

Department of Public Health and Human Services



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Financial-Compliance Audit Supervisor

Department of Public Health and Human Services

Fiscal Years 2022 and 2023



5,600
Hours

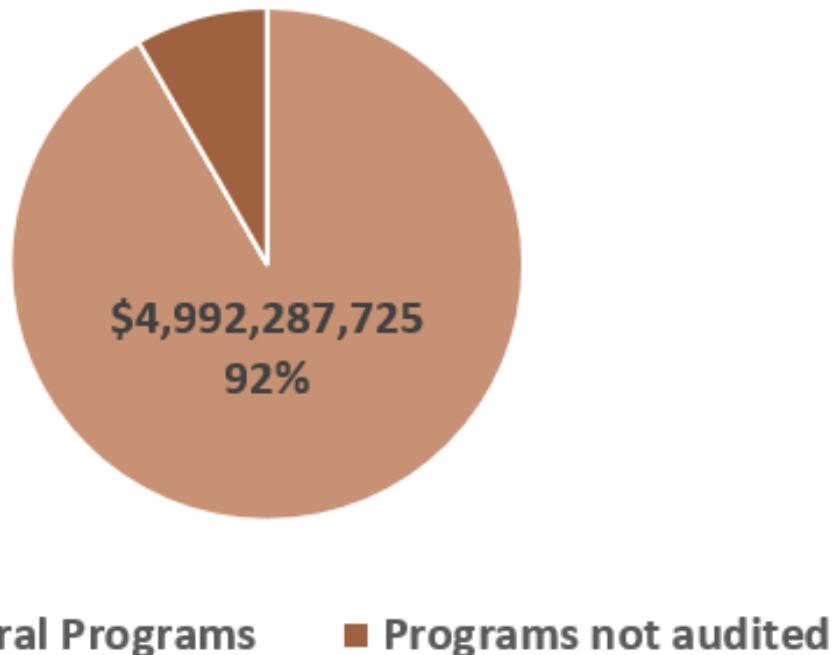
18
Audit Staff

10
Federal Programs

Katie Majerus, Audit Contact

- Stephen Althoff
- Renee Luster
- Jeane Carstensen-
- Alison OBrien
- Garrett
- Alexa O'Dell
- Karen Cohlhepp
- Jenna Stamper
- Chris Darragh
- Justin Thomas
- Jen Erdahl
- Shandell
- Adam Hefenieder
- VanDonsel
- Courtney Johnson
- Kelly Zwang
- Brenda Keller

Major Federal Program Expenditures



- **\$5,447,072,454**
Total Federal
Expenditures
- **\$4,992,287,725**
Total Major Federal
Program Expenditures
- **\$26.2 Million**
Questioned Costs
- **24 Findings**



Presentation Outline

- Centralized Findings
- Major Federal Programs
 - Adoption
 - CCDF
 - CHIP
 - Medicaid
 - ELC
 - Foster Care
 - Immunization
 - P-EBT
 - SNAP
 - TANF

Centralized Audit Findings



Cash Management

2023-052

- Process of drawing down funds from the federal government
- Federal regulations require the department minimize the time between the drawdown of funds and disbursement
- ELC and Adoption – Multiple instances of excess cash ranging from 2-101 days

Cost Allocation

2023-067

- The department allocates central costs benefitting multiple programs through the cost allocation plan.
- Costs Allocated
 - \$174 million – 2022
 - \$184 million – 2023
- Department applied changes to their cost allocation process before submitting the amended plan to the federal government
- \$1.3 million in questioned costs split amongst 9 federal programs

FFATA Reporting

2023-068, 2023-069, 2023-070,
2023-071, 2023-072

- State is required to report subaward information to the FFATA system.
- Tested for 5 federal programs
- ELC, Foster Care, Immunization, and TANF
 - Subawards not reported
 - Subawards not timely
 - Subaward amount was incorrect
 - Reports submitted for activity not considered a subaward
 - Duplicative Transactions
- CCDF
 - No required FFATA reports submitted

