

SINGLE AUDIT REPORT

STATE OF OKLAHOMA 2012

For the year ended June 30, 2012



*Independently serving the citizens of
Oklahoma by promoting the
accountability and fiscal integrity of
governmental funds.*



Oklahoma State
Auditor & Inspector
Gary A. Jones, CPA, CFE

OKLAHOMA

2012

Single Audit Report

For The Fiscal Year Ended June 30, 2012

Prepared by
Office of the State Auditor and Inspector

Gary A. Jones, CPA, CFE
Oklahoma State Auditor and Inspector



Oklahoma State Auditor & Inspector

2300 N. Lincoln Blvd. • State Capitol, Room 100 • Oklahoma City, OK 73105 • Phone: 405.521.3495 • Fax: 405.521.3426

March 28, 2013

**TO THE HONORABLE MARY FALLIN, GOVERNOR
OF THE STATE OF OKLAHOMA AND MEMBERS
OF THE LEGISLATURE OF THE STATE OF OKLAHOMA**

This is the Single Audit Report of the State of Oklahoma for the fiscal year ended June 30, 2012. The audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996 and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

We wish to take this opportunity to express our appreciation for the assistance and cooperation extended to our office by various state officials and employees during the course of the audit.

Sincerely,

A handwritten signature in blue ink that reads "Gary A. Jones".

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR & INSPECTOR

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**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133 and Opinion
on the Supplementary Schedule of Expenditures of Federal Awards**

**Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Program and on Internal Control Over
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Independent Auditor's Report

**To the Honorable Mary Fallin, Governor
and Members of the Legislature of the
State of Oklahoma**

Compliance

We have audited the compliance of the State of Oklahoma with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. We did not audit compliance with those requirements that are applicable to the major federal programs administered by the Department of Commerce, the Department of Wildlife Conservation, Water Resources Board, or the Department of Environmental Quality, all of which were audited in accordance with the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All of the federal programs for the above referenced agencies represent 2.27% of total expenditures for federal programs reported on the Schedule of Expenditures of Federal Awards. These entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to compliance with the compliance requirements for the above-mentioned entities, is based solely upon the reports of the other auditors.

The State of Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the State of Oklahoma's management. Our responsibility is to express an opinion on the State of Oklahoma's compliance based on our audit and the reports of the other auditors.

The State of Oklahoma's basic financial statements include the operations of component units, some of which received federal awards. Those component units are not included in the Schedule of Expenditures of Federal Awards for the year ended June 30, 2012. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion. Our audit does not provide a legal determination of the State of Oklahoma's compliance with those requirements.

As described in items 12-345-004, 12-345-011, and 12-345-012, in the accompanying schedule of findings and questioned costs, the State of Oklahoma did not comply with requirements regarding:

- Reporting applicable to 20.509-Formula Grants for Other than Urbanized Areas
- Subrecipient Monitoring and Special Test-R3-Subrecipient Monitoring applicable to 20.509-Formula Grants for Other than Urbanized Areas

Compliance with such requirements is necessary, in our opinion, for the State of Oklahoma to comply with the requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the State of Oklahoma, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:

12-090-001	12-090-002	12-090-003	12-090-004	12-265-001
12-265-003	12-265-004	12-265-005	12-265-006	12-265-007
12-265-008	12-265-009	12-265-011	12-265-013	12-290-001
12-305-001	12-305-003	12-305-005	12-340-002	12-340-003
12-340-004	12-345-007	12-345-008	12-345-009	12-805-001
12-805-002	12-805-003	12-805-004	12-807-002	12-807-003
12-807-006	12-807-008	12-807-009	12-830-001	12-830-002
12-830-003	12-830-004	12-830-007	12-830-008	12-830-010
12-830-011				

Internal Control Over Compliance

Management of the State of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the State of Oklahoma's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of State of Oklahoma's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a

type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (see list below) to be material weaknesses.

12-090-003	12-090-004	12-265-003	12-265-005	12-265-006
12-290-001	12-345-004	12-345-009	12-345-011	12-345-012

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance, described in the accompanying schedule of findings and questioned costs, as items (see list below) to be significant deficiencies.

12-090-001	12-090-002	12-265-001	12-265-004	12-265-007
12-265-008	12-265-009	12-265-011	12-265-013	12-305-001
12-305-003	12-305-005	12-340-002	12-340-003	12-340-004
12-345-001	12-345-002	12-345-005	12-345-007	12-345-008
12-805-001	12-805-002	12-805-003	12-805-004	12-805-005
12-807-001	12-807-002	12-807-003	12-807-009	12-830-001
12-830-003	12-830-004	12-830-007	12-830-008	12-830-010
12-830-011				

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information for the State of Oklahoma as of and for the year ended June 30, 2012, and have issued our report thereon dated January 30, 2013, which contained an unqualified opinion on those financial statements. Our report also included emphasis paragraphs on the unfunded actuarial accrued liability of the Teachers’ Retirement System and the net deficit of the Multiple Injury Trust Fund, and the identification of financial statements audited by other auditors. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise the State of Oklahoma’s financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole. The Selected Activities for Internal Service Type Funds section listed in the table of contents has not been audited by us, and accordingly, we express no opinion on it.

The State of Oklahoma’s responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the State of Oklahoma’s responses and, accordingly, we express no opinion on the responses.

The purpose of this report is solely to describe the scope of our testing of compliance with the types of compliance requirements applicable to each of the State of Oklahoma’s major programs and our testing of internal control over compliance and the results of our testing, and to provide an opinion on the State of Oklahoma’s compliance but not to provide an opinion on the effectiveness of the State of Oklahoma’s internal control over compliance.

This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of Oklahoma's compliance with requirements applicable to each major program and its internal control over compliance. Accordingly, this report is not suitable for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

A handwritten signature in blue ink, appearing to read "Gary A. Jones". The signature is fluid and cursive, with a long horizontal stroke at the end.

GARY A. JONES, CPA, CFE
OKLAHOMA STATE AUDITOR AND INSPECTOR

March 28, 2013 except as to the Schedule of Expenditures
of Federal Awards, for which the date is January 30, 2013

**Schedule of Expenditures of Federal Awards
By Federal Grantor**

**Schedule of Expenditures of Federal Awards
By Federal Grantor**

OKLAHOMA

Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
U.S. Department of Agriculture				
Direct Programs:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	Department of Agriculture	\$ 688,946	
	10.025	Department of Wildlife Conservation	<u>59,334</u>	\$ 748,280
Conservation Reserve Program	10.069	Department of Agriculture		6,272
Market Protection and Promotion	10.163	Department of Agriculture		82,956
Specialty Crop Block Grant Program - Farm Bill	10.170	Department of Agriculture		283,142
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	Department of Agriculture		1,591,638
Supplemental Nutrition Assistance Program (SNAP)	10.551	Department of Human Services	951,936,399	⊛
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561	Department of Human Services	<u>48,817,777</u>	⊛ 1,000,754,176 ⊛
School Breakfast Program (SBP)	10.553	Department of Education	53,723,924	⊛
National School Lunch Program (NSLP)	10.555	Department of Education	144,455,800	⊛
	⊛ 10.555	Department of Human Services	16,363,458	⊛
Special Milk Program for Children (SMP)	10.556	Department of Education	20,392	⊛
Summer Food Service Program for Children (SFSPC)	10.559	Department of Education	3,233,991	⊛
	⊛ 10.559	Department of Human Services	<u>13,292</u>	⊛ 217,810,857 ⊛
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	State Department of Health		87,769,316 ⊛
Child and Adult Care Food Program	10.558	Department of Education	57,215,571	
	⊛ 10.558	Department of Human Services	<u>411,099</u>	57,626,670 ⊛
State Administrative Expenses for Child Nutrition	10.560	Department of Education	2,612,462	
	10.560	Department of Human Services	<u>548,077</u>	3,160,539
Commodity Supplemental Food Program	10.565	Department of Human Services		915,491
Emergency Food Assistance Program (Administrative Costs)	10.568	Department of Human Services	524,137	⊛
Emergency Food Assistance Program (Food Commodities)	⊛ 10.569	Department of Human Services	<u>3,968,985</u>	⊛ 4,493,122
Senior Farmers Market Nutrition Program	10.576	Department of Human Services		58,337
WIC Grants to States	10.578	State Department of Health		72,156
Supplemental Nutrition Assistance Program, Process and Technology Grants	10.580	Department of Human Services		152,682
Fresh Fruit and Vegetable Program	10.582	Department of Education		2,412,743
Cooperative Forestry Assistance	10.664	Department of Agriculture		2,660,170
Forest Legacy Program	10.676	Department of Agriculture		2,383
Soil and Water Conservation	10.902	Conservation Commission	3,816,120	
	10.902	Department of Wildlife Conservation	<u>49,750</u>	3,865,870
Environmental Quality Incentives Program	10.912	Department of Agriculture	54,428	
	10.912	Department of Wildlife Conservation	<u>30,066</u>	84,494
Wildlife Habitat Incentive Program	10.914	Department of Wildlife Conservation		72,242
ARRA - Watershed Rehabilitation Program	10.916	Conservation Commission		<u>6,076,891</u>
Subtotal				<u>1,390,700,427</u>
U.S. Department of Commerce				
Direct Programs:				
Public Safety Interoperable Communications Grant Program	11.555	Department of Public Safety		2,012,062
ARRA-Broadband Technology Opportunities Program (BTOP)	11.557	Department of Libraries	(151,737)	
	11.557	Office of Management and Enterprise Services	<u>27,621,178</u>	27,469,441 ⊛
ARRA - State Broadband Data and Development Grant Program	11.558	Office of Management and Enterprise Services		642,564
Subtotal				<u>30,124,067</u>
U.S. Department of Defense				
Direct Programs:				
Procurement Technical Assistance For Business Firms	12.002	Department of Career & Technology Education		531,765
Military Construction, National Guard	12.400	Oklahoma Military Department		2,098,196
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401	Oklahoma Military Department		32,646,004
National Guard ChalleNGe Program	12.404	Oklahoma Military Department		3,993,807
Troops to Teachers	-	Department of Education		<u>245,255</u>
Subtotal				<u>\$ 39,515,027</u>
U.S. Drug Enforcement Administration				
Direct Programs:				
Other Federal Assistance - Marijuana Eradication Suppression Program	-	Bureau of Narcotics & Dangerous Drugs Control		<u>469,459</u>
Subtotal				<u>\$ 469,459</u>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

OKLAHOMA

Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Department of Commerce	23,320,930	⊕
ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.255	Department of Commerce	<u>2,007,985</u>	⊕ 25,328,915 ◆
Emergency Solutions Grant Program	14.231	Department of Commerce		555,381
Shelter Plus Care	14.238	Mental Health and Substance Abuse Services		204,319
Community Development Block Grants/Brownfields Economic Development Initiative	14.246	Department of Commerce		137,200
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.257	Department of Commerce		<u>2,267,677</u> ◆
Subtotal				<u>\$ 28,493,492</u>
U.S. Department of the Interior				
Direct Programs:				
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	Department of Mines		986,813
Abandoned Mine Land Reclamation (AMLR) Program	15.252	Conservation Commission		1,675,024
Water SMART (Sustaining and Manage America's Resources for Tomorrow)	15.507	Water Resources Board		68,513
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427	State Auditor and Inspector		336,650
Recreation Resource Management	15.524	Department of Agriculture	36,927	
	15.524	Department of Tourism and Recreation	<u>304,408</u>	341,335
Sport Fish Restoration Program	15.605	Department of Wildlife Conservation	6,312,708	⊕
Wildlife Restoration and Basic Hunter Education	15.611	Department of Wildlife Conservation	<u>5,635,195</u>	⊕ 11,947,903 ◆
Fish and Wildlife Management Assistance	15.608	Department of Wildlife Conservation		5
Cooperative Endangered Species Conservation Fund	15.615	Department of Wildlife Conservation		469,450 ◆
Clean Vessel Act	15.616	Department of Environmental Quality		315,655
Enhanced Hunter Education and Safety Program	15.626	Department of Wildlife Conservation		140,090
Partners for Fish and Wildlife	15.631	Conservation Commission	47,500	
	15.631	Department of Wildlife Conservation	<u>185,373</u>	232,873
Landowner Incentive Program	15.633	Department of Wildlife Conservation		135,639
State Wildlife Grants	15.634	Department of Wildlife Conservation		257,168
Research Grants (Generic)	15.650	Department of Wildlife Conservation		99,813
ARRA - Habitat Enhancement, Restoration and Improvement	15.656	Department of Wildlife Conservation		15,004 ◆
U.S. Geological Survey Research and Data Collection	15.808	Water Resources Board		15,534
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society		900,343
Outdoor Recreation - Acquisition, Development and Planning	15.916	Department of Tourism and Recreation		358,582
Cost Reimbursement Contracts:				
American Battlefield Protection	15.926	Historical Society		185,575
McGee Creek Project	-	Department of Wildlife Conservation		<u>216,888</u>
Subtotal				<u>\$ 18,698,857</u>
U.S. Department of Justice				
Direct Programs:				
Sexual Assault Services Formula Program	16.017	District Attorneys Council		235,045
Juvenile Accountability Block Grants	16.523	Office of Juvenile Affairs		488,232
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Office of Juvenile Affairs		581,109
Missing Children's Assistance	16.543	State Bureau of Investigation		231,733
Title V - Delinquency Prevention Program	16.548	Office of Juvenile Affairs		82,470
State Justice Statistics Program for Statistical Analysis Centers	16.550	State Bureau of Investigation		47,780
National Criminal History Improvement Program (NCHIP)	16.554	District Attorneys Council		86,674
National Institute of Justice Research, Evaluation and Development Project Grants	16.560	State Bureau of Investigation		233,250
Crime Victim Assistance	16.575	District Attorneys Council		6,527,369
Crime Victim Compensation	16.576	District Attorneys Council		1,206,244
Crime Victim Assistance/Discretionary Grants	16.582	Attorney General	62,700	
	16.582	District Attorneys Council	<u>107,340</u>	170,040
Drug Court Discretionary Grant Program	16.585	Mental Health and Substance Abuse Services		327,903
ARRA - Violence Against Women Formula Grants	16.588	District Attorneys Council		2,209,369
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	District Attorneys Council		489,095
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	Attorney General	14,702	
	16.590	District Attorneys Council	<u>54,295</u>	68,997

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

OKLAHOMA

Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Residential Substance Abuse Treatment for State Prisoners	16.593	District Attorneys Council		470,330
State Criminal Alien Assistance Program	16.606	Department of Corrections		924,417
Project Safe Neighborhoods	16.609	District Attorneys Council		373,355
Public Safety Partnership and Community Policing Grants	16.710	Bureau of Narcotics & Dangerous Drugs Control	13,317	
	16.710	State Bureau of Investigation	2,977	
	16.710	Department of Public Safety	<u>806,452</u>	822,746
Enforcing Underage Drinking Laws Program	16.727	Mental Health and Substance Abuse Services		310,083
Edward Byrne Memorial Justice Assistance Grant Program	16.738	District Attorneys Council	5,163,265	⊛
	16.738	Mental Health and Substance Abuse Services	14,467	⊛
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	District Attorneys Council	<u>1,950,133</u>	⊛ 7,127,865
Statewide Automated Victim Information Notification (SAVIN) Program	16.740	Attorney General		84,380
DNA Backlog Reduction Program	16.741	State Bureau of Investigation		368,358
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	District Attorneys Council		600,515
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Mental Health and Substance Abuse Services		115,899
Capital Case Litigation	16.746	Indigent Defense System		92,590
Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748	State Bureau of Investigation		95,294
Congressionally Recommended Awards	16.753	State Bureau of Investigation		249,142
Support for Adam Walsh Act Implementation Grant Program	16.750	Department of Corrections		(51,673)
Harold Rogers Prescription Drug Monitoring Program	16.754	Bureau of Narcotics & Dangerous Drugs Control		109,691
ARRA - Internet Crimes Against Children Task Force Program (ICAC)	16.800	State Bureau of Investigation		185,209
ARRA - State Victim Assistance Formula Grant Program	16.801	District Attorneys Council		248,923
Second Chance Act Prisoner Reentry Initiative	16.812	Department of Corrections	553,447	
	16.812	Office of Juvenile Affairs	<u>88,352</u>	641,799
John R. Justice Prosecutors and Defenders Incentive Act	16.816	District Attorneys Council		148,381
Cost Reimbursement Contracts:				
High Intensity Drug Trafficking Area	-	Bureau of Narcotics & Dangerous Drugs Control		4,831
Subtotal				<u>\$ 25,907,445</u>
U.S. Department of Labor				
Direct Programs:				
Labor Force Statistics	17.002	Employment Security Commission		1,251,267
Compensation and Working Conditions	17.005	Department of Labor		114,240
Employment Service/Wagner-Peyser Funded Activities	17.207	Employment Security Commission	13,575,931	⊛
Disabled Veterans' Outreach Program (DVOP)	17.801	Employment Security Commission	632,379	⊛
Local Veterans' Employment Representative Program	17.804	Employment Security Commission	<u>1,676,040</u>	⊛ 15,884,350
Unemployment Insurance	17.225	Employment Security Commission	556,079,053	
ARRA-Unemployment Insurance	17.225	Employment Security Commission	<u>1,659,672</u>	557,738,725 ⊛
Senior Community Service Employment Program	17.235	Employment Security Commission		1,554,598
Trade Adjustment Assistance	17.245	Employment Security Commission		1,475,244
WIA Adult Program	17.258	Department of Commerce	4,967,301	⊛
ARRA- WIA Adult Program	17.258	Department of Commerce	(8,024)	⊛
WIA Youth Activities	17.259	Department of Commerce	5,449,515	⊛
ARRA- WIA Youth Activities	17.259	Department of Commerce	152,755	⊛
WIA Dislocated Worker Formula Grants	17.278	Department of Commerce	<u>5,360,896</u>	⊛ 15,922,443 ◆
WIA Dislocated Workers	17.260	Department of Commerce		1,209,559
ARRA- WIA Dislocated Workers	17.260	Department of Commerce		99,237
Workforce Investment ACT (WIA) National Emergency Grants	17.277	Department of Commerce	92,532	
	17.277	Employment Security Commission	<u>382,455</u>	474,987
H-1B Job Training Grants	17.268	Department of Commerce		36,796
Work Opportunity Tax Credit Program (WOTC)	17.271	Employment Security Commission		115,982
Temporary Labor Certification for Foreign Workers	17.273	Employment Security Commission		62,494
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	Department of Commerce		2,568,638
Consultation Agreements	17.504	Department of Labor		1,237,232
Mine Health and Safety Grants	17.600	Department of Mines		107,800
Homeless Veterans Reintegration Program	17.805	Department of Commerce		7,000
Subtotal				<u>\$ 599,860,592</u>
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	Oklahoma Aeronautics Commission	600,336	
	20.106	Oklahoma Space Industry Dev. Authority	<u>490,140</u>	1,090,476

