grants, we will implement this process. The process is effective for Emerge as of July 1, 2026.

Respectfully submitted

David H Wamsley
Executive Director

# Audit Team

**Chau Nguyen, CPA**
Chief Auditor

**Isis Powell**
Audit Supervisor

**Demissie Gebremedhin**
Staff Auditor

**Audit Job Number: 347**