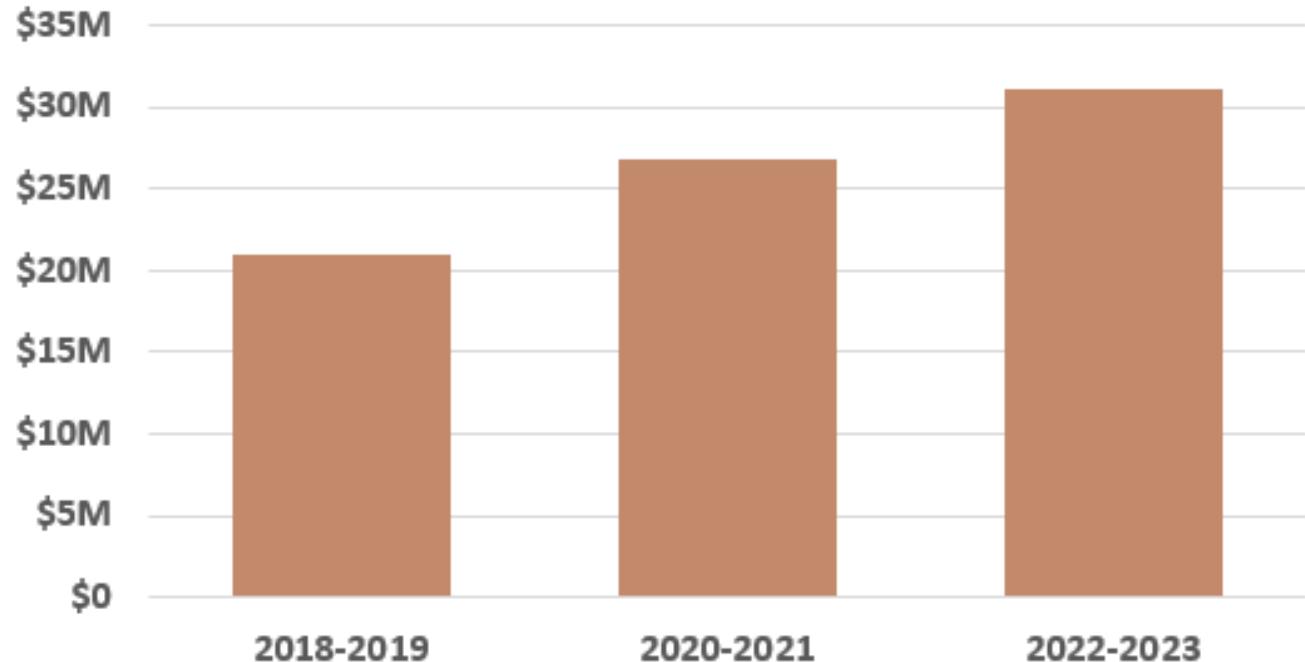
Adoption Assistance



Adoption Assistance

\$31,086,481

Total Federal Expenditures



3

Recommendations

\$3,644

Known Questioned Costs

Qualified

Opinion

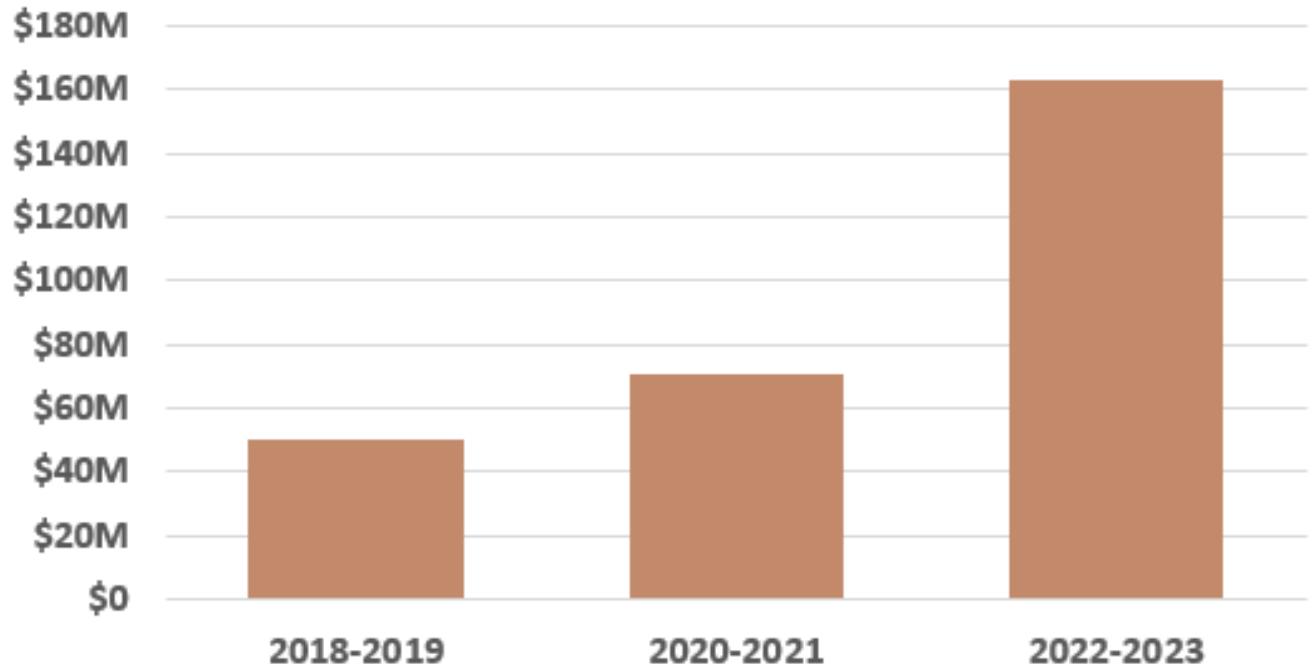
Child Care Development Fund (CCDF)



CCDF

\$163,297,209

Total Federal Expenditures



8

Recommendations

\$21.4 Million
Known Questioned Costs

Adverse
Opinion

CCDF

2023-062, 2023-063

- Costs incurred outside of audit period or funds not obligated during the period of performance for the grant
- 2023-062: \$869,000 known questioned costs for administrative type costs
- 2023-063: \$3.5 million questioned costs for payments to providers not obligated by September 30, 2022 deadline.