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

OKLAHOMA

Schedule of Expenditures of Federal Awards By Federal Grantor
for the Fiscal Year Ending June 30, 2012

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Highway Research and Development Program	20.200	Department of Transportation		1,371,165
Highway Planning and Construction	20.205	Department of Transportation	640,466,166	
ARRA - Highway Planning and Construction	20.205	Department of Transportation	3,710,033	
Recreational Trails Program	20.219	Department of Tourism and Recreation	1,389,336	645,565,535
Highway Training and Education	20.215	Department of Transportation		258,498
National Motor Carrier Safety	20.218	Department of Public Safety		818,792
Commercial Drivers License Program Improvement Grant	20.232	Department of Public Safety		128,944
Safety Data Improvement Program	20.234	Department of Public Safety		173,937
Commercial Drivers License Information System (CDLIS) Modernization Grant	20.238	Department of Public Safety		37,203
Federal Transit - Capital Investment Grants	20.500	Department of Transportation		1,248,830
Metropolitan Transportation Planning	20.505	Department of Transportation		3,123,431
Formula Grants for Other Than Urbanized Areas	20.509	Department of Transportation	11,904,678	
ARRA - Formula Grants for Other Than Urbanized Areas	20.509	Department of Transportation	51,465	11,956,143
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	Department of Human Services	2,674,779	
Job Access Reverse Commute	20.516	Department of Transportation	1,938,007	
New Freedom Program	20.521	Department of Transportation	1,045,581	5,658,367
State and Community Highway Safety	20.600	Department of Public Safety	1,276,515	
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Department of Public Safety	2,741,715	
Safety Belt Performance Grants	20.609	Department of Public Safety	129,788	
State Traffic Safety Information System Improvement Grants	20.610	Department of Public Safety	494,500	
Incentive Grant Program to Increase Motorcyclist Safety	20.612	Department of Public Safety	127,423	4,769,941
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	Department of Public Safety		110,506
E911 Grant Program	20.615	Department of Public Safety		410,425
Pipeline Safety Program State Base Grant	20.700	Corporation Commission		1,049,629
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Department of Emergency Management		266,512
ARRA - Surface Transportation - Discretionary Grants for Capital Investment	20.932	Department of Transportation		30,903,894
Subtotal				\$ 708,942,228
U.S. Department of the Treasury				
Direct Programs:				
State Small Business Credit Initiative	-	Department of Commerce		671,963
				\$ 671,963
General Services Administration				
Direct Programs:				
Donation of Federal Surplus Personal Property	39.003	Department of Central Services		3,220,686
Election Reform Payments	39.011	State Election Board		1,110,782
Subtotal				\$ 4,331,468
National Foundation on the Arts and the Humanities				
Direct Programs:				
Promotion of the Arts - Partnership Agreements	45.025	State Arts Council		773,000
Promotion of the Humanities Federal/State Partnership	45.129	Department of Commerce		2,304
Promotion of the Humanities - Division of Preservation and Access	45.149	Historical Society		180,697
Grants to States	45.310	Department of Libraries		2,087,550
National Leadership Grants	45.312	Department of Commerce		501,543
Laura Bush 21st Century Librarian Program	45.313	Department of Libraries		249,632
Subtotal				\$ 3,794,726
U.S. Small Business Administration				
Direct Programs:				
State Trade and Export Promotion Pilot Grant	59.061	Department of Commerce		445,006
Subtotal				\$ 445,006
U.S. Department of Veterans Affairs				
Direct Programs:				
Grants to States for Construction of State Home Facilities	64.005	Department of Veterans Affairs		7,948,506
Veterans State Nursing Home Care	64.015	Department of Veterans Affairs		60,649,383
All-Volunteer Force Educational Assistance	64.124	Department of Veterans Affairs		376,118
Subtotal				\$ 68,974,007
U.S. Environmental Protection Agency				
Direct Programs:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Act Purpose Activities Relating to the Clean Air Act	66.034	Department of Environmental Quality		549,401
ARRA - National Clean Diesel Emissions Reduction Program	66.039	Department of Environmental Quality		438,422
State Clean Diesel Grant Program	66.040	Department of Environmental Quality	274,677	
ARRA - State Clean Diesel Grant Program	66.040	Department of Environmental Quality	7,847	282,524

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Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Congressionally Mandated Projects	66.202	Water Resources Board		15,067
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	Water Resources Board		2,722,145
State Underground Water Source Protection	66.433	Corporation Commission		385,818
Water Quality Management Planning	66.454	Water Resources Board	98,098	
ARRA - Water Quality Management Planning	66.454	Water Resources Board	<u>12,730</u>	110,828
Capitalization Grants for Clean Water State Revolving Fund	66.458	Water Resources Board	23,247,576	
ARRA - Capitalization Grants for Clean Water State Revolving Fund	66.458	Water Resources Board	<u>1,910,848</u>	25,158,424 ♦
Nonpoint Source Implementation Grants	66.460	Water Resources Board		4,418,497
Regional Wetland Program Development Grants	66.461	Water Resources Board		565,326
Capitalization Grants for Drinking Water State Revolving Fund	66.468	Department of Environmental Quality	10,882,358	
ARRA - Capitalization Grants for Drinking Water State Revolving Fund	66.468	Department of Environmental Quality	<u>9,542</u>	10,891,900 ♦
Performance Partnership Grants	66.605	Department of Environmental Quality		4,821,143
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	Department of Environmental Quality		146,370
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	Department of Agriculture		583,973
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	Department of Labor		292,447
Pollution Prevention Grants Program	66.708	Department of Environmental Quality		21,118
Multi-Media Capacity Building Grants for States and Tribes	66.709	Corporation Commission		4,866
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	Department of Environmental Quality		(893,870)
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	Corporation Commission		520,445
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	Corporation Commission	1,182,507	
ARRA - Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	Corporation Commission	<u>1,016,472</u>	2,198,979
State and Tribal Response Program Grants	66.817	Department of Environmental Quality	402,528	
	66.817	Corporation Commission	<u>182,444</u>	584,972
Brownfields Assessments and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality	58,813	
ARRA - Brownfields Assessments and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality	<u>451,943</u>	510,756
Subtotal				<u>\$ 54,329,551</u>
U.S. Department of Energy				
Direct Programs:				
State Energy Program	81.041	Department of Environmental Quality	158,600	
	81.041	Department of Commerce	693,576	
ARRA - State Energy Program	81.041	Department of Commerce	<u>24,676,119</u>	25,528,295 ♦
Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	1,682,682	
ARRA - Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	<u>19,532,901</u>	21,215,583 ♦
Renewable Energy Research and Development	81.087	Department of Commerce		54,526
Electricity Delivery and Energy Reliability, Research, Development, and Analysis	81.122	Corporation Commission	127,772	
	81.122	Department of Commerce	268,528	
	81.122	Department of Wildlife Conservation	<u>51,729</u>	448,029
ARRA - Energy Efficient Appliance Rebate Program	81.127	Department of Commerce		179,545 ♦
ARRA - Energy Efficiency and Conservation Block Grant Program	81.128	Department of Commerce		<u>3,121,560</u> ♦
Subtotal				<u>\$ 50,547,538</u>
U.S. Department of Education				
Direct Programs:				
Adult Education - Basic State Grant to States	84.002	Department of Education		5,493,288
Title I Grants to Local Educational Agencies	84.010	Department of Education	203,825,198 ☹	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	Department of Education	<u>10,770,894</u> ☹	214,596,092 ☹
Migrant Education - Coordination Program	84.144	Department of Education		70,670
Migrant Education - State Grant Program	84.011	Department of Education		1,715,291
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Department of Education		740,816
Special Education - Grants to States	84.027	Department of Education	151,876,213 ☹	
Special Education - Preschool Grants	84.173	Department of Education	3,713,028 ☹	
ARRA - Special Education - Grants to States, Recovery Act	84.391	Department of Education	5,519,269 ☹	
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	Department of Education	<u>149,927</u> ☹	161,258,437 ☹

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

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Schedule of Expenditures of Federal Awards By Federal Grantor
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Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Career and Technical Education - Basic Grants to States	84.048	Department of Career & Technology Education		16,450,895
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Department of Rehabilitation Services		52,258,980 *
Rehabilitation Services - Client Assistance Program	84.161	Office of Disability Concerns		96,536
Independent Living - State Grants	84.169	Department of Rehabilitation Services	362,314 *	
ARRA - Independent Living States Grants, Recovery Act	84.398	Department of Rehabilitation Services	(9,625) *	352,689
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177	Department of Rehabilitation Services		418,669
Special Education - Grants for Infants and Families	84.181	Department of Education	3,996,009 *	
ARRA - Special Education - Grants for Infants and Families, Recovery Act	84.393	Department of Education	2,256,260 *	6,252,269
Safe and Drug-Free Schools and Communities - National Programs	84.184	Department of Education		15,983
Byrd Honors Scholarships	84.185	Department of Education		353,684
Safe and Drug-Free Schools and Communities - State Grants	84.186	Department of Education	242,926	
		Mental Health and Substance Abuse Services	550,858	793,784
Supported Employment Services for Individuals with the Most Significant Disabilities	84.187	Department of Rehabilitation Services		300,000
Education for Homeless Children and Youth	84.196	Department of Education	812,794 *	
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	Department of Education	66,207 *	879,001
Even Start - State Educational Agencies	84.213	Department of Education		300,190
Tech-Prep Education	84.243	Department of Career & Technology Education		974,616
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	Department of Rehabilitation Services		54,020
Twenty-First Century Community Learning Centers	84.287	Department of Education		12,691,217
Education Technology State Grants	84.318	Department of Education	1,559,664 *	
ARRA - Education Technology State Grants, Recovery Act	84.386	Department of Education	484,800 *	2,044,464
Special Education - State Personnel Development Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.323	Department of Education		683,562
Title I Accountability Grants	84.331	Department of Corrections		119,596
Rural Education	84.348	Department of Education		(464,166)
English Language Acquisition State Grants	84.358	Department of Education		3,688,857
Mathematics and Science Partnerships	84.365	Department of Education		4,199,465
Improving Teacher Quality State Grants	84.366	Department of Education		2,721,737
Grants for State Assessments and Related Activities	84.367	Department of Education		31,110,045 *
Striving Readers	84.369	Department of Education		7,549,256
School Improvement Grants	84.371	Department of Education		24,294
ARRA - School Improvement Grants, Recovery Act	84.377	Department of Education	5,507,024 *	
	84.388	Department of Education	8,615,008 *	14,122,032
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	Office of the Governor	383,805 *	
ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	Office of the Governor	46,309,203 *	46,693,008 *
ARRA - Education Jobs Fund	84.410	Office of the Governor		38,664,831 *
Subtotal				\$ 627,224,108
National Archives and Records Administration				
Direct Programs:				
National Historical Publications and Records Grants	89.003	Department of Libraries		25,870
Help America Vote Act Requirements Payments	90.401	State Election Board		14,410,664
Subtotal				\$ 14,436,534
U.S. Department of Health and Human Services				
Direct Programs:				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	Department of Human Services		58,479
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	Department of Human Services		198,890
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Department of Human Services		256,286
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Department of Human Services	4,608,926 *	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Department of Human Services	7,659,551 *	
Nutrition Services Incentive Program	93.053	Department of Human Services	2,461,619 *	14,730,096

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Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	Department of Human Services	224,525	
	93.048	Oklahoma Insurance Department	260,787	485,312
Alzheimer's Disease Demonstration Grants to States	93.051	Department of Human Services		77,079
National Family Caregiver Support, Title III, Part E	93.052	Department of Human Services		1,518,344
Public Health Emergency Preparedness	93.069	State Department of Health		8,316,349
Environmental Public Health and Emergency Response	93.070	State Department of Health		415,759
Medicare Enrollment Assistance Program	93.071	Department of Human Services		(3,851)
Lifespan Respite Care Program	93.072	Department of Human Services		53,612
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Department of Human Services		352,123
Enhance the Safety of Children Affected by Substance Abuse	93.087	Mental Health and Substance Abuse Services		536,059
Emergency System for Advance Registration of Volunteer Health Professionals	93.089	State Department of Health		136,199
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	State Department of Health		536,051
Food and Drug Administration Research	93.103	Department of Agriculture	92,205	
	93.103	State Department of Health	11,576	103,781
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	Mental Health and Substance Abuse Services		2,469,930
Maternal and Child Health Federal Consolidated Programs	93.110	State Department of Health		237,672
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	State Department of Health		727,497
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	State Department of Health		150,608
ARRA - State Primary Care Offices	93.414	State Department of Health		27,347
Injury Prevention and Control Research State and Community Based Programs	93.136	State Department of Health		926,724
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Mental Health and Substance Abuse Services		454,871
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	State Department of Health		34,860
Family Planning - Services	93.217	State Department of Health		4,295,719
Affordable Care Act (ACA) Abstinence Education Program	93.235	State Department of Health		75,298
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Mental Health and Substance Abuse Services		6,262,935
Universal Newborn Hearing Screening	93.251	State Department of Health		302,957
Occupational Safety and Health Program	93.262	State Department of Health		(1)
Immunization Cooperative Agreements	❖ 93.268	State Department of Health	56,288,568	⊕
ARRA - Immunization	93.712	State Department of Health	650,005	⊕ 56,938,573
Adult Viral Hepatitis Prevention and Control Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.270	State Department of Health		93,655
State Partnership Grant Program to Improve Minority Health	93.283	State Department of Health		7,502,588
ACA - Maternal, Infant and Early Childhood Home Visiting Program	93.296	State Department of Health		136,062
ACA - Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	93.505	State Department of Health		1,295,580
PPHF 2012 National Public Health Improvement Initiative	93.506	State Department of Health		37,033
PPHF 2012 National Public Health Improvement Initiative	93.507	State Department of Health		190,099
Affordable Care Act - Aging and Disability Resource Center	93.517	Department of Human Services		111,810
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	Department of Human Services		77,100
Affordable Care Act (ACA) - Consumer Assistance Program Grants	93.519	Oklahoma Insurance Department		191,674
Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.520	State Department of Health		73,507
The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF	93.521	State Department of Health		195,817
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Health Care Authority		496,789
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	State Department of Health		101,010
The Patient Protection and Affordable Care Act of 2010 (ACA)	93.541	State Department of Health		391,929
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544	State Department of Health		59,388
Transitional Living for Homeless Youth	93.550	Department of Human Services		183,140
Promoting Safe and Stable Families	93.556	Department of Human Services		4,757,252

