TO: Everlene G. Cunningham, PhD., Director
Starflight Enterprises, Inc.

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

DATE: March 10, 2026

RE: Desk Audit Report – Starflight Enterprise, Inc.

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.

Starflight Enterprises, Inc. (SFE), located in Elkridge Maryland, is a not-for-profit organization established to support people with intellectual and developmental disabilities. During the audit period July 1, 2021 to June 30, 2024, SFE received $677,467 from MDH in support of its mission.

Results of Review

The OIGH determined that $90,362 is due to MDH based on general ledger variances and missing expenditure supporting documentation. In addition, the OIGH identified several areas in which controls can be improved. Details regarding these issues, along with OIGH's recommendations, are included in the attached report.

We acknowledge the cooperation of SFE staff during this audit.

Cc: Marlana Hutchinson, Deputy Secretary, Developmental Disabilities Administration

Office of the Inspector General for Health

Desk Audit Report

March 10, 2026

Starflight Enterprise, Inc.

July 1, 2021 through June 30, 2024

Maryland

OFFICE OF THE INSPECTOR GENERAL FOR HEALTH

Maryland Office of the Inspector General for Health

Desk Audit Report: Starflight Enterprise, Inc. (SFE)

The Maryland Office of the Inspector General for Health (OIGH)'s External Audit Division has performed an audit of the accounts and records of Starflight Enterprise, Inc. (SFE) relative to its contracts with the Maryland Department of Health (MDH)'s Developmental Disabilities Administration, (Schedule SC), 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).
- Determine compliance with the State of Maryland, local county, and MDH policies and regulations.
- Provide recommendations for improving internal control, ensuring fiscal compliance, or increasing efficiency.

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

Presentation of Audit Schedules
This report contains the following schedules:

- Summary of Amounts Due to MDH.
- Schedule SC: Schedule of Contracts Audited.
- Schedule of MDH Form 440 and GL variances
- Schedule of Missing Expenditure Documentation

Internal Control
Starflight Enterprise, 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, the OIGH did not assess Starflight Enterprise, 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 $90,362 is due to MDH. The following is a summary of the amount due:

Finding Number	Finding Description	Amount Due to MDH	Report Reference Page
1	General Ledger Variances from 440 Reports	$ 775	7
3	Expenditure Supporting Documentation Missing	89,587	8
Total Amount Due to MDH		**$ 90,362**	

Second Request for Corrective Action Plan
The provider's Corrective Action Plan (CAP) should be submitted to Yvette Gorham-Dickens at Yvette.Gorham-Dickens@maryland.gov in writing by **March 06, 2026**. The CAP should indicate whether the provider concurs or does not concur with the audit findings and recommendations. Concurrences should include a statement of actual or planned corrective actions to be taken and estimated completion dates. If the provider does not concur, the provider should explain why they do not concur.

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

STARFLIGHT ENTERPRISES, INC.
SCHEDULE OF CONTRACTS AUDITED
FISCAL YEARS 2022 THROUGH 2024

CONTRACTS	PCA	PROGRAM	2022	2023	2024
		DDA			
DD041MFC	P209G	INDIVIDUAL FAMILY CARE	$ 248,679	$ 276,466	$ -
DD087FSS	P208G	FAMILY SUPPORT SERVICES	84,820	7,490	7,790
DD103ISS	P210G	INDIVIDUAL SUPPORT SERVICES	26,639	25,583	-
		Total Dollar Amount Audited by Fiscal Year	**$ 360,138**	**$ 309,539**	**$ 7,790**
		Total Number of Contracts Audited			**7**
		Total Contract Dollars Audited			**$ 677,467**

Findings and Recommendations

Reconciliations

Finding 1 – MDH Form 440 and General Ledger Variances
Expenditures reported on Annual Reports (MDH Form 440) did not always agree with SFE's General Ledger.

Analysis
The OIGH's review of MDH contracts disclosed discrepancies between amounts recorded as contract expenditures in the Annual Report (MDH Form 440) and SFE's general ledger (G/L).

See the schedule below for more detail:

Starflight Enterprises, Inc. Schedule of MDH Form 440 and GL Variance					
Fiscal Year	**Contract Number**	**PCA**	**Contract Description**	**Finding Description**	**Dollar Amount Due to MDH**
2022	DD 103 ISS	P210G	Individual Family Care	Provider Reported Expenditures (Form 440) does not agree to Provider General Ledger	$775
Total Amount Due to MDH					**$775**

Criteria
Human Services Manual Agreement 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 that SFE:
Ensure all expenditures recorded in the MDH Form 440 agrees with amounts in their General Ledger.

Cost disallowances resulting from the finding above total $775 due to MDH.

Finding 2 – CPA Reports Not Provided for FY2022-FY2024
SFE did not provide CPA Reports for three years as requested.