CCDF

2023-064

- The department used a portion of COVID-19 funding to establish a summertime “out of school” scholarship.
- Families were reimbursed who did not meet the eligibility requirements of the CCDF program, including income requirements and for providers who did not meet health and safety standards.
- We reached out to federal program personnel to discuss our concerns about the program. The department’s federal partners indicated the summertime program appeared to be inconsistent with CCDF rules.
- We question the total for the whole program, \$17.1 million.

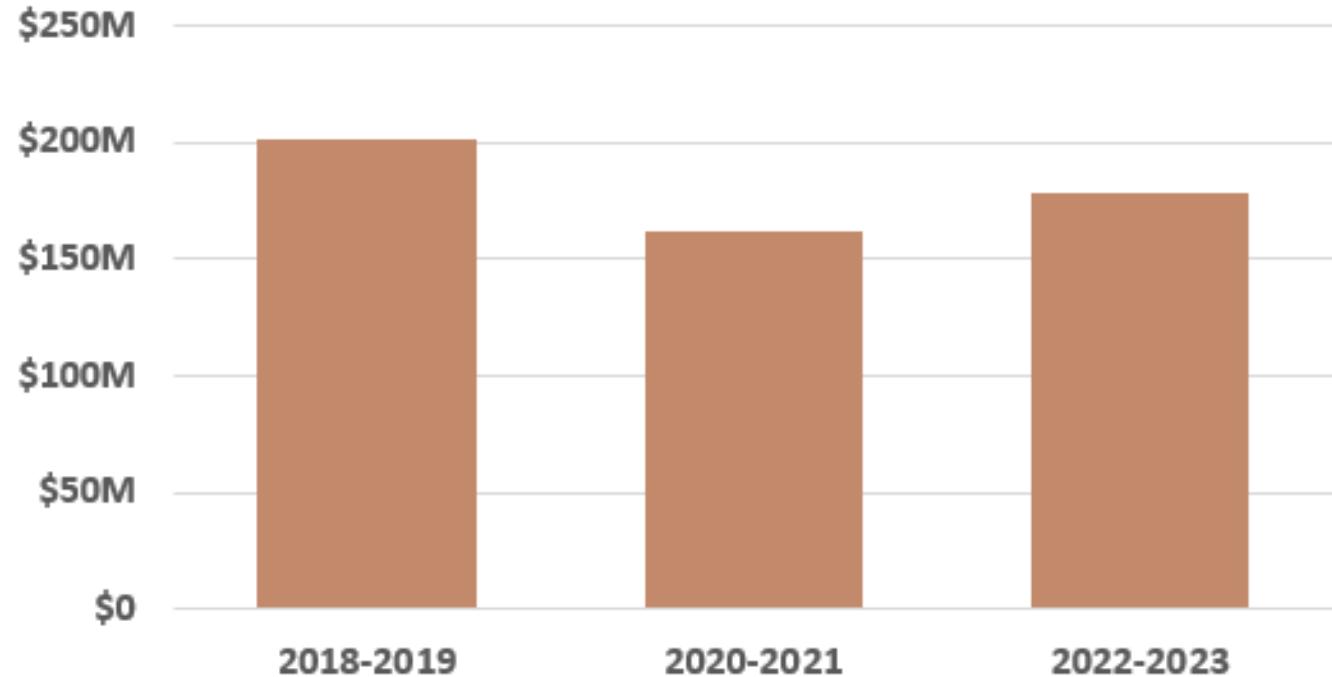
Children's Health Insurance Program (CHIP)