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Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Temporary Assistance for Needy Families (TANF)	93.558	Department of Human Services		106,046,133 ☼
Child Support Enforcement	93.563	Department of Human Services	39,511,578	
ARRA - Child Support Enforcement	93.563	Department of Human Services	<u>3,723,400</u>	43,234,978 ☼
Child Support Enforcement Research	93.564	Department of Human Services		45,217
Refugee and Entrant Assistance - State Administered Programs	93.566	Department of Human Services		633,848
Low-Income Home Energy Assistance	93.568	Department of Human Services		32,164,550 ☼
Community Services Block Grant	93.569	Department of Commerce	7,584,916 ☼	
ARRA - Community Services Block Grant	93.710	Department of Commerce	<u>1,719</u> ☼	7,586,635
Child Care and Development Block Grant	93.575	Department of Human Services	61,042,854 ☼	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Department of Human Services	<u>43,244,439</u> ☼	104,287,293
State Court Improvement Program	93.586	Supreme Court		805,200
Community-Based Child Abuse Prevention Grants	93.590	State Department of Health		889,135
Grants to States for Access and Visitation Programs	93.597	Department of Human Services		109,168
Chafee Education and Training Vouchers Program (ETV)	93.599	Department of Human Services		843,724
Child Support Enforcement Demonstrations and Special Projects	93.601	Department of Human Services		4,196
Adoption Incentive Payments	93.603	Department of Human Services		1,365,025
Family Connection Grants	93.605	Department of Human Services		627,785
Head Start	93.600	Department of Commerce		184,327
Voting Access for Individuals with Disabilities - Grants for States	93.617	State Election Board		22,234
Developmental Disabilities Basic Support and Advocacy Grants	93.630	Department of Human Services		1,062,924
Children's Justice Grants to States	93.643	Department of Human Services		192,814
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Department of Human Services		1,425,032
Adoption Opportunities	93.652	Department of Human Services		586,583
Foster Care - Title IV-E	93.658	Department of Human Services	32,155,733	
ARRA - Foster Care - Title IV-E	93.658	Department of Human Services	<u>(65,234)</u>	32,090,499
Adoption Assistance	93.659	Department of Human Services	29,947,382	
ARRA - Adoption Assistance	93.659	Department of Human Services	<u>(25,473)</u>	29,921,909
Social Services Block Grant	93.667	Department of Human Services		35,016,450
Child Abuse and Neglect State Grants	93.669	Department of Human Services		388,408
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	Attorney General		1,094,073
Chafee Foster Care Independence Program	93.674	Department of Human Services		2,732,246
ARRA - Preventing Healthcare-Associated Infections	93.717	State Department of Health		458,145
ARRA - State Grants to Promote Health Information Technology	93.719	Health Care Authority		1,459,475
ARRA - Prevention and Wellness - State, Territories and Pacific Islanders	93.723	State Department of Health		359,525
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724	State Department of Health		6,510
ARRA - Communities Putting Prevention to Work-Chronic Disease Self-Management Program	93.725	Department of Human Services	139,228	
	93.725	State Department of Health	<u>110,694</u>	249,922
Children's Health Insurance Program	93.767	Health Care Authority		110,097,653 ☼
Medicare - Hospital Insurance	93.773	State Department of Health		789,264
ARRA - Survey and Certification Ambulatory Surgical Center Healthcare - Associated Infection (ASC-HAI) Prevention Initiative	93.720	State Department of Health	11,545 ☼	
State Medicaid Fraud Control Units	93.775	Attorney General	1,327,288 ☼	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	Health Care Authority	5,807,053 ☼	
Medical Assistance Program	93.778	Health Care Authority	3,052,471,466 ☼	
ARRA-Medical Assistance Program	93.778	Health Care Authority	<u>44,699,078</u> ☼	3,104,316,430 ☼
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Department of Human Services	8,465	
	93.779	Oklahoma Insurance Department	<u>819,316</u>	827,781
Money Follows the Person Rebalancing Demonstration	93.791	Health Care Authority		4,124,374
National Bioterrorism Hospital Preparedness Program	93.889	State Department of Health		4,580,582
HIV Care Formula Grants	93.917	State Department of Health		8,429,889
Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	93.918	State Department of Health		(83)
Cooperative Agreements to Support Comprehensive School Health Programs To Prevent the Spread of HIV and Other Important Health Problems	93.938	Department of Education		123,430
HIV Prevention Activities - Health Department Based	93.940	State Department of Health		2,190,816
Human Immunodeficiency Virus (HIV) - Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	State Department of Health		523,827

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			Agency	State
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	State Department of Health		159,432
Trauma Care Systems Planning and Development	93.952	State Department of Health		59,137
Block Grants for Community Mental Health Services	93.958	Mental Health and Substance Abuse Services		3,914,480
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Mental Health and Substance Abuse Services		15,550,416
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	State Department of Health		1,208,082
Preventive Health and Health Services Block Grant	93.991	State Department of Health		452,657
Maternal and Child Health Services Block Grant to the States	93.994	State Department of Health		4,990,367
Other Federal Assistance - X-Ray Inspections	-	State Department of Health		61,928
Cost Reimbursement Contracts:				
Implementation Alcohol/Drug Data Collection	-	Mental Health and Substance Abuse Services		5,576
State Outcome Measurement & Management System	-	Mental Health and Substance Abuse Services		152,488
Subtotal				<u>\$ 3,785,022,480</u>
Corporation for National and Community Service				
Direct Programs:				
Learn and Serve America - Higher Education	94.005	Department of Education		(11,018)
Foster Grandparent Program	94.011	Department of Human Services		453,626
Volunteers in Service to America	94.013	Department of Education		28,464
Subtotal				<u>\$ 471,072</u>
Social Security Administration				
Direct Programs:				
Social Security - Disability Insurance	96.001	Department of Rehabilitation Services		39,461,797
Subtotal				<u>\$ 39,461,797</u>
U.S. Department of Homeland Security				
Direct Programs:				
Non-Profit Security Program	97.008	Department of Public Safety		6,861,205
Boating Safety Financial Assistance	97.012	Department of Public Safety		2,205,417
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	Department of Emergency Management		354,022
Emergency Management Institute (EMI) - Independent Study Program	97.027	Department of Emergency Management		15,372
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Department of Emergency Management		58,369,794
Hazard Mitigation Grant	97.039	Department of Emergency Management		8,690,479
National Dam Safety Program	97.041	Water Resources Board		173,576
Emergency Management Performance Grants	97.042	Department of Emergency Management		3,790,838
Fire Management Assistance Grant	97.046	Department of Emergency Management		120,820
Pre-Disaster Mitigation	97.047	Department of Emergency Management		70,898
Emergency Operations Center	97.052	Department of Public Safety		68,485
Citizens - Community Resilience Innovation Challenge	97.053	Department of Public Safety		137,065
Interoperable Emergency Communications Grant	97.055	Department of Public Safety		502,922
Metropolitan Medical Response System	97.071	Department of Public Safety		495,983
State Homeland Security Program (SHSP)	97.073	Department of Public Safety		6,225,829
Law Enforcement Terrorism Prevention Program (LETPP)	97.074	Department of Public Safety		339,328
Buffer Zone Protection Program (BZPP)	97.078	Department of Public Safety		606,418
Earthquake Consortium	97.082	Department of Emergency Management		148,494
Repetitive Flood Claims	97.092	Department of Emergency Management		273,170
Subtotal				<u>\$ 89,450,115</u>
Total Federal Assistance				<u>\$ 7,581,871,959</u>

- ⌘ Noncash Assistance
- ❖ Partially Noncash Assistance
- ⊛ Tested as a major program as defined by OMB Circular A-133
- ◆ Program audited as a major program by independent auditor
- ⊛ Programs defined as a cluster by OMB Circular A-133

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**Notes to the Schedule of Expenditures
of Federal Awards**

**Notes to the Schedule of Expenditures
of Federal Awards**

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2012

Note 1. Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards (Schedule) has been prepared in conformity with the requirements set forth in the Single Audit Act of 1984, Public Law 98-502, the Single Audit Act Amendments of 1996, Public Law 104-156 and Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*.

A. Reporting Entity

The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. The reporting entity includes the primary government of the State of Oklahoma as presented in the Comprehensive Annual Financial Report (CAFR). Component units included in the CAFR prepare individual financial statements that meet the requirements of OMB Circular A-133, and have not been included in the Schedule. OMB Circular A-133 allows non-Federal entities to meet the audit requirements of the Circular through a series of audits that cover the reporting entity.

B. Basis of Presentation

The Schedule presents expenditures and expenses for the fiscal year ended June 30, 2012. The Schedule reports total federal award expenditures and expenses for each federal program as identified in the *Catalog of Federal Domestic Assistance (CFDA)*. Federal awards without identified CFDA numbers have been identified as "Other Federal Assistance".

Federal financial awards include federal financial assistance and federal cost-reimbursement contracts. Federal financial assistance may be defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, food commodities, interest subsidies, insurance or direct appropriations, but does not include direct federal cash assistance to individuals. Non-monetary federal assistance including surplus property, food stamps and food commodities is reported in the Schedule. Solicited contracts between the State and the federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Food and commodity distributions on the accompanying Schedule are valued using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The food stamp issuance amount included in the accompanying Schedule is stated at the value of food stamps redeemed. Donated federal surplus property is included in the Schedule at a percentage of the federal government acquisition cost.

The scope of the Schedule includes expenditures and expenses of federal assistance directly received by State primary recipients. With reference to the primary government, the primary recipient expenditures are not adjusted for sub-recipient State agency expenditures.

Major programs are defined by levels of expenditures and expenses and risk assessments established in the OMB Circular A-133.

Notes to the Schedule of Expenditures of Federal Awards

C. Basis of Accounting

The accompanying Schedule, in general, reports expenditures of the primary government in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that governmental funds report revenue and expenditures using the modified accrual basis of accounting as described in the Comprehensive Annual Financial Report. The modified accrual basis of accounting recognizes expenditures and expenses when liquidated with current resources. The Wildlife Conservation Commission, a governmental fund, uses the accrual basis of accounting that recognizes expenditures when incurred.

Note 2. State Unemployment Insurance Fund

Expenditures for unemployment insurance (CFDA 17.225) include State Unemployment Insurance (UI) funds as well as federal UI funds. The State portion of UI funds amounted to \$265,805,076. The federal portion of UI funds amounted to \$290,495,719 and additional funds of \$1,659,672 were provided by the ARRA.

Note 3. Federally Funded Loan Programs

The Water Resources Board (WRB) administers the Oklahoma Clean Water Facility Construction Revolving Loan Account Program. The program had loans outstanding of \$396,110,792 at June 30, 2012. A federal grant from the U.S. Environmental Protection Agency provides approximately 80% of the program's loan funding, with State funds matching the remaining 20%.

The Oklahoma Department of Environmental Quality (ODEQ) administers the Oklahoma Drinking Water State Revolving Fund Program. The program had loans outstanding of \$444,820,694 at June 30, 2012. The Oklahoma Drinking Water State Revolving Fund Program utilizes Federal Capitalization grants, from the U.S. Environmental Protection Agency under CFDA 66.468, required State matching funds equal to 20% of federal funds received, and interest income for drinking water loan assistance. Included in the schedule of federal expenditures are funds withdrawn for loans, State matching funds used for loans and program operating costs. During fiscal year 2012, the ODEQ withdrew federal funds in the amount of \$8,852,282. Of these funds, no funds were used for disbursements on loans originated.

Note 4. Cost Recovery of Federal Program Expenditures

During fiscal year 2012, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$17,766,718 on sales of formula to participants in the Special Supplemental Food Program for Women, Infants, and Children (CFDA No. 10.557). The rebate contracts are authorized by 7 CFR 46.26(m) as a cost containment measure. The cash rebates were treated as a credit against prior food expenditures.

The Oklahoma Department of Transportation has incurred significant expenditures on construction projects that have exceeded the contract amounts approved by the federal grantor. These project expenditures are held in suspense until modified contracts are approved by the federal grantor and the expenditures subsequently reimbursed. Project expenditures totaling \$10,886,000 were in suspense at June 30, 2012, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

Notes to the Schedule of Expenditures of Federal Awards

Note 5. Audits Provided by Auditors Other Than Principal Auditor

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce
 Oklahoma Department of Wildlife
 Oklahoma Water Resources Board

Several programs were identified as major and audited as such in the separate single audits of these entities. The schedule separately identifies programs that were audited as major programs by independent auditors.

Note 6. Department of Education Grant Transfers

The Department of Education made the following transferability payments between programs for the fiscal year 2012:

	Improving Teacher Quality State Grants (CFDA #84.367)	Safe & Drug Free School & Communities State Grants (CFDA #84.186)
<u>Transferred To:</u>		
Title I Grants to LEAs (CFDA #84.010)	\$ 1,690,895.09	\$ -
Education Technology State Grants (CFDA #84.318)	\$ 928,440.20	\$ 1,087.28
	\$ 2,619,335.29	\$ 1,087.28

Note 7. Department of Transportation Federal Soft Match Provision

Beginning in the year 1992, the Oklahoma Department of Transportation began using the “soft match” provision of the Inter-modal Surface Transportation Efficiency Act, which allows the maintenance and construction cost of toll facilities that serve interstate commerce to be used in lieu of State matching funds. Annually, dollars spent for major maintenance (reconstruction) of turnpikes or new construction may be added to the amount of soft match credit available for use as State match. The State’s share of expenditures is deducted from the available soft match amount. Federal money would then fund 100 percent of the project from the amount that had previously been apportioned for Oklahoma’s highway projects.

The Department utilized \$90,831,403 of the soft match provision for projects billed during fiscal year 2012. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration (FHWA) for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to FHWA.

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Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Schedule of Findings

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:unqualified

Internal control over financial reporting:

Material weakness(es) identified? yes

Significant deficiencies identified that are not considered to be material weakness(es)?no

Noncompliance material to financial statements noted?.....no

For fiscal year 2012, the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards*, and related finding, was issued with the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the year ended June 30, 2012, dated January 30, 2013.

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes

Significant deficiencies identified that are not considered to be material weakness(es)? yes

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for 20.509 –Formula Audits for Other than Urbanized Areas (both ARRA and non-ARRA) which was qualified.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?..... yes

Dollar threshold used to distinguish between type A and type B programs: \$22,745,616

Auditee qualified as low-risk auditee?.....no

Identification of Major Programs:

	<u>Program and CFDA Number</u>	<u>State Agency</u>
SNAP Cluster	10.551 Supplemental Nutrition Assistance Program (SNAP) 10.561 State Administrative Matching Grants for Supplemental Nutrition Assistance Program	Department of Human Services

Schedule of Findings

Summary of Auditor's Results

	<u>Program and CFDA Number</u>	<u>State Agency</u>
Child Nutrition Cluster	10.553 School Breakfast Program (SBP)	Department of Education
	10.555 National School Lunch Program (NSLP)	
	10.555 National School Lunch Program (NSLP)	Department of Human Services
	10.556 Special Milk Program for Children (SMP)	Department of Education
	10.559 Summer Food Service Program for Children (SFSPC)	
	10.559 Summer Food Service Program for Children (SFSPC)	Department of Human Services
	10.557 Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	Department of Health
	10.558 Child and Adult Care Food Program	Department of Education
	10.558 Child and Adult Care Food Program	Department of Human Services
	11.557 ARRA - Broadband Technology Opportunities Program (BTOP)	Office of Management and Enterprise Systems
11.557 ARRA - Broadband Technology Opportunities Program (BTOP)	Department of Libraries	
CDBG Cluster	14.228 Community Development Block Grants	Department of Commerce
	14.255 ARRA-Community Development Block Grants	
	14.257 ARRA – Homelessness Prevention	Department of Commerce
Fish and Wildlife Cluster	15.605 Sport Fish Restoration Program	Department of Wildlife
	15.611 Wildlife Restoration and Basic Hunter Education	
	15.615 Cooperative Endangered Species Conservation Fund	Department of Wildlife
	15.656 ARRA – Habitat Enhancement, Restoration and Improvement	Department of Wildlife
	17.225 Unemployment Insurance	Employment Security Commission
17.225 ARRA - Unemployment Insurance		
WIA Cluster	17.258 Workforce Investment Act - Adults	Department of Commerce
	17.258 ARRA - Workforce Investment Act - Adults	
	17.259 Workforce Investment Act – Youth Activities	
	17.259 ARRA - Workforce Investment Act – Youth Activities	
	17.278 Workforce Investment Act Dislocated Worker Formula Grants	
Highway Planning & Construction Cluster	20.205 Highway Planning and Construction	Department of Transportation
	20.205 ARRA - Highway Planning and Construction	
	20.219 Recreational Trails Program	Department of Tourism & Recreation

Schedule of Findings

Summary of Auditor's Results

	<u>Program and CFDA Number</u>	<u>State Agency</u>
	20.509 Formula Grants for Other Than Urbanized Areas 20.509 ARRA - Formula Grants for Other Than Urbanized Areas	Department of Transportation
	20.932 ARRA - Surface Transportation Discretionary Grants for Capital Investment	Department of Transportation
	64.015 Veterans State Nursing Home Care	Department of Veterans Affairs
	66.458 Capitalization Grants for Clean Water State Revolving Fund 66.458 ARRA - Capitalization Grants for Clean Water State Revolving Fund	Water Resources Board
	66.468 Capitalization Grants for Drinking Water State Revolving Fund 66.468 ARRA - Capitalization Grants for Drinking Water State Revolving Fund	Department of Environmental Quality
	81.041 State Energy Program	Department of Environmental Quality
	81.041 State Energy Program 81.041 ARRA - State Energy Program	Department of Commerce
	81.042 Weatherization Assistance for Low-Income Persons 81.042 ARRA - Weatherization Assistance for Low-Income Persons	Department of Commerce
	81.127 ARRA – Energy Efficient Appliance Rebate Program	Department of Commerce
	81.128 ARRA – Energy Efficiency and Conservation Block Grant Program	Department of Commerce
Title I, Part A Cluster	84.010 Title I Grants to Local Educational Agencies 84.389 ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Department of Education
Special Education Cluster (IDEA)	84.027 Special Education - Grants to States 84.173 Special Education - Preschool Grants 84.391 ARRA - Special Education - Grants to States, Recovery Act 84.392 ARRA - Special Education - Preschool Grants, Recovery Act	Department of Education
	84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Rehabilitation Services
	84.367 Improving Teacher Quality State Grants	Department of Education

Schedule of Findings

Summary of Auditor's Results

	<u>Program and CFDA Number</u>	<u>State Agency</u>
State Fiscal Stabilization Fund Cluster	84.394 ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act 84.397 ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	Office of the Governor
	84.410 ARRA - Education Jobs Fund	Office of the Governor
	93.558 Temporary Assistance for Needy Families (TANF)	Department of Human Services
	93.563 Child Support Enforcement 93.563 ARRA - Child Support Enforcement	Department of Human Services
	93.568 Low Income Home Energy Assistance	Department of Human Services
	93.767 Children's Health Insurance Program	Health Care Authority
Medicaid Cluster	93.720 ARRA - Survey and Certification Ambulatory Surgical Center Healthcare - Associated Infection (ASC-HAI) Prevention Initiative	State Department of Health
	93.775 State Medicaid Fraud Control Units	Attorney General
	93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Health Care Authority
	93.778 Medical Assistance Program	
	93.778 ARRA - Medical Assistance Program	
	96.001 Social Security - Disability Insurance	Department of Rehabilitation Services

Schedule of Findings

Federal Award Findings

And Questioned Costs

Note: Findings are presented alphabetically by state agency.