Analysis
The OIGH's requested for Starflight's Audited Financial Statements (CPA Reports) for the fiscal year 2022 to 2024, however, the documentation has not been provided to date. This lack of response impedes the audit team's ability to verify Starflight's financial reporting and assess compliance and fiscal requirements.

Criteria
The Human Service Agreement Manual (HSAM) section 2210.03-Availability of Records states: *"The vendor shall provide full disclosure of all financial statements, books, and records as needed and/or requested".*

Recommendation 2
The OIGH recommends that SFE:
Promptly submit the required CPA report for FY2022-FY2024 in a timely manner.

Expenditures

Finding 3 – No Supporting Documentation of Expenditures
SFE did not submit supporting documentation for sampled expenditures, resulting in disallowances.

Analysis
The OIGH's request for Starflight's expenditure supporting documentation for expenses incurred for the fiscal year 2022 to 2024 disclosed that no documentation was provided for any of the sample transactions charged to the contracts DD041MFC, DD087FSS and DD103ISS in FY2022 & FY2023. The documentation remains outstanding despite follow-ups. OIGH issued the draft report on November 24, 2025, because documentation was still not provided. After the draft report was issued Starflight provided some of the documentation on December 8, 2025. On December 19, 2025, Starflight requested a meeting to discuss the next steps following receipt of the draft report. The OIGH reviewed the submitted documentation and determined that the supporting documentation for selected items still remained outstanding. Due to the absence of support, the associated expenditures totaling $89,587 are disallowed. See the schedule below for more details:

Starflight Enterprise, Inc. Schedule of Missing Expenditure Documentation				
Fiscal Year	**Vendor Name**	**PCA Number**	**Finding Description**	**Disallowance**
ISS FY2022	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	$ 956
ISS FY2022	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	1,913
ISS FY2022	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	956
ISS FY2022	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	956
ISS FY2022	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	956
			ISS Total	**$ 5,737**
IFC FY2022	Indiv Sup Serv	DD041MFC-P209G (6080)	Expenditure Supporting Documentation Missing	17,655
IFC FY2022	Indiv Sup Serv	DD041MFC-P209G (7240)	Expenditure Supporting Documentation Missing	1,953
IFC FY2022	Indiv Sup Serv	DD041MFC-P209G (8100)	Expenditure Supporting Documentation Missing	4,545
IFC FY2022	Indiv Sup Serv	DD041MFC-P209G (8471)	Expenditure Supporting Documentation Missing	4,910
IFC FY2022	Indiv Sup Serv	DD041MFC-P209G (8680)	Expenditure Supporting Documentation Missing	840
			IFC Total	**$ 29,903**
FSS FY2023	Consultation Fee	DD087FSS-P208G (6500)	Expenditure Supporting Documentation Missing	$ 988
			FSS Total	**$ 988**
ISS FY2023	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	$ 958
ISS FY2023	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	958
ISS FY2023	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	958
ISS FY2023	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	958
ISS FY2023	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	958
ISS FY2023	Support Services	DD103ISS-P210G (5025)	Expenditure Supporting Documentation Missing	958
			ISS Total	**$ 5,748**
IFC FY2023	Indiv Sup Serv	DD041MFC-P209G (6080)	Expenditure Supporting Documentation Missing	$ 9,297
IFC FY2023	Indiv Sup Serv	DD041MFC-P209G (7240)	Expenditure Supporting Documentation Missing	2,805
IFC FY2023	Indiv Sup Serv	DD041MFC-P209G (8100)	Expenditure Supporting Documentation Missing	26,642
IFC FY2023	Indiv Sup Serv	DD041MFC-P209G (8680)	Expenditure Supporting Documentation Missing	1,892
IFC FY2023	Indiv Sup Serv	DD041MFC-P209G (6500)	Expenditure Supporting Documentation Missing	6,575
			IFC Total	**$ 47,211**
Total Cost Disallowances Due to MDH				**89,587**

Criteria

HSAM, section 2150.09 Unallowable Costs states: *"The following items are costs generally considered to be unallowable for purposes of Departmental grant/contract support. The list is not exhaustive; omission does not constitute acceptance as an allowable cost. The Director may allow cost in any of these categories when it is in the public interest to do so; conversely, he/she may elect not to support funding of a cost not listed here, including those generally considered to be allowable under the previous section (Section 2150.08.01). Generally, Unallowable Costs are:*

a. *Costs or expenses unrelated to the MDH funded project,*
b. *Costs not adequately documented…"*

Recommendation 3

The OIGH recommends that SFE:

Maintain complete supporting documentation for all requested expenditures and strengthen internal controls to ensure timely submission of required records.

Cost disallowances resulting from the finding above total $89,587 due to MDH.

Audit Team

Chau Nguyen, CPA
Acting Chief Auditor

Yvette Gorham-Dickens
Audit Supervisor

Kelly K Grace-Gary
Staff Auditor

Audit Job Number: 338