CHIP

\$178,232,737

Total Federal Expenditures



2

Recommendations

\$93,217

Known Questioned Costs

Qualified

Opinion

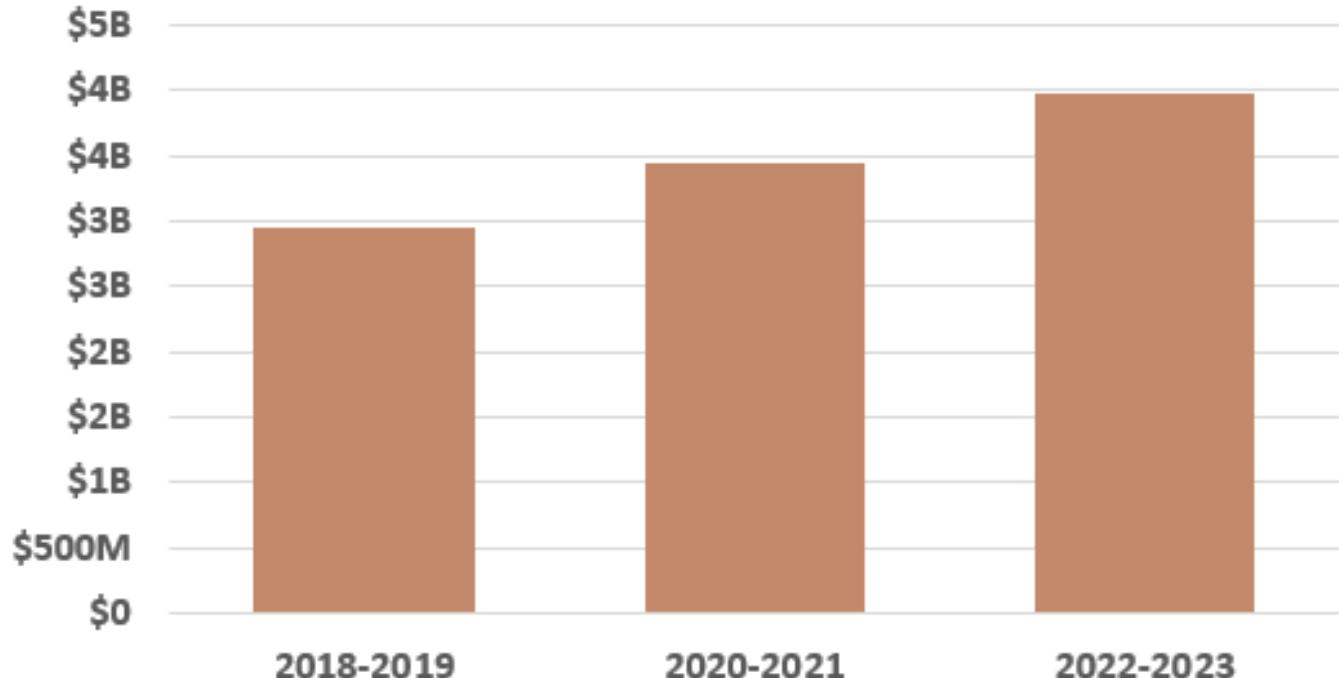
Medicaid



Medicaid

\$3,973,051,844

Total Federal Expenditures



2

Recommendations

\$729,257

Known Questioned Costs

Qualified

Opinion

Medicaid and CHIP Eligibility

- We completed sample over new applicants as well as cases reviewed for renewal under the public health unwinding process.
- Unwinding process started in April 2023, with cases either being renewed or terminated.
- Results of all eligibility testing did not result in any reported internal control deficiencies or material noncompliance.

Medicaid

2023-066

- Federal regulations require state agencies to review ADP system security biennially
- We sampled 5 of the department's 19 systems
- Department was unable to provide complete documentation for 4 of the systems.

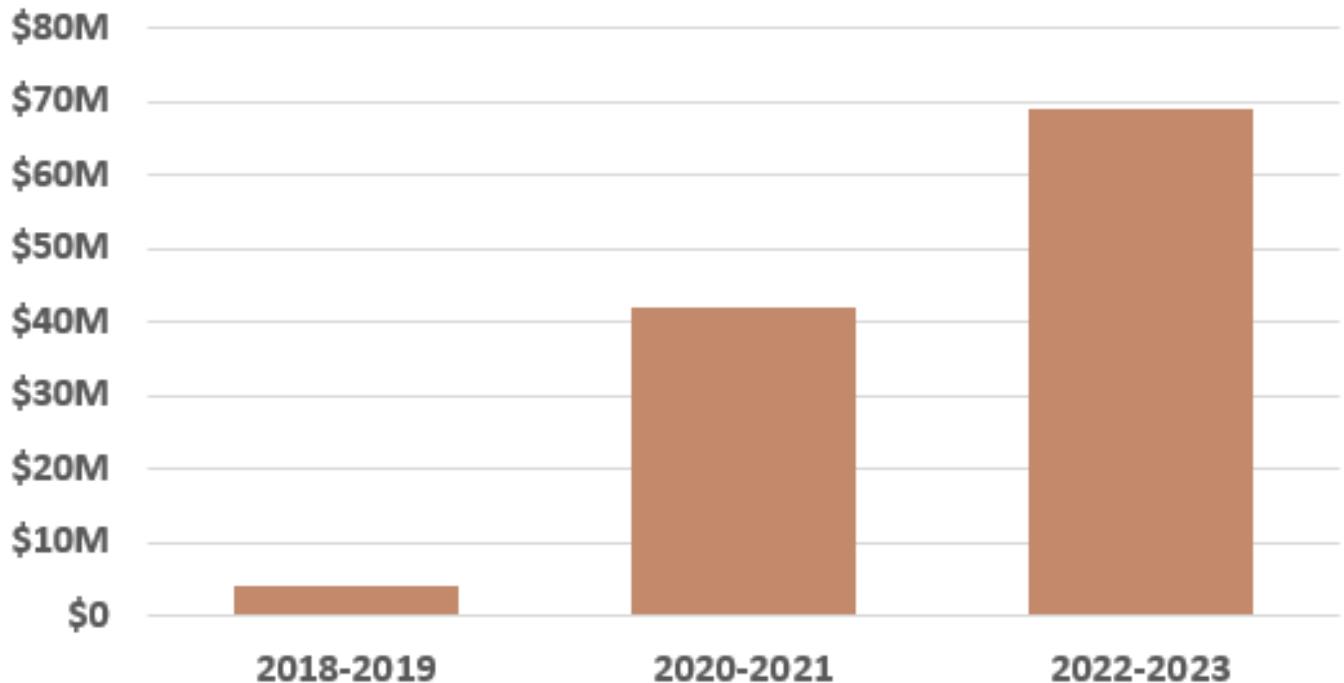
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)