Department of Education

FINDING NO: 12-265-001

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education and United States Department of Agriculture

CFDA NO: 84.010, 84.367, 84.027, 84.173, 10.558, 10.553, 10.555, 10.556, 10.559

FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies, Title IIA-Improving Teacher Quality State Grants, Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool), Child and Adult Care Food Program, Child Nutrition Program Cluster

FEDERAL AWARD NUMBER: S010A110036A-11B, SB367A110035, H027A110051-11B, H173A110084, 6OK300329, 6OK300349

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: Appendix A to 2 CFR part 25 - I. *Central Contractor Registration and Universal Identifier Requirements:*

B. Requirement for Data Universal Numbering System (DUNS) Numbers - If you are authorized to make subawards under this award, you:

1. Must notify potential subrecipients that no entity may receive a subaward from you unless the entity has provided its DUNS number to you.
2. May not make a subaward to an entity unless the entity has provided its DUNS number to you.

The June 2012 OMB Circular A-133 Compliance Supplement Part M. Subrecipient Monitoring states: *Determining Subrecipient Eligibility* – In addition to any programmatic eligibility criteria under E, “Eligibility for Subrecipients,” for subawards made on or after October 1, 2010, determining whether an applicant for a non-ARRA subaward has provided a Dun and Bradstreet Data Universal Numbering System (DUNS) number as part of its subaward application or, if not, before award.

Condition: The Department was unable to provide documentation of sufficient action to ensure its *non-ARRA* subrecipients provided a valid DUNS number prior to issuance of the state fiscal year '12 subaward. However, it should be noted that on November 21, 2011 the Department’s Federal Programs Office sent a DUNS Registration/CCR Database memorandum to all Local Education Agencies (LEAs) explaining the DUNS federal compliance requirement and requested the LEA provide their DUNS number and CCR expiration date by December 5, 2011.

Cause: The Department did not have adequate controls and/or procedures in place prior to the issuance of the subaward to ensure subrecipient compliance with the DUNS number requirement.

Effect: The Department did not comply with the above stated monitoring requirements for non-ARRA subawards. In addition, there is an increased risk that subrecipients may not provide accurate and timely reports on their federal awards or comply with additional compliance requirements specific to these funds by not having updated DUNS numbers.

Recommendation: We recommend the Department continue to develop a monitoring system to ensure its non-ARRA subrecipients of federal awards have a DUNS number prior to receipt of its subaward.

Schedule of Findings

Federal Award Findings And Questioned Costs

Views of Responsible Official(s)

Contact Person: Ramona Coats, Assistant Superintendent of Federal Programs – Title I and Child Nutrition
Cynthia Valenzuela, Executive Director, Special Education Services

Anticipated Completion Date: July 2013

Corrective Action Planned: The Child Nutrition/Federal Programs offices found out during the 2011 State Audit that DUNS numbers were required to be collected from all institutions receiving federal funds. Upon learning this requirement, the Child Nutrition office added a DUNS number field to all 2012 (Federal fiscal year) application systems (Child Nutrition Cluster and Child and Adult Care Food Program) in order to collect this data. The Federal Programs office manually collected DUNS information during the 2012 state fiscal year and began collecting DUNS information as part of the federal assurances that all districts complete during the state fiscal year 2013 application process through the new online Grants Management System (see attached timeline and backup documentation).

In a meeting on 10/9/2012 with the Office of the Comptroller at the State Department of Education, it was discovered that not only was every institution mandated to have a DUNS number, but that the DUNS number had to be registered. It was learned that the DUNS number is not valid without a Central Contractor's Registration (CCR) expiration date. The SAM.GOV web site was given to the Child Nutrition staff for further research. This Web site was to contain the CCR expiration date information. In the meantime, the State Auditors' office called and said that every DUNS number checked for the Child and Adult Care Food Program (CACFP) did not show up in the SAM.GOV Web site. The Child Nutrition Executive Director, Joanie Hildenbrand explained that, because Child Nutrition just found out about the CCR expiration date, it could be that none of the DUNS numbers collected in 2012 were correct.

The Child Nutrition Director of Finance, Laura Meissner, and the Child Nutrition computer programmer, Daniel Powell, attempted to create a login for the SAM.GOV system and were unable to access the nonpublic information. Entities who register their DUNS number with SAM can request that their information be private and, therefore, inaccessible to the Child Nutrition office. Because Child Nutrition thought that it must have a way to access this information for each entity paid, Laura called the SAM helpdesk and was told that by using her government-issued e-mail, private information access would be granted. However, the SAM helpdesk did not realize Laura was from a *STATE* agency and not from a *FEDERAL* agency. So, when her *STATE*-issued e-mail was used, she continued to only have access to the public information. Laura submitted a helpdesk ticket through FSA.GOV inquiring about how state agencies could obtain access to the private information. She was sent a survey to complete on how the helpdesk responded to her inquiry, but no answer given.

Laura then found a place on the SAM.GOV site where she could request access to the *Sensitive Level* data and requested this access. Daniel Powell also submitted a request to allow the Child Nutrition system to access the sensitive level of information. With this access, it was thought that Child Nutrition would be able to search current DUNS numbers, with SAM dates that have not expired using the Tax Identification Number (TIN) of each CACFP institution, since the TIN data is already collected. *Part of the reason why DUNS numbers might not have matched when the State Auditors' office tried to verify some of them could be that the data in the Child Nutrition system was not formatted in the same way as SAM.GOV.* When Daniel accessed the system and input some of the CACFP DUNS numbers (in a different format), he was able to find these institutions. However, the Child Nutrition staff does concede that most DUNS numbers collected from the CACFP participants were probably bogus.

As of 10/11/12, both Daniel and Laura are still waiting for the requests to the *Sensitive Level* data to be approved by SAM.GOV. At a USDA meeting in Atlanta, GA, January 28-February 1, 2013, Oklahoma was able to discuss the DUNS number issue with several other states. It was learned that the registration of the DUNS number produces a CERTIFICATE, which can be printed and submitted to the State Agency. After this meeting, the Child Nutrition staff began researching the CERTIFICATE. We also needed instructions for institutions on How to Obtain a DUNS Number and How to Register a DUNS Number.

Schedule of Findings Federal Award Findings And Questioned Costs

After a meeting on 2/6/2013, with the Oklahoma State Auditor and Inspector office (SAI), SAI assisted the Child Nutrition staff in obtaining instructions that we could send out to our participants, explaining how to obtain a DUNS number and how to register one. In further research it was discovered that the CERTIFICATE that an institution can print out, once the DUNS number is properly registered, is 25 pages long. SAI confirmed that the first page of the 25-page document was all that needed to be collected by each institution since this was the page that contained the actual institution's name and CCR expiration date.

After this, our staff also determined that our application and claiming systems could be linked to the DUNS number registration dates so that claims could not be certified for payment if the registration was expired. In a conversation between SAI and Joanie Hildenbrand on 3/18/2013, it was determined that the expiration date would be tied to the month the institution was claiming meals. In other words, if the registration date expired on February 1, even though the claim for January was not submitted for payment until the end of March, the January claim could still be paid because the registration had not expired during that month.

After months of research, the Oklahoma State Department of Education/Federal Program/Child Nutrition staff commits to implementing the following in order to obtain a valid DUNS number that is registered correctly:

- A memo to all institutions (CNP Cluster, CACFP, and Summer Food Service Program (SFSP)) will be sent out on April 1, 2013. The memo will contain a copy of what the first page of the 25-page CERTIFICATE looks like. The memo will also contain SAM.GOV instructions telling the institution how to obtain a DUNS number as well as how to register one. It will require that each institution submit in hard copy the first page of the CERTIFICATION. (See Attachment.)
- Child Nutrition Programs contracts with Northrop Grumman for the CACFP application and claiming system. Northrop Grumman will create a data entry place for the registration expiration on the application. (The DUNS number is already there.) When the Child Nutrition staff receives the first page of the CERTIFICATION form, showing that an institution has properly registered its DUNS number, the DUNS number and expiration date will be input into the system by the Child Nutrition staff. This information will be tied to the certification of the claims so that each time an institution certifies a claim for payment, the system will check the expiration date of the DUNS number. Claims will not be paid for the month in which the DUNS number registration has expired.
- For the Child Nutrition cluster and the Summer Food Service Program (SFSP), either Northrop Grumman will assist us in creating a data entry place on the applications for the registration expiration dates or a helpdesk ticket will be filed with Office of Management and Enterprise Services (OMES) to do it. Whichever entity does the work, the expiration dates will be tied to the claims in the same manner as the CACFP system.
- When the DUNS number registration date eventually expires for an institution (and this will occur annually at different times of the year depending on when an institution applied for registration), a message will be posted when the institution tries to certify a claim for payment. The message will tell the institution that the DUNS number registration date has expired and that it must submit a new CERTIFICATE (page one only) for any future claims to be paid. Once the institution submits a new CERTIFICATE, the information will be input by the Child Nutrition staff and claims will resume being paid.
- No July 2013 claim for reimbursement will be paid for the Child Nutrition cluster, CACFP, or the SFSP unless there is a valid DUNS number with an unexpired registration date.
- No institution will have access to its DUNS number or registration date in the systems. This information will be entered by the Child Nutrition staff only so that institutions cannot change the expiration date when a claim is rejected.

Schedule of Findings

Federal Award Findings And Questioned Costs

- Other federal programs listed above: The Department has taken the following steps in developing a system to collect and monitor DUNS numbers for its subrecipients. In November 2011, Federal Programs began collecting the DUNS's number and the CCR expiration date forms from the districts. This was followed by notification to the districts on a continuing basis to update the information as necessary. Special Education Services (SES) also collected all the DUNS number\CCR expiration dates for FY 2012. A memorandum was sent to all school districts requesting current information. All information was received and is maintained in the SES office. Federal programs continued to collect updated information providing the SES with current reports, making this information available to the SES office for a duplicative collection. Between May through July of 2012, the CCR system was replaced by SAM.gov and all data was migrated. SAM also provided an extension to all registrants to re-register their DUNS number. In August 17, 2012, the Department submitted a request to the OMES Helpdesk to have fields added to the online school and district directory to help aid in obtaining DUNS numbers and Expiration Dates. It has been scheduled as a system enhancement. By the beginning of FY 2013, the GMS system implemented the collection of DUNS numbers and the expiration dates for each local education agency (LEA), as part of the application process for the SES. This information continues to be collected annually. Districts are required to provide this information. It is part of the assurances that they must complete before they are able to start on their application.

FINDING NO: 12-265-003

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.010

FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies

FEDERAL AWARD NUMBER: S010A110036A-11B

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: 34 CFR section 200.19(b)(1)(i)-(iv) states, "Other academic indicators. (b) *High schools*—(1) *Graduation rate.* Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State: (i)(A) A State must calculate a "four year adjusted cohort graduation rate," defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. (B) For those high schools that start after grade nine, the cohort must be calculated based on the earliest high school grade. (ii) The term "adjusted cohort" means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort. (A) The term "students who transfer into the cohort" means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12. (B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. (1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. (2) A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort. (iii) The term "students who graduate in four years" means students who earn a regular high school diploma at the conclusion of their fourth year, before the conclusion of their fourth year, or during a summer session immediately following their fourth year. (iv) The term "regular high school diploma" means the standard high school diploma that is awarded to students in the State and that is fully aligned with the State's academic content standards or a higher diploma and does not include a GED credential, certificate of attendance, or any alternative award."

The June 2012 OMB Circular A-133 Compliance Supplement, Part L- Reporting 2. Performance Reporting- Annual Report Card, High School Graduation Rate - (OMB No. 1810-0581) (SEAs/LEAs) Key Line Item –

Schedule of Findings

Federal Award Findings And Questioned Costs

Beginning with annual report cards providing assessment results for the 2010-2011 school year, a State and its LEAs must report graduation rate data for all public high schools at the school, LEA, and State levels using the 4-year adjusted cohort rate under 34 CFR section 200.19(b)(1)(i)-(iv)). Additionally, States and LEAs must include the 4-year adjusted cohort graduation rate (which may be combined with an extended-year adjusted cohort graduation rate) in adequate yearly progress (AYP) determinations beginning with AYP determinations based on assessments administered in the 2011-2012 school year. Graduation rate data must be reported both in the aggregate and disaggregated by each subgroup described in 34 CFR section 200.13(b)(7)(ii) using a 4-year adjusted cohort graduation rate. To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased. To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. A student who is retained in grade, enrolls in a General Educational Development (GED) program, or leaves school for any other reason may not be counted as having transferred out for the purpose of calculating graduation rate and must remain in the adjusted cohort (Title I, Sections 1111(b)(2) and (h) of the ESEA (20 USC 6311(b)(2) and (h)); 34 CFR section 200.19(b)).

Condition: The Department did not submit the Annual Report Card, High School Graduation Rate - (*OMB No. 1810-0581*) to the United States Department of Education as required per 34 CFR section 200.19(b)(1)(i)-(iv).

Cause: The Department's current Student Data Management System titled the WAVE has not been fully developed to calculate the four-year cohort graduation rate.

Effect: The Department is not in compliance with the above stated performance reporting requirement.

Recommendation: We recommend the Department continue to develop and implement a state-wide data management system to effectively complete a valid calculation of the four-year cohort graduation rate to ensure compliance with the performance reporting requirement.

Views of Responsible Official(s)

Contact Person: Maridyth McBee, Assistant State Superintendent of Accountability and Assessments

Anticipated Completion Date: Starting with 2012-13 School Year

Corrective Action Planned: We have received a waiver from the USDE regarding the cohort graduation rate due to our student data management system not being able to gather the information needed. Beginning with the 2012-13 school year, we will begin reporting a historically adjusted cohort graduation rate with LEAs certifying information regarding cohort years of current students and dropouts from previous years.

FINDING NO: 12-265-004 (**Repeat Finding**)

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.389, 84.391, 84.392

FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies, Recovery Act; Special Education - Grants to States, (IDEA, Part B) Recovery Act; and Special Education – Preschool Grants, (IDEA, Preschool) Recovery Act

FEDERAL AWARD NUMBER: S389A090036A; H391A090051; H392A090084

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 2 CFR §176.50(c) states, "Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (<http://www.ccr.gov>) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (<http://www.dnb.com>) is one of the requirements for registration in the Central Contractor Registration."

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Appendix A to 2 CFR part 25 I. *Central Contractor Registration and Universal Identifier Requirements:*

A. Requirement for Central Contractor Registration (CCR) – Unless you are exempted from this requirement under 2 CFR 25.110, you as the recipient must maintain the currency of your information in the CCR until you submit the final financial report required under this award or receive their final payment, whichever is later. This requires that you review and update the information at least annually after the initial registration, and more frequently if required by changes in your information or another award term.