ELC

\$68,851,453

Total Federal Expenditures



6

Recommendations

\$3.4 Million
Likely Questioned Costs

Qualified
Opinion

ELC

2023-053, 2023-054

- Federal regulations require specific elements are communicated to subrecipients.
- Disclosures to counties improved from the prior audit
- Schools met the definition of subrecipients, but no formal written documentation was provided to schools to communicate the required disclosures.
- The department also did not complete, and document required risk assessments for counties and schools

ELC

2023-055

- Repeat finding related to allowable costs.
- Lack of supporting documentation or unallowed costs were not identified by the department's review
- Identified Issues:
 - Lack of support for payroll costs
 - Funds spent on equipment or supplies not in line with school reopening guidance
 - \$39,000 spent on gift cards to incentivize COVID testing
- We questioned \$163,000 in unsupported costs to counties and approximately \$3.2 million in costs to school recipients.

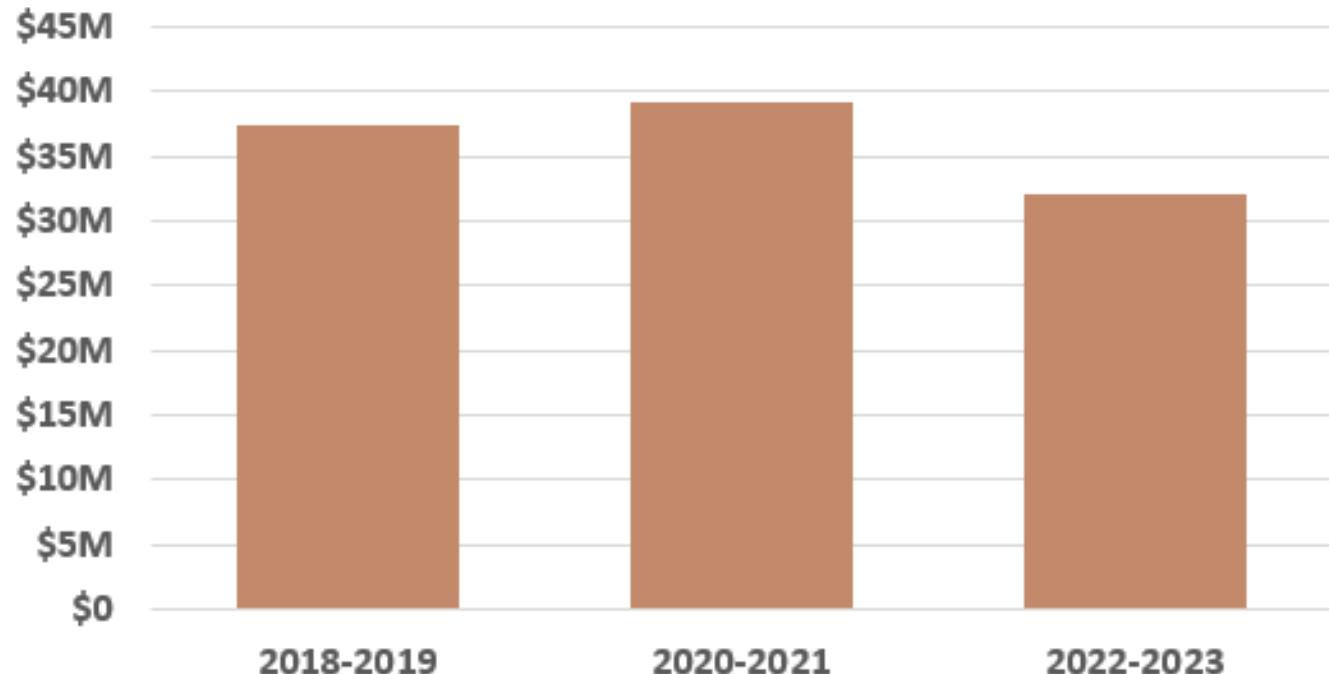
Foster Care



Foster Care

\$32,089,858

Total Federal Expenditures



4

Recommendations

\$23,593

Known Questioned Costs

Qualified

Opinion

Foster Care

2023-057

- Repeat finding from last two Single Audits related to allowable costs.
- Department staff did not obtain and review appropriate supporting documentation for payments to subrecipients.
- Identified Issues:
 - Unsupported wages for tribes
 - Unsupported operation expenses for tribes and colleges
- We questioned approximately \$17,000 and project that questioned costs likely exceed \$25,000.