Additionally, 34 CFR §80.40 states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”

Finally, Subpart C §.300(b) of OMB Circular No. A-133 states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: When a subrecipient school district updates its registration, Oklahoma State Department of Education’s Federal Programs Office updates its database in order to reflect the new registration information. However, Oklahoma State Department of Education did not verify that the registrations submitted by the LEAs were current, therefore, were unable to properly evaluate whether subrecipient school districts were in compliance with the CCR registration requirement.

Cause: The Department did not have adequate controls in place to ensure the CCR registration submitted by LEAs was current.

Effect: The Oklahoma State Department of Education did not comply with 2 CFR §176.50(c).

Recommendation: We recommend that Oklahoma State Department of Education implement controls to ensure CCR registrations are current.

Views of Responsible Official(s):

Contact Person: Ramona Coats, Assistant Superintendent of Federal Programs; Cynthia Valenzuela, Executive Director, Special Education Services

Anticipated Completion Date: July 2013

Corrective Action Planned:

- The Department had taken the following steps to address the issue. In November 2011, Federal Programs began collecting the DUNS’s number and the CCR expiration date forms from the districts. This was followed by notification to the districts on a continuing basis to update the information as necessary. Special Education Services (SES) also collected all the DUNS number\CCR expiration dates for FY 2012. A memorandum was sent to all school districts requesting current information. All information was received and is maintained in the SES office. Federal programs continued to collect updated information providing the SES with current reports, making this information available to the SES office for a duplicative collection. Between May through July of 2012, the CCR system was replaced by SAM.gov and all data was migrated. SAM also provided an extension to all registrants to re-register their DUNS number. In August 17, 2012, the Department submitted a request to the OMES Helpdesk to have fields added to the online school and district directory to help aid in obtaining DUNS numbers and Expiration Dates. It has been scheduled as a system enhancement. By the beginning of FY 2013, the GMS system implemented the collection of DUNS numbers and the expiration dates for each local education agency (LEA), as part of the application process for the SES. This information continues to be collected annually. Districts are required to provide this information. It is part of the assurances that they must complete before they are able to start on their application.

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- It should be noted that the Department is limited in its ability to verify the CCR information if the subrecipients have elected to keep their information private. The Department relied on the certification by the district Superintendent to ensure accuracy of the reported information. The Department will continue its efforts to request access to sensitive level data in SAM.gov that will enhance its search capabilities.

FINDING NO: 12-265-005

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.027, 84.173

FEDERAL PROGRAM NAME: Special Education-Grants to States, (IDEA, Part B) and Special Education-Preschool Grants, (IDEA, Preschool)

FEDERAL AWARD NUMBER: H027A110051-11B, H173A110084

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 34 CFR § 300.149 – SEA responsibility for general supervision states in part:

- (b) The State must have in effect policies and procedures to ensure that it complies with the monitoring and enforcement requirements in § 300.600 through 300.602 and § 300.606 through § 300.608.

34 CFR § 300.600 – State monitoring and enforcement states in part:

- (a)(2) The State must - Make determinations annually about the performance of each LEA using the categories in § 300.603(b)(1);
- (a)(4) Report annually on the performance of the State and of each LEA under this part, as provided in § 300.602(b)(1)(i)(A) and (b)(2)
- (e) In exercising its monitoring responsibilities under paragraph (d) of this section, the State must ensure that when it identifies noncompliance with the requirements of this part by LEAs, the noncompliance is corrected as soon as possible, and in no case later than one year after the State's identification of the noncompliance.

Condition: The Department does not have policies and procedures for FY 2012 to ensure that they comply with the monitoring and enforcement requirements in 34 CFR § 300.600(a)(2), (a)(4), and (e). The Department monitors one sixth of LEAs annually and does not make annual determinations about the performance of each LEA. In addition, the Department has not demonstrated that it has procedures and practices that are reasonably designed to ensure all noncompliance issues are resolved in a timely manner.

Cause: The Department did not make revisions to their monitoring policies and procedures timely (1) regarding the identification of noncompliance that provide for (a) reviewing Part B compliance data in its database at least once each year, and (b) as appropriate, make findings of noncompliance when data shows less than 100% compliance with a Part B requirement; (2) to document that OSDE has made findings of noncompliance based on the data it collects through its database as well as other monitoring processes; and (3) to assure that it will include data regarding the correction of all findings of noncompliance. The Department did not have enough time during fiscal year 2012 to implement monitoring revisions.

Effect: The Department did not comply with 34 CFR 300.600(a)(2), (a)(4), and (e).

Recommendation: We recommend the Department adopt policies and procedures to ensure they comply with monitoring and enforcement requirements annually. In addition, we recommend the Department demonstrate procedures and practices that are designed to address the resolution of all noncompliance issues in a timely manner.

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Views of Responsible Official(s)

Contact Person: Cynthia Valenzuela, Executive Director, Special Education Services (SES)

Anticipated Completion Date: Completed

Corrective Action Planned: The OSDE-SES received a Continuous Improvement Visit (CIV) in September of 2011. At that time the SES was found to be in non-compliance with monitoring procedures. At that time the SES was directed to suspend current monitoring activities and go back to previous year and verify correction rather than conduct new monitoring. As a result, new procedures were developed and provided to the USDE-OSEP in May of 2012. In November of 2012 the SES received approval of the new monitoring procedures. In addition, Special Education Services has experienced untimely delays when requesting accurate data from the newly organized Office of Management and Enterprise Services (OMES), regarding determinations of district performance that triggers the selection of districts to be monitored. Lack of skilled technology and meaningful collaboration with OMES has impeded our production of accurate and timely data. OSDE is working with OMES administration and staff to address these issues.

FINDING NO: 12-265-006

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education and United States Department of Agriculture

CFDA NO: 84.027, 84.173, 10.558, 10.553, 10.555, 10.556, 10.559

FEDERAL PROGRAM NAME: Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool), Child and Adult Care Food Program, Child Nutrition Program Cluster

FEDERAL AWARD NUMBER: H027A110051-11B, H173A110084, 6OK300349, 6OK300329

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting – Federal Funding Accountability and Transparency Act

QUESTIONED COSTS: \$0

Criteria: 2 CFR § 170.100 – This part provides guidance to agencies to establish requirements for recipients' reporting of information on subawards and executive total compensation, as required by the Federal Funding Accountability and Transparency Act of 2006 (Pub. L. 109-282), as amended by section 6202 of Public Law 110-252, hereafter referred to as "the Transparency Act".

2 CFR § 170.200 – Requirements for program announcements, regulations, and application instruction – (a) Each agency that makes awards of Federal financial assistance subject to the Transparency Act must include the requirements described in paragraph (b) of this section in each program announcement, regulation, or other issuance containing instructions for applicants: (1) Under which awards may be made that are subject to Transparency Act reporting requirements; and (2) That either: (i) Is issued on or after the effective date of this part; or (ii) Has application or plan due dates after October 1, 2010.

(b) The program announcement, regulation, or other issuance must require each entity that applies and does not have an exception under § 170.110(b) to ensure they have the necessary processes and systems in place to comply with the reporting requirements, should they receive funding.

2 CFR § 170.220 – Reporting subaward and executive compensation information - in part, (a) To accomplish the purpose described in § 170.100, an agency must include the award term in Appendix A to this part in each award to a non-Federal entity under which the total funding will include \$25,000 or more in Federal funding at any time during the project or program period.

2 CFR § 170 – Appendix A – I. Reporting Subawards and Executive Compensation (a) Reporting of first-tier subawards.

1. Applicability. Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111-5) for a subaward to an entity (see definitions in paragraph e. of this award term).

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2. Where and when to report.

i. You must report each obligating action described in paragraph a.1. of this award term to <http://www.fsrs.gov>.

ii. For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

3. *What to report.* You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.

Condition: Based on conversation with management from Oklahoma State Department of Education and review of website www.USASpending.gov, the Department did not timely submit the report of subaward obligations and key data elements into www.fsrs.gov to ensure compliance with the Federal Funding Accountability and Transparency Act.

Cause: The Department was not aware of the Federal Funding Accountability and Transparency Act for reporting requirements.

Effect: The Oklahoma State Department of Education was not in compliance with the Federal Funding Accountability and Transparency Act for reporting in 2012.

Recommendation: We recommend the Oklahoma State Department of Education submit a report of the applicable subaward obligations and key data elements no later than the last day of the month following the month in which the subaward/subaward amendment obligation was made or the subcontract award/modification was made.

Views of Responsible Official(s)

Contact Person: Cynthia Valenzuela, Executive Director, Special Education Services (SES)

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: Special Education Services - The OSDE SES was initially not aware of some of the requirements of the FFATA reporting and did not receive much guidance from the USDE. Later in the year when the OSDE was informed of the reporting requirements; it did submit a partial FFATA report. It had difficulties with inactive CCR registration, incorrect DUNS numbers, and other issues pertaining to migration of data from CCR.gov into the new SAM.gov website. As a result, the reporting was not complete. However, the SES staff is working closely with OMES IT staff to resolve the pending issues and complete the report.

Contact Person: Joanie Hildenbrand, Executive Director, Child Nutrition Programs

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: Child Nutrition Cluster: During the 2012 State Audit, it was brought to the attention of Child Nutrition that all claims paid in excess of \$25,000 per month must be reported to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System. The Child Nutrition office was notified of this reporting in a memo two different times, in November 2010 and July 2011, by the United States Department of Agriculture. However, the memo indicated that this reporting was for federal *grants*. Since Child Nutrition Programs (CNPs) are *entitlement programs* and not *grants*, Child Nutrition was unaware that this memo was a concern. There was nothing in the memo that indicated the reporting was to be done for all Child Nutrition Programs and the United States Department of Agriculture never mentioned the requirement in conference calls or training sessions after the memo was distributed. After learning that Child Nutrition was included in this mandate, the research began and a meeting was scheduled with the Office of Management and Enterprise Services (OMES) to try and understand the process. It was during this meeting on October 1, 2012, that Dawn Williams from OMES stated that as long as she had the figures, she could report them to FFATA. Since Child Nutrition had the DUNS numbers, it was thought that this information would be easy to collect and Dawn would be able to do the reporting of all claims paid for all Child Nutrition Programs from October 1, 2010 through present. Child Nutrition tried to send Dawn this information but the FFATA system rejected it.

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In the meantime, the State Auditors' office said that every DUNS number checked for the Child and Adult Care Food Program (CACFP) did not show up in the SAM.GOV Web site. The Child Nutrition Executive Director, Joanie Hildenbrand, explained that, because Child Nutrition just found out about the CCR expiration date, it could be that none of the DUNS numbers collected in 2012 were correct. (That is why the FFATA system rejected the reporting.)

The Child Nutrition Director of Finance, Laura Meissner, and the Child Nutrition computer programmer, Daniel Powell, attempted to create a login for the SAM.GOV system and were unable to access the nonpublic information. Entities who register their DUNS number with SAM can request that their information be private and, therefore, inaccessible to the Child Nutrition office. Because Child Nutrition must have a way to access this information for each entity paid, Laura called the SAM helpdesk and was told that by using her government-issued e-mail, private information access would be granted. However, the SAM help desk did not realize Laura was from a STATE agency and not from a FEDERAL agency. So, when her STATE-issued e-mail was used, she was still only able to access the public information again. Laura submitted a helpdesk ticket through FSA.GOV inquiring about how state agencies could obtain access to the private information. She was sent a survey to complete on how the helpdesk responded to her inquiry, but no answer given.

Laura then found a place on the SAM.GOV site where she could request access to the *Sensitive Level* data and requested this access. Daniel Powell also submitted a request to allow the Child Nutrition system to access the sensitive level of information. With this access, Child Nutrition would be able to search current DUNS numbers, with SAM dates that have not expired using the Tax Identification Number (TIN) of each CACFP institution, since the TIN data is already collected. *Part of the reason why DUNS numbers might not have matched when the State Auditors' office tried to verify some of them could be that the data in the Child Nutrition system is not formatted in the same way as SAM.GOV.* When Daniel accessed the system and input some of the CACFP DUNS numbers (in a different format), he was able to find these institutions.

As of 10/11/12, both Daniel and Laura are still waiting for the requests to the *Sensitive Level* data to be approved by SAM.GOV.

On 10/10/12, the Child Nutrition office received a phone call from the USDA Southwest Regional Office stating that on 10/11/12, the USDA regional office was hosting an all-day meeting about how states should report to FFATA and what information USDA would need for this reporting. Information concerning the outcome of the meeting was going to be sent to the states once decisions were made. To date (3/18/2013), no such correspondence has been received from USDA to assist Child Nutrition Programs with compliance in this area.

After much research, it was determined by the Child Nutrition staff that as long as every institution had an accurate DUNS number with a current registration date, that the registration date could be tied to the claims for reimbursement and therefore easily tracked for FFATA reporting. Child Nutrition decided to scrap the plans to try and get access to the sensitive level data.

Therefore, the Oklahoma State Department of Education/Federal Program/Child Nutrition staff commits to implementing the following for FFATA reporting:

- No July 2013 claim for any Child Nutrition participant (Child Nutrition cluster, CACFP, and the Summer Food Service Program) will be paid without an accurate DUNS number that has a current registration date.
- Beginning with the July 2013 claims, all Child Nutrition payments of \$25,000 or more will be reported to OMES at the end of every month, for reporting in the FFATA system. OMES will then report the amounts to FFATA.

FINDING NO: 12-265-007 (Repeat Finding)

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Agriculture

CFDA NO: 10.558

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FEDERAL PROGRAM NAME: Child and Adult Care Food Program

FEDERAL AWARD NUMBER: 60K300329

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Earmarking

QUESTIONED COSTS: \$0

Criteria: According to 7 CFR § 226.7(g) – Budget approval, the State agency must review institution budgets and must limit allowable administrative claims by each sponsoring organization to the administrative costs approved in its budget. . . .

For sponsoring organizations of centers, the State agency is prohibited from approving the sponsoring organization's administrative budget, or any amendments to the budget, if the administrative budget shows the Program will be charged for administrative costs in excess of 15 percent of the meal reimbursements estimated to be earned during the budget year.

Condition: During our testwork of the Child and Adult Care Food Program 15 percent earmarking requirement, we noted seven (7) of the twenty (20) or 35% of the Day Care Center Sponsor's Federal fiscal year 2011 administrative budget exceeded 15% of the total Federal fiscal year 2011 meal reimbursements.

However it should be noted that the Department implemented controls or edit checks in July 2012 related to the federal fiscal year budgets that will be effective for federal fiscal year 2013. The timing of implementing the edit checks could not be realized during our audit ending 6/30/12.

Cause: The Department did not have adequate preventative controls in place at the time of the budget to ensure Day Care Center Sponsors' administrative reimbursements do not exceed the 15 percent earmarking requirement in any one federal fiscal year.

Effect: The Department is at an increased risk that Sponsoring Organization of Centers may receive more than the 15 percent earmarking requirement for administrative reimbursement.

Recommendation: We recommend the Department continue to work on strengthening its current control structure to ensure the Day Care Center Sponsor's administrative reimbursements do not exceed the 15 percent earmarking requirement during any one federal fiscal year.

Views of Responsible Official(s): Ramona Coats, Assistant State Superintendent of Federal Programs, Joanie Hildenbrand, Executive Director of Child Nutrition, and Barbara Simmons, Director of Operations for Child Nutrition

Contact Person: Joanie Hildenbrand, Executive Director - Child Nutrition Program and Barbara Simmons, Assistance Director - Child Nutrition Program

Anticipated Completion Date: Completed April 13, 2012

Corrective Action Planned: Child Nutrition ran a report of all the center sponsors' 2012 administrative budgets (Federal fiscal year) and compared them to the reimbursements received by each sponsor for the 2011 fiscal year. The same problem was found. Out of 62 total sponsors participating in Federal fiscal year 2012, 15 of them exceeded the 15% requirement. The Child Nutrition staff immediately corrected this problem by implementing the following in the Spring of 2012:

- A STOP was placed on all future claims for reimbursement until the sponsors out of compliance corrected their administrative budgets.
- Each sponsor was contacted by phone and told that corrections needed to be made immediately and that no future claims would be paid until the budget was corrected. (The phone calling will begin on Monday, 3/19/12.)
- Once the sponsor submitted a corrected budget, claim payments were released for processing.

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- The Child and Adult Care Food Program computer software system was updated for the 2013 Federal fiscal year to include an edit check for this error. Sponsors began entering their budget information for the 2013 fiscal year in July 2012. By then, the computer system automatically used the last 12 months of reimbursements received (or projected reimbursements if the sponsor was new) to figure if the administrative budget submitted exceeds 15% of the reimbursements. No sponsor was approved for the 2013 Federal fiscal year if the administrative budget submitted exceeds the 15% requirement.
- Child Nutrition field staff will continue to verify ACTUAL reimbursements to ACTUAL administrative budget expenditures when on site conducting reviews.

FINDING NO: 12-265-008

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.027, 84.173

FEDERAL PROGRAM NAME: Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool)

FEDERAL AWARD NUMBER: H027A110051-11B, H173A110084

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Procurement, Suspension, and Debarment

QUESTIONED COSTS: \$0

Criteria: According to 2 CFR § 180.300 – What must I do before I enter into a covered transaction with another person at the next lower tier?

When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person.

Code of Federal Regulations, Title 34: Education, Part 80 – Uniform Administrative Requirements for grants and Cooperative Agreements to State and Local Governments, Subpart C – Post-Award Requirements, Changes, Property, and Subawards, § 80.35 Subawards to debarred and suspended parties states, in part:

“Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, “Debarment and Suspension.”

Condition: Based on Procurement testwork performed, we noted that 36 out of 60 contracts did not comply with 2 CFR § 180.300 at the time the contract was signed. However, for new contracts, it appears the Department did implement procedures to ensure the entity is not suspended or debarred by checking the EPLS.

However, it should be noted that the 36 contracts with exceptions represent only 10 vendors and we checked USA.gov for a current EPLS status and found that four of the 10 vendors for 21 contracts were not suspended or debarred. There were six vendors for 15 contracts that could not be located on the EPLS system to verify status.

Cause: The Department did not have adequate controls in place to ensure compliance with the Procurement and Suspension and Debarment requirement.

Effect: The Department is not in compliance with the above stated requirements. Further, there is an increased risk that the Department may award contracts to parties that are debarred or suspended.

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Recommendation: We recommend the Department implement procedures to ensure all parties to whom they award contracts under federal grants or awards are not debarred or suspended.

Views of Responsible Official(s)

Contact Person: Keith Hicks, Director of Operational Support; Mathangi Shankar, Director of Financial Services

Anticipated Completion Date: Partially completed. Additional language will be added to purchase orders by 6/30/2013.

Corrective Action Planned: We concur with the finding noted above. The State Department of Education internal purchasing procedures were amended on August 9, 2011 to include the following statement:

“Division acquisitions funded in whole or in part by federal programs shall not be awarded to any vendor listed on the GSA Excluded Parties List System. A screen print of the search results for any excluded party shall be included with the interdepartmental requisition form as evidence of verification.”

This matter has also been addressed with staff in purchasing meetings. EPLS verification is a mandatory requirement of the acquisition process in the SDE Purchasing Department.

A majority of the 36 contracts noted above were done prior to implementation of new purchasing procedures. On a few contracts, the vendor was not found in the EPLS system. If the vendor was not clearly debarred or suspended in the EPLS system, it was a common practice to move forward with the awarding the contract if the vendor is not otherwise disqualified or ineligible. The Department is also seeking advice from the Office of Management and Enterprises, Central Purchasing Division on this matter.

Furthermore, the Department also plans to add the following clause to its purchase orders with federal funds that do not have an OSDE contract form or did not originate from a solicitation. (Please note that the contract template and the solicitation document used by the Department include this language).

By accepting this purchase order, the Vendor certifies to the best of their knowledge and belief, that they and their principals, and any subcontractors: Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any Federal, State or local department or agency; Have not within a three-year period preceding this contract been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) contract; or for violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property; Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses aforementioned in this section; and Have not within a three-year period preceding this contract had one or more public (Federal, State or local) contracts terminated for cause or default.

If the Vendor is unable to certify to any of the statements in this certification, the Vendor must submit an explanation of such circumstances under separate cover with reference to this contract to the Oklahoma State Department of Education, Attn: Purchasing Department.

FINDING NO: 12-265-009

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.027, 84.173

FEDERAL PROGRAM NAME: Special Education-Grants to States (IDEA, Part B), Special Education-Preschool Grants (IDEA, Preschool)

FEDERAL AWARD NUMBER: H027A110051- 11B, H173A110084

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

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Criteria: 34 CFR § 300.640 Annual report of children served – report requirement states, in part (a) The SEA must annually report to the Secretary on the information required by section 618 of the Act at the times specified by the Secretary. (b) The SEA must submit the report on forms provided by the Secretary.

Condition: The SEA did not provide support that documents the accuracy of the IDEA Child Count report for child count at October 1, 2011.

Cause: The support for IDEA Child Count Report was not maintained at the time of submission to ED*Facts*.

Effect: The Department is not in compliance with 34 CFR § 300.640

Recommendation: We recommend the Department implement policies and procedures to ensure documentation is maintained that enables the State and the Secretary to audit the accuracy of the child count.

Views of Responsible Official(s)

Contact Person: Cynthia Valenzuela, Special Education Services (SES)

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: We concur with the finding noted above. The Department will implement procedures to ensure it has adequate supporting documentation to verify the accuracy of the child count when submitting the data to ED *Facts*.

FINDING NO: 12-265-011 (Repeat Finding)

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education and United States Department of Agriculture

CFDA NO: 84.010, 84.389, 84.027, 84.391, 84.173, 84.392, 10.553, 10.555, 10.556, 10.559, 84.367

FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies; Title I Grants to Local Educational Agencies, Recovery Act; Special Education - Grants to States, (IDEA, Part B); Special Education – Grants to States, (IDEA, Part B) Recovery Act; Special Education – Preschool Grants, (IDEA, Preschool); Special Education - Preschool Grants, (IDEA, Preschool) Recovery Act; Child Nutrition Program (CNP); Title IIA-Improving Teacher Quality State Grants

FEDERAL AWARD NUMBER: S010A110036A-11B, S389A090036A, H027A110051-11B, H391A090051, SB367A110035, H173A110084, H392A090084, 6OK300349

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring – A-133 Audits

QUESTIONED COSTS: \$0

Criteria: Office of Management and Budget Circular No. A-133, Subpart C §___320(a). Report submission states, in part:

“The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor’s report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.”

Office of Management and Budget Circular No. A-133, Subpart D §___400(d). Pass-through responsibilities states, in part:

“A pass-through entity shall perform the following for the Federal awards it makes...

(4) Ensure that subrecipients expending \$300,000 (*\$500,000 for fiscal years ending after December 31, 2003*) or more in Federal awards during the subrecipient’s fiscal year have met the audit requirements of this part for that fiscal year.

(5) Issue a management decision on audit findings within six months after receipt of the subrecipient’s audit report and ensure that the subrecipient takes appropriate and timely corrective action.

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The Oklahoma State Department of Education has internal policy that requires the Department to send a copy of any exceptions to the appropriate program area and that a response is to be received within 90 days.

Condition: During our audit testwork we noted the following:

- Two out of 45 subrecipient audits were not received within 9 months of the end of the subrecipient's audit period.
- Two out of 16 subrecipient audits that received citations were not issued a management response within 6 months of receiving audit report.
- One out of 16 subrecipient audits that received citations was not received from the program area within 90 days of the date the letter and audit findings were sent to the program area denoting proper review was performed.

Cause: The Department did not have adequate controls in place to ensure subrecipient audits are received timely and management decisions on citations are issued timely to ensure compliance with monitoring subrecipient A-133 audits.

Effect: The Department is not in compliance with the above stated monitoring requirements.

Recommendation: We recommend the Department continue to work on strengthening controls to ensure subrecipient audits are reviewed in a timely manner and that appropriate and timely corrective action is taken on all audit findings.

Responsible Official(s)

Contact Person: Mathangi Shankar, Director of Financial Services

Anticipated Completion Date: 6/30/2013

Corrective Action Planned: The Department concurs with the finding noted above. On the 2 audits not received within 9 months of the end of the subrecipient's audit period, the Department followed its procedures by sending out timely audit determination letters and two notifications to the subrecipients reminding them of the deadline to submit the audit. The Department also notified the subrecipients immediately following the due date and withheld federal funds until the audit was received. The Department will continue to observe all timelines included in its internal procedures in order to ensure compliance with the A-133 requirement. The financial accounting office will more frequently communicate and work closely with the federal programs office to ensure compliance with timelines required for management response and program area response. Audit procedures will be revised to shorten the time frame for follow up to every 21 days.

FINDING NO: 12-265-013

STATE AGENCY: Oklahoma State Department of Education

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.010, 84.389

FEDERAL PROGRAM NAME: Title I Grants to Local Educational Agencies, Title I Grants to Local Educational Agencies, Recovery Act

FEDERAL AWARD NUMBER: S010A100036A, S389A0900036A

FEDERAL AWARD YEAR: 2011

CONTROL CATEGORY: Special Tests and Provisions - Identifying Schools and LEAs Needing Improvement

QUESTIONED COSTS: \$0

Criteria: 34 CFR § 200.32 states, "(a)(1)(i) An LEA must identify for school improvement any elementary or secondary school served under subpart A of this part that fails, for two consecutive years, to make AYP as defined under §§ 200.13 through 200.20. (ii) In identifying schools for improvement, an LEA— (A) May base identification on whether a school did not make AYP because it did not meet the annual measurable objectives for the same subject or meet the same other academic indicator for two consecutive years; but (B) May not limit identification to those schools that did not make AYP only because they did not meet the annual measurable

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objectives for the same subject or meet the same other academic indicator for the same subgroup under § 200.13(b)(7)(ii) for two consecutive years. (2) The LEA must make the identification described in paragraph (a)(1) of this section before the beginning of the school year following the year in which the LEA administered the assessments that resulted in the school's failure to make AYP for a second consecutive year. (b)(1) An LEA must treat any school that was in the first year of school improvement status on January 7, 2002 as a school that is in the first year of school improvement under § 200.39 for the 2002-2003 school year. (2) Not later than the first day of the 2002-2003 school year, the LEA must, in accordance with § 200.44, provide public school choice to all students in the school. (c)(1) An LEA must treat any school that was identified for school improvement for two or more consecutive years on January 7, 2002 as a school that is in its second year of school improvement under § 200.39 for the 2002-2003 school year. (2) Not later than the first day of the 2002-2003 school year, the LEA must— (i) In accordance with § 200.44, provide public school choice to all students in the school; and (ii) In accordance with § 200.45, make available supplemental educational services to eligible students who remain in the school. (d) An LEA may remove from improvement status a school otherwise subject to the requirements of paragraphs (b) or (c) of this section if, on the basis of assessments the LEA administers during the 2001-2002 school year, the school makes AYP for a second consecutive year. (e)(1) An LEA may, but is not required to, identify a school for improvement if, on the basis of assessments the LEA administers during the 2001-2002 school year, the school fails to make AYP for a second consecutive year. (2) An LEA that does not identify such a school for improvement, however, must count the 2001-2002 school year as the first year of not making AYP for the purpose of subsequent identification decisions under paragraph (a) of this section. (f) If an LEA identifies a school for improvement after the beginning of the school year following the year in which the LEA administered the assessments that resulted in the school's failure to make AYP for a second consecutive year— (1) The school is subject to the requirements of school improvement under § 200.39 immediately upon identification, including the provision of public school choice; and (2) The LEA must count that school year as a full school year for the purposes of subjecting the school to additional improvement measures if the school continues to fail to make AYP.”

The June 2012 OMB Circular A-133 Compliance Supplement Part N. Special Tests and Provisions - Identifying Schools and LEAs Needing Improvement states: "An SEA must annually review the progress of each LEA that receives funds under subpart 2 of Part A of Title I to determine whether the LEA made adequate yearly progress as defined by the State."

A component objective of an effective internal control system is to ensure policies and procedures for performing essential duties are adequately documented and to provide accurate and reliable information.

Condition: During documentation of internal controls to determine how the Department ensures the accuracy of test data is properly collected and compiled for the calculation of schools and LEAs adequate yearly progress (AYP), we noted there are no written policies or procedures describing how to perform the calculation of the adjustment based on a confidence interval to the school and LEA AYP scores. After calculation of the AYP scores, we compared the schools and LEAs that failed to meet their target objectives in math and reading. Out of the 1782 schools with reported data, the Department identified 227 as needing improvement. This is 12.75% of the reported schools. We found an additional 28 schools that did not meet AYP bringing the total up to 255 or 14.31% of schools with reported data.

Cause: The Department does not have written policies or procedures in place describing how to perform the calculation of the adjustment based upon a confidence interval to the school and district AYP scores. The Department has also experienced turnover with both of the individuals who performed the calculation in the past. One of the individuals who originally performed this duty had to be contracted to help the Department perform the calculation.

Effect: There is an increased risk that the Department may fail to properly compile and/or calculate the correct AYP for a school or LEA.

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Recommendation: We recommend that the Department develop written procedures to ensure future calculations of data for school and district AYP scores are adequately documented. This will allow for information obtained about the number and names of schools and LEAs in need of improvement to be more accurately reported to USDE and the public.

Views of Responsible Official(s)

Contact Person: Maridyth McBee, Assistance State Superintendent of Accountability and Assessments

Anticipated Completion Date: N/A

Corrective Action Planned: We concur with the finding. In the past, Oklahoma used a common formula for computing confidence interval. As a result of the ESEA Waiver beginning with the 2012-13 school year, the Department no longer uses Adequate Yearly Progress formulas to identify schools in need of improvement.

Employment Security Commission

FINDING NO: 12-290-001

STATE AGENCY: Oklahoma Employment Security Commission

FEDERAL AGENCY: Department of Labor

CFDA NO: 17.225

FEDERAL PROGRAM NAME: Unemployment Insurance

FEDERAL AWARD NUMBER: UI-16767-11-55-A-40 and UI-16767-12-55-A-40

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: A basic objective of Generally Accepted Accounting Principles is to provide accurate and reliable information.

Condition: During the SFY 2012 audit, we requested detailed support for the ETA 581 report which the Oklahoma Employment Security Commission (OESC) was unable to provide.

Cause: The data does not support the ETA 581.

Effect: OESC may be completing an inaccurate ETA 581 report.

Recommendation: We recommend OESC perform procedures to validate the information reported on the ETA 581 Report. We also recommend that for future audits OESC provide the State Auditor's Office with comprehensive source data from the system used to prepare the ETA 581 report.

Views of Responsible Official(s)

Contact Person: Barbara Ramsey, Director UI

Anticipated Completion Date: June 30, 2013

Corrective Action Planned: A major re-programming of the entire tax and benefit system will have to be done to create the validation reports that auditors now require for validation of federal reports. Our IT department has been focusing on a major database conversion for most of last year that was completed in January 2013. We are now working on the implementation of the Emergency Unemployment Compensation reductions that have to be implemented by 03-31-2013. We do not have IT staff available to work with creating the data files for the validation of the ETA581. We anticipate this will be the next priority project to create the ETA581 data files to ensure there is backup data available for the ETA581 Report before the end of the second quarter 2013. (June 30, 2013)

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Office of the Governor

FINDING NO: 12-305-001
STATE AGENCY: Office of the Governor
FEDERAL AGENCY: U.S. Department of Education
CFDA NO: 84.410
FEDERAL PROGRAM NAME: Education Jobs Fund
FEDERAL AWARD NUMBER: S410A100037
FEDERAL AWARD YEAR: 2012
CONTROL CATEGORY: Cash Management/Reporting
QUESTIONED COSTS: \$0

Criteria: Subpart B of 31 CFR § 205.33(a) states, “A state must minimize the time between the drawdown of federal funds from the Federal government and their disbursement for federal program purposes. A Federal Program Agency must limit a funds transfer to a State to the minimum amounts needed by the State and must time the disbursement to be in accord with the actual, immediate cash requirements of the State in carrying out a Federal assistance program or project. The timing and amount of funds transfers must be as close as is administratively feasible to a State’s actual cash outlay for direct program costs and the proportionate share of any allowable indirect costs.”

Additionally, OMB Circular A-133 Subpart C §.300(b) states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Also, a basic objective of Generally Accepted Accounting Principles (GAAP) is to provide accurate and reliable information.

Condition: Due to human error, the draw that was made by the Office of Management and Enterprise Services (OMES) on 3/26/2012 exceeded the amount requested by the Oklahoma State Department of Education (OSDE) by \$474,861. A draw in the amount of \$1,596,974 was made on this date by OMES while OSDE had only requested \$1,122,113. Therefore, \$474,861 was drawn before there was an actual, immediate cash need. This overdraw was corrected on the 6/8/2012 draw; however, the funds were outstanding for 74 days before this correction was made.

Additionally, the March 2012 1512 Report included this overdraw amount in Total Federal Amount of ARRA Expenditures reflected in the Prime Recipient section of the report. However, these funds had not been expended as of 3/31/12 and therefore the Total Federal Amount of ARRA Expenditures is overstated by \$474,861.

Cause: There was not a process in place at either OMES or OSDE to compare the amount requested to the amount actually drawn down and transferred to the OSDE agency account.

Additionally, although OMES had an internal control process in place to compare the amount to be reported as expenditures on the 1512 report back to supporting OSDE expenditure data; it does not appear that this process was performed.