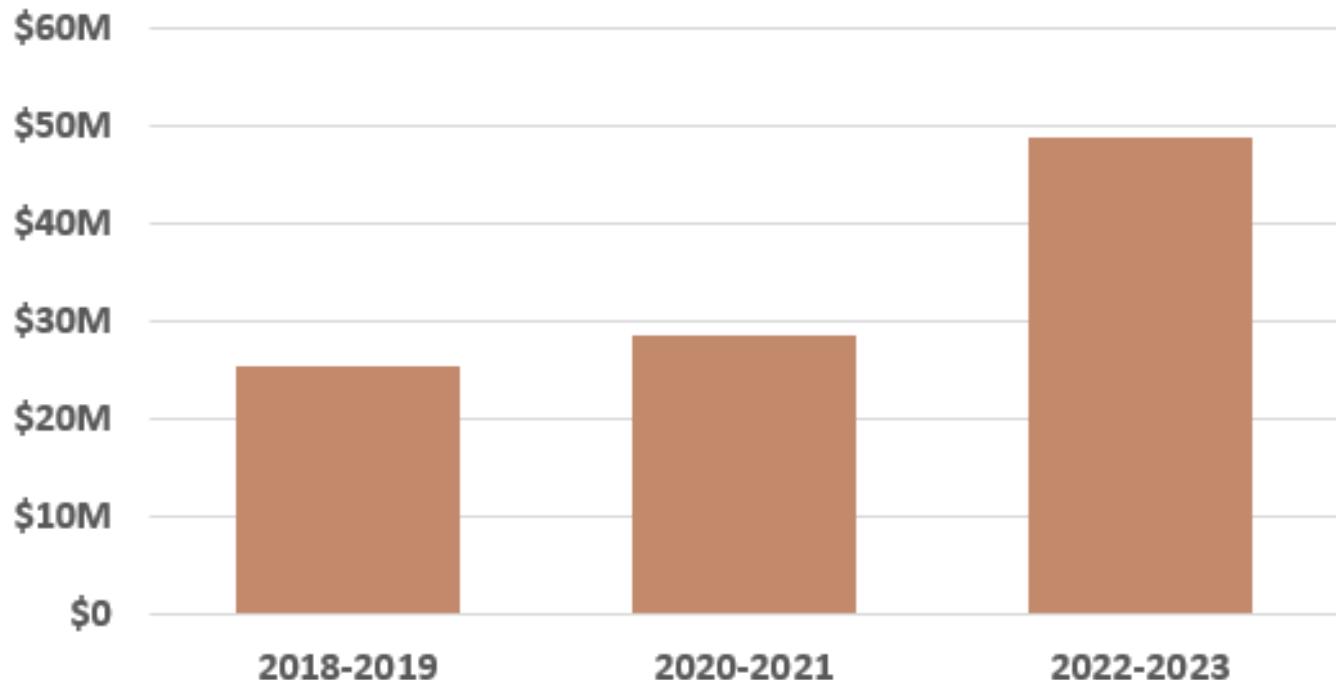
Immunization



Immunization

\$48,797,571

Total Federal Expenditures



2

Recommendations

\$0

Questioned Costs

Qualified
Opinion

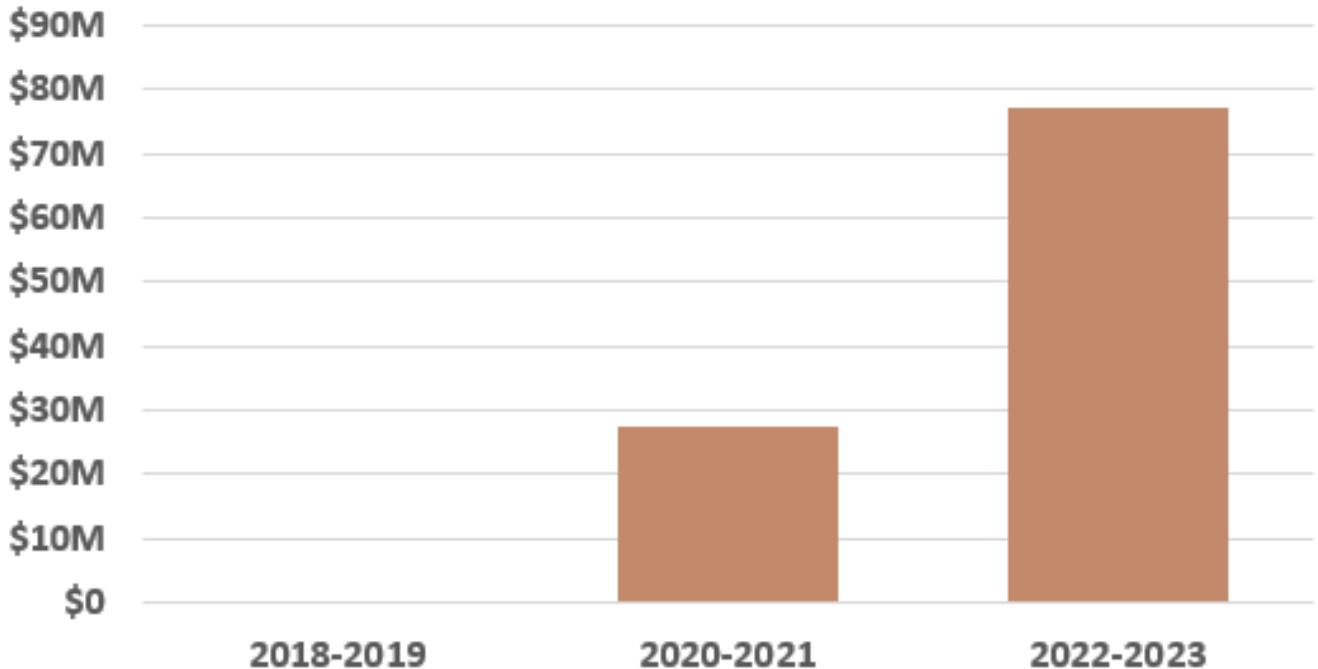
Pandemic EBT (P-EBT)



P-EBT

\$77,211,902

Total Federal Expenditures



1

Recommendations

\$0

Questioned Costs

Unmodified

Opinion

P-EBT and SNAP

2023-002

- Internal control finding related to ensuring accounting records were accurate to trace expenditures to individual programs.
- P-EBT program was established in 2021.
- Initial funds were co-mingled with SNAP funds. Multiple corrections were made to ensure activity for each program was accurate.
- Misstatements remained in both fiscal years as a result of errors and subsequent amendments.

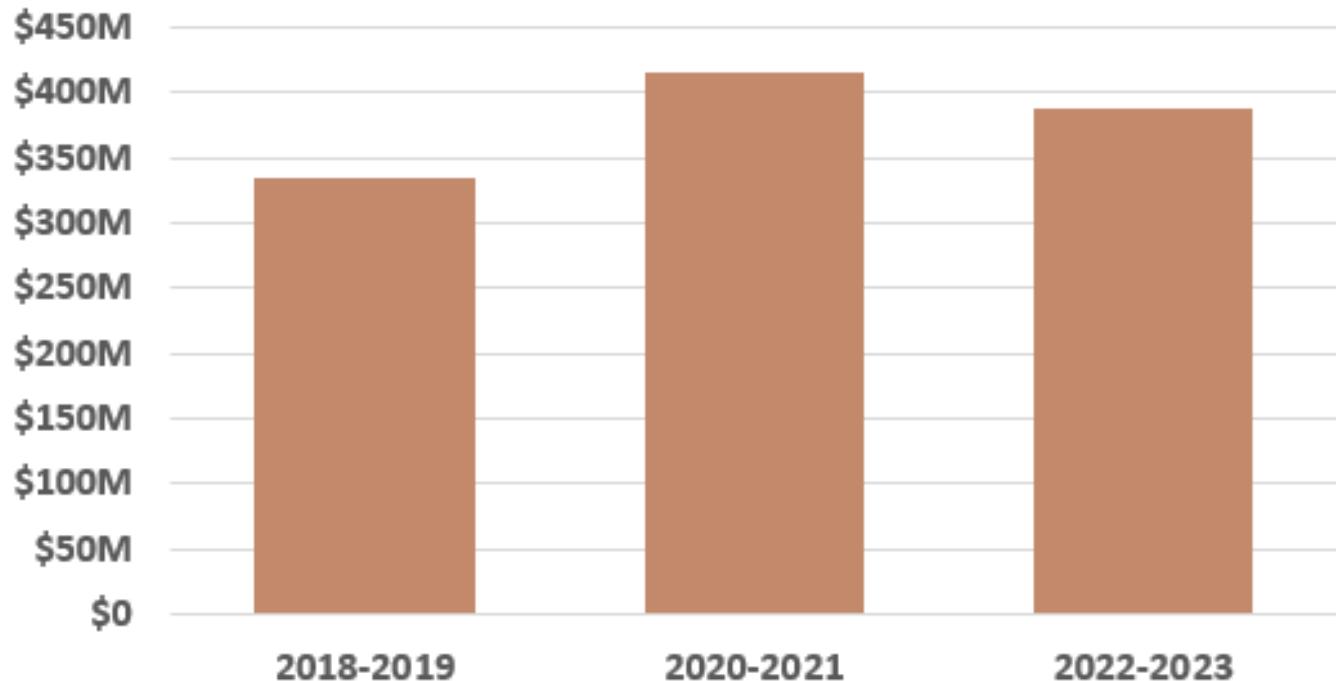
Supplemental Nutrition Assistance Program (SNAP)