Effect: The OMES did not comply with Subpart B of 31 CFR § 205.33(a) when making the draw in question. In addition, the March 2012 1512 Report contains inaccurate information.

Recommendation: We recommend that both OMES and OSDE implement procedures to ensure that the amount drawn down by OMES and transferred to OSDE matches to the amount requested by OSDE. In addition, we recommend current procedures be followed to ensure that the amounts reported on the 1512 Report are accurate.

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Views of Responsible Official(s) - OMES

Contact Person: Brandy Manek, Deputy Director of Budget and Policy

Anticipated Completion Date: 10/04/2012

Corrective Action Planned: This finding is the result of an error on the part of the person tasked with receiving the draw requests from SDE, recording the amount in a draw down spreadsheet and a “remaining balance” tracking spreadsheet, making the draw request on the G5 website, and then forwarding information to OMES General Ledger Unit to record the deposit. The process involved using the previous draw request form, renaming the file, and updating the dates and amounts for the new draw requests. In this case the amount was not updated prior to saving and printing out, making the draw, and sending on to OMES General Ledger. The amount actually drawn was the same amount as the previous draw and resulted in an overstatement of \$474,861. The error was discovered 2 months later and the correction was made immediately upon discovery. *Side note: While in this case funds were held before being expended, the opposite is the case for many other draw requests by SDE as the actual draw downs by OMES were not made until after the funds had been expended by SDE.*

To prevent this error from reoccurring, a copy of the SDE draw request is now being sent to the OMES General Ledger Unit along with the above listed documentation so that a comparison with the actual drawdown amount can be made before the deposit is recorded.

The quarterly 1512 reporting process has been revised so that the Deputy Director of Budget and Policy will review reported amounts to supporting documentation from tracking spreadsheets as well as a report from the federal G5 drawdown website.

Views of Responsible Official(s) - OSDE

Contact Person: Mathangi Shankar, Director of Financial Services

Anticipated Completion Date: 10/31/2012

Corrective Action Planned: OSDE will update its deposit reconciliation process to include transfers made by OMES. In addition, after each draw down request it will verify to ensure the amount transferred by OMES matches to the amount requested by OSDE.

FINDING NO: 12-305-003

STATE AGENCY: Office of the Governor

FEDERAL AGENCY: U.S. Department of Education

CFDA NO: 84.410

FEDERAL PROGRAM NAME: Education Jobs Fund

FEDERAL AWARD NUMBER: S410A100037

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 34 CFR §80.40 states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”

Additionally, 2 CFR §176.50(c) states, “Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (<http://www.ccr.gov>) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (<http://www.dnb.com>) is one of the requirements for registration in the Central Contractor Registration.”

Finally, Subpart C §.300(b) of OMB Circular No. A-133 states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance

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with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: During our evaluation of controls over compliance and testwork related to the CCR registration, we noted the Office of Management and Enterprise Services (OMES) relied on the Oklahoma State Department of Education (OSDE) to perform procedures related to CCR registration.

In order to ensure that subrecipient school districts had made the required CCR registrations and kept the registrations current, OSDE put in place procedures to maintain a registry of CCR registration information for all subrecipient school districts. This registry was then utilized throughout the year to follow-up with subrecipients as registrations were nearing expiration to ensure the registrations were renewed. This registry included each district’s identifying information, its DUNS number, and CCR expiration date. We noted 31 instances where the CCR date in OSDE’s registry was incorrect and 1 instance where the subrecipient’s DUNS number in OSDE’s registry was incorrect. We also noted 1 instance where the subrecipient could not be located in the System for Award Management (SAM); therefore we were unable to determine the accuracy of OSDE’s registry information or the status of the subrecipient’s CCR registration. Due to the inaccuracy of the OSDE registry, OSDE could not properly evaluate subrecipient compliance with the CCR registration requirement.

Cause: It appears the OMES did not perform follow-up procedures with the OSDE to ensure that all the requirements for subrecipient monitoring of CCR registrations were met. Additionally, it appears that OSDE did not compare the information submitted by the subrecipient school districts to the information noted in the System for Award Management (SAM) to ensure accuracy before recording the subrecipient information into the OSDE registry.

Effect: OMES and OSDE do not appear to be in compliance with the above noted regulations.

Recommendation: We recommend that OMES implement procedures to follow-up with OSDE in order to ensure compliance with all requirements for subrecipient monitoring of CCR registrations. Additionally, we recommend that OSDE verify the information submitted by the subrecipient school districts by comparing the submitted information to the school district’s entry in the System for Award Management (SAM). This comparison would then allow OSDE to record accurate information in the OSDE registry in order provide an adequate mechanism to evaluate subrecipient compliance with the CCR registration requirement.

Views of Responsible Official(s) - OSDE

Contact Person: Mathangi Shankar, OSDE Director of Financial Services

Ramona Coats, OSDE Assistant Superintendent for Federal Programs

Anticipated Completion Date: 12/31/2012

Corrective Action Planned: We concur with the finding. However, it should be noted that the Department did not have the ability to verify the subrecipients’ CCR registration information in the CCR.Gov website and was not aware of any other method to verify the accuracy of the information provided by the districts. As the result, the information received from the school districts with the signature of the district’s Superintendent was entered in the OSDE registry and was used to do follow-up throughout the year. In July 2012, data in CCR. Gov was migrated to a new web site Systems for Award Management (SAM). Under Sam.gov, the Department will be able to verify the CCR expiration date of its subrecipient school districts. The federal programs office at the Department that maintains the registry has started the verification process and updating the registry with accurate information. The data collection process will also be revised to request the school districts to provide supporting documentation at the time of submitting their CCR registration information to OSDE.

Views of Responsible Official(s) - OMES

Contact Person: Brandy Manek, Deputy Director of Budget and Policy

Anticipated Completion Date: N/A – see response below.

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Corrective Action Planned: OMES reviewed OKSDE policies and procedures through the federal monitoring process. We believed their policies and procedures to be reasonably sufficient to ensure compliance with ARRA guidelines. Since the grant period for this award has ended, no additional monitoring steps can be taken.

FINDING NO: 12-305-005

STATE AGENCY: Office of the Governor

FEDERAL AGENCY: US Department of Education

CFDA NO: 84.394 & 84.397

FEDERAL PROGRAM NAME: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act (Education Stabilization Fund); State Fiscal Stabilization Fund (SFSF) – Government Services, Recovery Act

FEDERAL AWARD NUMBER: S394A090037 and S397A090037

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 34 CFR §80.40 states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity.”

2 CFR 176.50 states “Agencies are responsible for ensuring that their recipients report information required under the Recovery Act in a timely manner...(c)Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (<http://www.ccr.gov>) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (<http://www.dnb.com>) is one of the requirements for registration in the Central Contractor Registration.”

Finally, Subpart C §.300(b) of OMB Circular No. A-133 states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Condition: During our evaluation of controls over compliance and testwork related to the CCR registration instituted by the Office of Management and Enterprise Services (OMES), we noted the following deficiencies related to the two subrecipients:

Oklahoma State Department of Education (OSDE) - The OMES relied upon OSDE to monitor for compliance with the CCR registration requirement. The OSDE put in place procedures to maintain a registry of CCR registration information for all subrecipient school districts. This registry was then utilized throughout the year to follow-up with subrecipients as registrations were nearing expiration to ensure the registrations were renewed. This registry included each district’s identifying information, its DUNS number, and CCR expiration date. However, OSDE did not compare the information submitted by the subrecipient school districts to the information noted in the System for Award Management (SAM) to ensure accuracy before recording the subrecipient information into the OSDE registry. In addition, OMES did not follow-up with Education to ensure the CCR registrations were current.

Department of Commerce – OMES was unable to provide documentation of sufficient action to ensure the subrecipient had a current registration in the CCR, including having a DUNS number, maintaining the currency of that information or assessing the subrecipient’s compliance with the CCR registration requirement.

Cause: The OMES had not instituted policies, procedures, and/or controls to ensure that all the requirements for subrecipient monitoring of CCR registrations were met.

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Effect: OMES does not appear to comply with the above noted regulations.

Recommendation: We recommend that OMES implement procedures to follow-up with OSDE in order to ensure compliance with all requirements for subrecipient monitoring of CCR registrations. In addition, we recommend OMES implement policies, procedures and controls to ensure compliance with all requirements for subrecipient monitoring of CCR registrations for the Department of Commerce.

Views of Responsible Official(s)

Contact Person: Brandy Manek, Deputy Director of Budget and Policy

Anticipated Completion Date: N/A – see response below.

Corrective Action Planned: OMES notified the Department of Commerce and their subrecipients in June of 2012 that they were required to have a current registration in the Central Contract Registration (<http://www.ccr.gov>) (CCR) (including having a DUNS number) at all times during which they have active federal awards funded with Recovery Act funds. In addition, OMES reviewed OKSDE policies and procedures through the federal monitoring process. We believed their policies and procedures to be reasonably sufficient to ensure compliance with ARRA guidelines. Since the grant period for this award has ended, no additional monitoring steps can be taken.

Department of Health

FINDING NO: 12-340-002 (Repeat Finding)

STATE AGENCY: Oklahoma State Department of Health

FEDERAL AGENCY: United States Department of Agriculture

CFDA NO: 10.557

FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

FEDERAL AWARD NUMBER: 2011IW100346

FEDERAL AWARD YEAR: 2011

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: Office of Management and Budget Circular A-133 Subpart C § .300 (b) – *Auditee responsibilities* states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs.”

Additionally, Office of Management and Budget Circular A-133 Subpart D § .400 (d) – *Pass-through entity responsibilities* states, “A pass-through entity shall perform the following for the Federal awards it makes: (4) Ensure that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.”

Also, Office of Management and Budget Circular A-133 Subpart C § .320 (a) – *Report Submission* states, “The audit shall be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 days after receipt of the auditor's report(s), or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit.”

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In addition, the Oklahoma State Department of Health Subrecipient Contract Monitoring and Administration Procedures Manual states “11.1 – Determination and Receipt of Subrecipient Audits Procedure – Determination of Subrecipient Audit Requirements – The process of determining whether a Contractor must have an independent audit, conducted in accordance with Government Auditing Standards (GAS) and/or OMB Circular A-133, performed annually.”

Condition: We noted the following in regards to subrecipient A-133 audits:

- The Department failed to properly design and implement internal controls that ensure subrecipients required to have an A-133 audit are properly identified every year and that all subrecipients whom an A-133 audit is required of is indeed being collected and reviewed. This was evidenced per review of the Department tracking spreadsheet which identifies subrecipients the Department has determined require A-133 audits. Based on review of supporting documentation, 3 of the 12 subrecipients identified as requiring an A-133 audit on this tracking spreadsheet did not in fact require this type audit.
- 2 of 12 subrecipients which the Department identified as requiring an A-133 audit did not submit the A-133 audit within the required 9 month timeframe and the Department did not properly follow-up with the subrecipient in an attempt to obtain the audit in a timely manner.
- 3 of 12 subrecipients which the Department identified as requiring an A-133 audit did not submit an A-133 audit covering funds awarded in Federal Fiscal Year 2011 to the Department and the Department did not properly follow-up with the subrecipient.

Cause: Per discussion with Department personnel we have noted the following possible causes:

- Subrecipients do not fully understand the above stated criteria.
- Department staff members do not fully understand the above stated criteria.
- The written procedure to annually identify which subrecipients require an A-133 audit is not being followed.
- Current procedures are inadequate and do not provide a sufficient means for ensuring that A-133 audits are received and reviewed properly within required timeframes.

Effect: The Department is not identifying which subrecipients have expended over \$500,000 in federal funds on an annual basis; therefore it is impossible to determine which subrecipients are required to receive an A-133 audit each year. Furthermore, if subrecipients are not receiving A-133 audits or the Department is not obtaining and reviewing the A-133 audits in a timely fashion, instances of insufficient internal controls and noncompliance may not be detected and properly addressed by the Department.

Recommendation: We recommend that the Department follow procedures to properly identify subrecipients needing an A-133 audit on an annual basis. In addition, we recommend the current procedures be expanded to base the determination of whether a subrecipient needs an A-133 audit on actual federal expenditures reported by the subrecipient. We recommend that the Department establish procedures that ensure A-133 audits are obtained within the required timeframes. Furthermore, we recommend that the Department establish procedures that ensure the timely review of all subrecipients of whom an A-133 audit is required of.

Views of Responsible Official(s)

Contact Person: Grace Brown, Agency Controller

Anticipated Completion Date: June 30, 2013

Corrective Action Planned: The Department has instructed staff to ensure annually determining which subrecipients are required to receive an A-133 audit as identified in the procedures. We are also reviewing our procedures to (1) ensure all staff have been trained, are knowledgeable of, and follow procedures, and (2) ensure (and revise as needed) the procedure is adequate to meet the federal requirements identifying, obtaining, and reviewing subrecipient audits in appropriate timelines.

FINDING NO: 12-340-003

STATE AGENCY: Oklahoma State Department of Health

FEDERAL AGENCY: United States Department of Agriculture

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CFDA NO: 10.557

FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

FEDERAL AWARD NUMBER: 2012IW100346

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: 2 CFR § 170 Appendix A (1.) – *Applicability* states, “Unless you are exempt as provided in paragraph d. of this award term, you must report each action that obligates \$25,000 or more in Federal funds that does not include Recovery funds (as defined in section 1512(a)(2) of the American Recovery and Reinvestment Act of 2009, Pub. L. 111–5) for a subaward to an entity (see definitions in paragraph e. of this award term).”

2 CFR § 170 Appendix A (2.ii.) – *When and Where to report* states, “For subaward information, report no later than the end of the month following the month in which the obligation was made. (For example, if the obligation was made on November 7, 2010, the obligation must be reported by no later than December 31, 2010.)

A-133 Subpart C § .300 (b) – *Auditee responsibilities* states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs”

Condition: We noted the following in regards to the FFY 2012 award reporting period:

- The Department failed to design and implement controls that ensure subrecipients whom are subject to the Federal Accountability and Transparency Act of 2006 (FFATA) are properly identified, information reported by the subrecipients is accurate, information reported on the Federal Accountability and Transparency Act Subaward Reporting System (FSRS) is accurate, and that the reported information can be found on USAspending.gov.
- 4 of the 12 subrecipients receiving at least \$25,000 in awards were not reported and could not be found on USAspending.gov.
- The submitted FSRS reports included the incorrect subaward date.
- 8 of the reported subawards included incorrect obligation dates.
- The reports were submitted later than the end of the month following the month in which the obligations were made.

Cause: We have noted the following possible causes:

- Department personnel do not fully understand the above stated criteria.
- The Department relied solely on the information provided by the subrecipients without verifying its accuracy to Department records.
- There is a lack of communication amongst various Department divisions responsible for gathering and reporting the required information.
- Current procedures that identify which subrecipients are subject to FFATA are inadequate and current review procedures to detect errors are insufficient.
- There are no adopted procedures that ensure the submission of the FSRS report occurs within the required timeframes nor are there procedures that ensure all applicable subrecipients appear on USAspending.gov.

Effect: By not establishing adequate procedures that address the criteria stated above, the Department is vulnerable to noncompliance, which is occurring. Furthermore, by not being in compliance with the above stated criteria, the general public will not be able to view complete, accurate spending information as intended by the Federal Funding Accountability and Transparency Act of 2006.

Recommendation: We recommend that the Department establish processes and procedures that properly identify which subrecipients are subject to the Federal Funding Accountability and Transparency Act of 2006, that all

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identified subrecipients are being reported to FSRS, that the information entered into the FSRS reports is accurate, and that report submissions occur within the required timeframes. We recommend that the Department verify validity of the subrecipient information prior to entering it into FSRS, as it is the Department's responsibility to ensure the complete and accurate submission. We recommend that the Department resubmit the correct information to the FSRS, and include the subrecipients that were initially excluded. Finally, we recommend that the Department verify that any FFATA information submitted to FSRS appears on the USAspending.gov.

Views of Responsible Official(s)

Contact Person: Grace Brown, Agency Controller

Anticipated Completion Date: May 31, 2013

Corrective Action Planned: We will be reviewing our current procedures to make sure they will allow us to properly identify which sub recipients are subject to the Federal Funding Accountability and Transparency Act of 2006, that all are being reported to FSRS accurately, and that the reports are completed within the required timeframes. We will educate ourselves regarding the correct information to be reported in FSRS and continue to verify this information to our agency records prior to submission in FSRS. We will then prepare and resubmit our corrections to FSRS and include the prior omissions.

FINDING NO: 12-340-004 (**Repeat Finding**)

STATE AGENCY: Oklahoma State Department of Health

FEDERAL AGENCY: Department of Agriculture

CFDA NO: 10.557

FEDERAL PROGRAM NAME: Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)

FEDERAL AWARD NUMBER: 2011IW100346

FEDERAL AWARD YEAR: 2011

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: A component objective of an effective internal control system is to provide accurate and reliable information through proper review and approval.