SNAP

\$387,542,074

Total Federal Expenditures



3

Recommendations

\$162,079

Known Questioned Costs

Qualified

Opinion

SNAP

2023-079

- Department contract with a third party for providing EBT services
- Contractor subcontracts out the responsibility of EBT card security and documentation.
- Since the department relies entirely on the subcontractor, they should obtain and review a SOC report.
- SOC report would provide assurance over internal controls in place for security and documentation of SNAP EBT cards.

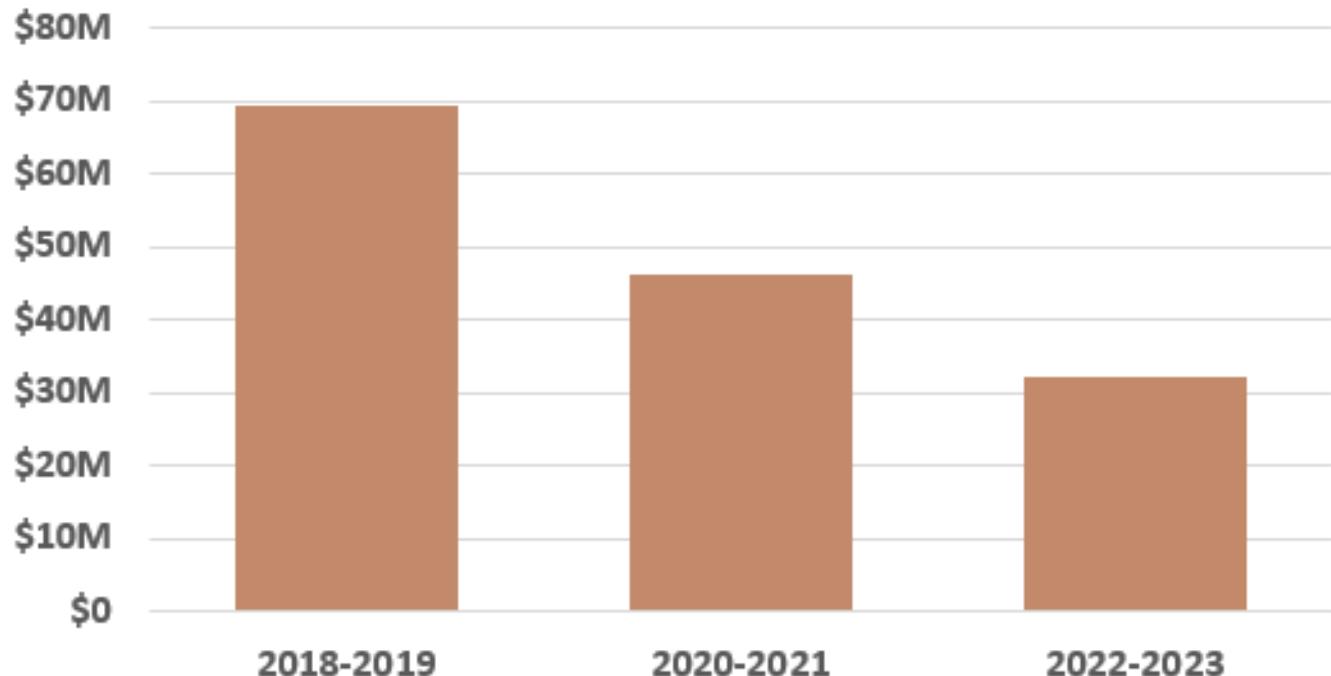
Temporary Assistance for Needy Families (TANF)



TANF

\$32,126,596

Total Federal Expenditures



3

Recommendations

\$26,090

Known Questioned Costs

Qualified

Opinion



Questions?