Condition: During our testing of the FFY2011 FNS 798-A Report, we noted the following errors:

- State Nutrition Education was overstated by \$215,428
- Local Nutrition Education was understated by \$215,428

Cause: Report preparation and reviewing procedures for the WIC FNS-798A report were not followed.

Effect: Incorrect program decisions could be made based on inaccurate reporting information.

Recommendation: We recommend that the Department submit an amended FFY 2011 FNS 798-A report. We also recommend the Department implement policy and procedures to prevent inaccurate information from being recorded on Federal reports.

Views of Responsible Official(s)

Contact Person: Grace Brown, Agency Controller

Anticipated Completion Date: April 30, 2013

Corrective Action Planned: We concur with this finding. We will be submitting a revised FNS 798-A for FFY 2011. We will also be reviewing our policy and procedures so that we can prevent inaccurate information from being recorded on Federal reports.

Schedule of Findings Federal Award Findings And Questioned Costs

Health Care Authority

FINDING NO: 12-807-001 (**Repeat Finding**)

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.778

FEDERAL PROGRAM NAME: Medical Assistance Program

FEDERAL AWARD NUMBER: 1005OKADM, 1105OK5MAP, 1105OKADM, 1205OK5MAP, and 1205OKADM

FEDERAL AWARD YEAR: 2010, 2011 and 2012

CONTROL CATEGORY: Reporting

Criteria: A component objective of an effective internal control system is to ensure accurate and reliable information through proper review and approval.

Condition: Federal and State matching expenditures were overstated on the Oklahoma Health Care Authority (OHCA) State Fiscal Year (SFY) 2012 Schedule of Expenditures of Federal Awards (SEFA) for CFDA #93.778 - Medical Assistance Program (MAP).

Cause: Federal and State matching expenditures were incorrectly calculated and the incorrect amounts were carried forward to the State Fiscal Year (SFY) 2012 Schedule of Expenditures of Federal Awards (SEFA) and internal controls in place failed to detect this error.

Effect: The Federal expenditures on the CFDA #93.778 – MAP SEFA were overstated \$35,688,354.00 and the State matching expenditures were overstated \$122,761.

Recommendation: We recommend OHCA review the current procedures in place to determine where the breakdown in the internal control system occurred and implement the necessary procedures to ensure accurate reporting of expenditures on the SEFA in the future.

Views of Responsible Official(s)

Contact Person: Susan Crooke

Anticipated Completion Date: Completed

Corrective Action Planned: OHCA reviewed and revised our review procedures in order to ensure accurate reporting of expenditures on the SEFA in the future.

FINDING NO: 12-807-002

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.767

FEDERAL PROGRAM NAME: Children's Health Insurance Program

FEDERAL AWARD NUMBER: 105OK5021 and 1105OK5021

FEDERAL AWARD YEAR: 2010 and 2011

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: Component objectives of an effective internal control system ensure accurate and reliable information through:

- Proper training, and
- Proper review and approval.

Schedule of Findings

Federal Award Findings And Questioned Costs

According to the instructions for the SF-425 Report, the cumulative amount of actual Federal cash received is to be entered on line 10a and cumulative Federal cash disbursements, as of the reporting period end date, is to be entered on line 10b of the Federal Financial Report (FFR) Attachment.

Condition: During State Fiscal Year 2012, Federal funds received and/or disbursed for the Children's Health Insurance Program (CHIP) were not consistently included in the FFR Attachment and, therefore, were not consistently included on the SF-425 Reports.

As a grant ages, the Payment Management System (PMS) will change the status to inactive, which will cause the inactive grant to drop from the list of available grants on the FFR Attachment. This change in status will often occur before the period of availability ends on the grant funds and it is the responsibility of the preparer to add the inactive grant to the FFR Attachment so that disbursements may be accurately reported.

Cause: The CHIP Federal fiscal year (FFY) 10 and CHIP FFY 11 grants were not appropriately added onto to the FFR Attachment, which was not detected during review.

Effect: The Authority is not in compliance with the reporting requirements of the SF-425 report. Incorrect reporting of cash received or disbursed could potentially reduce the current grant funding amount.

Recommendation: We recommend the Authority review the current procedures in place to determine where the breakdown in the internal control system occurred and implement the necessary procedures to ensure accurate reporting on the SF-425 in the future. We further recommend personnel be trained on proper completion and supervisory review of the SF-425.

Views of Responsible Official(s)

Contact Person: Susan Crooke

Anticipated Completion Date: April 30, 2013

Corrective Action Planned: OHCA concurs with the finding. Training to personnel involved in the preparation will be conducted and a review of the current procedures will be performed and corrective action implemented.

FINDING NO: 12-807-003

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.778

FEDERAL PROGRAM NAME: Medical Assistance Program

FEDERAL AWARD NUMBER: 1005OKADM, 1105OK5MAP, 1105OKADM, 1205OK5MAP, 1205OKADM

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Special Tests and Provisions - Utilization Control and Program Integrity

QUESTIONED COSTS: \$0

Criteria: Component objectives of effective internal controls are for management to develop policies and procedures which will ensure compliance with applicable laws and regulations; to ensure accurate and complete information is accessible to those who need it; and to ensure accurate and reliable information through proper review and approval.

42 CFR Part 456 Subpart I Section 456.606 'Inspections of Care in Intermediate Care Facilities and Institutions for Mental Disease, Frequency of Inspections' states, "The team and the agency must determine, based on the quality of care and services being provided in a facility and the condition of beneficiaries in the facility, at what intervals inspections will be made. However, the team must inspect the care and services provided to each beneficiary in the facility at least annually."

Schedule of Findings

Federal Award Findings

And Questioned Costs

Condition:

- Information regarding Inspections of Care (IOC's) performed by the Oklahoma Health Care Authority (OHCA) Behavioral Health Operations Unit was not reported to the Behavioral Health Services Specialist responsible for performing reviews of the completed IOC's until June 29, 2012, and the IOC information reported did not adequately identify all IOC's actually performed, the provider number, date the IOC was conducted, person(s) performing the IOC, date the final report was completed, and status of any Corrective Action Plans (CAP's) and/or recoupments. Consequentially, the IOC's performed by OHCA during State Fiscal Year (SFY) 2012 were not reviewed to determine if they were performed adequately.
- Based on our review of SFY 2011 medical claims data, we calculated that OHCA should have performed an IOC at 113 facilities during SFY 2012. However, only 40 facilities out of the 113 or 35.4 % had an Inspection of Care performed.

Cause: During December of SFY 2012, OHCA ended its contract with the QIO (Quality Improvement Organization) performing IOC's and OHCA started performing IOC's in-house in late March of 2012. OHCA did not develop formal policies and procedures to ensure compliance with the requirements of 42 CFR Subpart I Section 456.606 or for proper review and approval of *all* IOC's performed. All IOC's performed before OHCA started performing the IOC's were properly reviewed. Therefore, it appears there is some type of miscommunication between the OHCA department responsible for performing the IOC's and the person/s responsible for reviewing the IOC's.

Effect: Without timely performance of required IOC's and appropriate review of all IOC's performed, accurate and reliable information regarding the quality of care and services being provided may not be available.

Recommendation: We recommend management develop and implement formal policies and procedures which:

- 1) Define the methodology for determining facilities to be inspected (this methodology should incorporate risk assessments and ensure all facilities are reviewed at least annually),
- 2) Require approval of an annual IOC plan which lists the facilities that will be inspected (the approval process should ensure all facilities are inspected at least annually),
- 3) Require tracking of compliance with the annual IOC plan, and
- 4) Ensure that the person performing IOC reviews has complete, accurate, and timely information regarding the status of *all* IOC's performed.

Views of Responsible Official(s)

Contact Person: Nichole Burland

Anticipated Completion Date: Completed

Corrective Action Planned: OHCA concurs with the conditions and has taken the following corrective actions per the recommendations:

Recommendation 1

- Prior to the start of the next SFY claims are reviewed to identify all providers of Medicaid Behavioral Health Services in acute or PRTF / RTC units for members under age 21.
- Providers are then added to the IOC planning calendar to be surveyed if they have had an admission in the prior SFY. If providers are added as a contracted provider during the year, they are added to the schedule.

Recommendation 2

- The claims data and the IOC Planning Calendar is reviewed and approved by BH Operations Supervisors.

Recommendation 3

- The team utilizes an Excel spreadsheet to track the process of the IOC reporting from on- site to finalization and forwarding of completed reports to the designated individual in Provider Services who will finalize and send notification to OHCA Finance for recoupment if needed.

Recommendation 4

- Email notification is sent to the designated individual in Provider Services of the completed IOC and the location of the electronic record with all required information.

Schedule of Findings Federal Award Findings And Questioned Costs

FINDING NO: 12-807-006
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.767
FEDERAL PROGRAM NAME: Children's Health Insurance Program
FEDERAL AWARD NUMBER: 105OK5021 and 1105OK5021
FEDERAL AWARD YEAR: 2011 and 2012
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Reporting
QUESTIONED COSTS: \$240

Criteria: According to 2 CFR 225 (OMB Circular A-87), Appendix A, Costs must...

- (C.1.a), "Be necessary and reasonable for proper and efficient performance and administration of Federal awards", and
- (C.1d), "Conform to any limitations or exclusions set forth in these principles [Cost Principles for State, Local, and Indian Tribal Governments, 2 CFR 225], Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items."

Condition: Based on a medical professional's review of 76 claims for CHIP recipients, five claims had payment errors for a total questioned costs of \$320.77 (the estimated Federal portion totals \$240.29).

Cause: The payment errors consisted of three claims paid when they were not appropriately supported by medical records, one claim was not coded correctly by the provider, and one claim was not entered into the system correctly.

Effect: The Authority may be paying for services that are not being performed or are improperly coded based on the recipient's medical diagnosis.

Recommendation: We recommend the Authority investigate the items identified and, if considered necessary, recoup any funds paid to providers for services that were not supported by medical records.

Views of Responsible Official(s)

Contact Person: Kelly Shropshire

Anticipated Completion Date: 06/30/2013

Corrective Action Planned: OHCA will return federal share on June 30th 2013 CMS 64 expenditure report.

FINDING NO: 12-807-008
STATE AGENCY: Oklahoma Health Care Authority
FEDERAL AGENCY: Department of Health and Human Services
CFDA NO: 93.778
FEDERAL PROGRAM NAME: Medical Assistance Program
FEDERAL AWARD NUMBER: 1105OK5MAP, 1205OK5MAP
FEDERAL AWARD YEAR: 2011 and 2012
CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Reporting
QUESTIONED COSTS: \$474

Criteria: According to 2 CFR 225 (OMB Circular A-87), Appendix A, Costs must...

- (C.1.a), "Be necessary and reasonable for proper and efficient performance and administration of Federal awards", and
- (C.1d), "Conform to any limitations or exclusions set forth in these principles [Cost Principles for State, Local, and Indian Tribal Governments, 2 CFR 225], Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items."

Schedule of Findings

Federal Award Findings And Questioned Costs

Condition: Based on a medical professional's review of 83 claims for MAP recipients, we noted eleven (11) claims (13.25%) with payment errors totaling \$739.49 (the estimated Federal portion totals \$474.38).

Cause: Eight payment errors consisted of claims paid when they were not supported by medical records or were improperly coded by the medical provider. One payment error was to a provider that was not licensed to perform the service billed. Two payment errors were due to the rendering provider on the claim not matching the rendering provider in the medical records.

Effect: The Authority may be paying for services that are not being performed or are improperly coded based on the recipient's medical diagnosis. The Authority may also be paying for services in which the provider is not qualified / licensed to render.

Recommendation: We recommend the Authority investigate the items identified and, if considered necessary, recoup any funds paid to providers for services that were not supported by medical records or in which the provider was not qualified / licensed to render.

Views of Responsible Official(s)

Contact Person: Kelly Shropshire

Anticipated Completion Date: 06/30/2013

Corrective Action Planned: OHCA will further research and will refund federal share of overpayments if necessary.

FINDING NO: 12-807-009

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.778 & 93.767

FEDERAL PROGRAM NAME: Medical Assistance Program and Children's Health Insurance Program

FEDERAL AWARD NUMBER: 1005OKADM, 11005OKADM, 1205OKADM, 105OK5021, and 1105OK5021

FEDERAL AWARD YEAR: 2010, 2011, and 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles

QUESTIONED COSTS: \$0

Criteria: A component objective of an effective internal control system is to ensure adequate segregation of duties through proper review and approval of claims.

According to 2 CFR 225 (OMB Circular A-87), Appendix A, "Costs must...

- (C.1.a), Be necessary and reasonable for proper and efficient performance and administration of Federal awards, and
- (C.1d), Conform to any limitations or exclusions set forth in these principles [Cost Principles for State, Local, and Indian Tribal Governments, 2 CFR 225], Federal laws, terms and conditions of the Federal award, or other governing regulations as to types or amounts of cost items."

Condition: We noted 3 of 61 (4.92%) administrative claims (Claim numbers 00027530, 00029009, and 00029394) totaling \$1,073.52 were not reviewed and approved by the Chief Executive Officer or the Director of General Accounting. Since the claims were reviewed at the department level and were for allowable activities/costs, we will not question the costs.

Cause: Claims were not appropriately reviewed and approved. There appears to be a breakdown in internal controls.

Effect: Failure to appropriately review and approve claims could result in the Authority paying costs which are unallowable to the program.

Schedule of Findings

Federal Award Findings And Questioned Costs

Recommendation: We recommend the Authority consistently review and approve claims so that the possibility of unallowable costs being charged to the program is minimized.

Views of Responsible Official(s)

Contact Person: Gloria Hudson

Anticipated Completion Date: 03/15/2013

Corrective Action Planned: OHCA will ensure all administrative claims are approved by the CEO or Director of accounting.

Department of Human Services

FINDING NO: 12-830-001 (Repeat Finding)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.558

FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families

FEDERAL AWARD NUMBER: G1201OKTANF

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Special Tests and Provisions – Income Eligibility and Verification System

QUESTIONED COSTS: \$0

Criteria: Each State is required to participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. The State is required to review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the individual’s eligibility or level of assistance, benefits or services under the TANF program.

DHS Policy Instructions to Staff 340:65-3-4-14 states, “Data exchange information is routinely compared with OKDHS records. When discrepant information is detected, an automated system of notification posts discrepancy messages to IMS. These messages are accessible by using transactions G1DX, G3, and PY. All discrepancy messages must be cleared using the DXD transaction within 30 days of the error posting.”

Condition: We performed testwork on the SFY 2012 G1DX Exception and Clearance Reports. We noted the following:

Error Type	G1DX OPEN AND RESOLVED EXCEPTIONS OVER 30 DAYS	TOTAL G1DX RESOLVED EXCEPTIONS	% OF EXCEPTIONS OVER 30 DAYS
BEN	4,006	21,049	19.03%
IEV	6,119	40,080	15.27%
OWG	3,685	24,886	14.81%
SDX	11,424	78,433	14.57%
SNH	7,066	48,146	14.68%
UIB	1,744	12,571	13.87%
TOTAL	34,044	225,165	15.12%

Cause: The discrepancies were not cleared within the allowable 30 days per OKDHS policy due to an inadequate number of personnel assigned these duties.

Schedule of Findings

Federal Award Findings And Questioned Costs

Effect: The Department may not be in compliance with the above stated requirement, which may result in ineligible individuals receiving TANF benefits.

Recommendation: We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 30 days allowed under current OKDHS policy.

Views of Responsible Official(s)

Contact Person: James Conway

Anticipated Completion Date: July 1, 2013

Corrective Action Planned: Concur. Data exchange is required to be utilized whenever action is taken on a case and through G1DX Exceptions. OKDHS policy revised effective June 1, 2012 states “all discrepancy messages must be cleared using the DXD transaction within 45 days of the error posting”. This change brings policy more in line with federal guidelines of 45 days. OKDHS is establishing a goal of clearing 95% discrepancies within the 45 day standard. This goal has been delayed due to increases in caseloads and decreases in staffing. Of the discrepancies cleared in SFY12 approximately 81% did not impact eligibility. Adult and Family Services will continue to work on projects that will allow staff to focus on discrepancy clearance. Those projects include online and self- service models currently deployed and being extended.

FINDING NO: 12-830-002

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.558

FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families

FEDERAL AWARD NUMBER: G1201OKTANF

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: Form ACF-204 Instructions for Line 8 state: “Total number of families served under the program with MOE funds. Enter the number of eligible families that are receiving the benefit(s) or service(s) named in line 1 that are funded in whole or in part with State MOE funds. States may use reasonable estimates that have a sound basis where actual numbers are not available. This may include estimates based on samples. Also, put an “X” on the appropriate line to indicate whether the number being provided is a report on the average monthly number of families being served or on the total number served over the course of the fiscal year. States would report in this manner even if the State used MOE funds that were commingled with Federal TANF funds to pay for the service. Hence, the State would not allocate the total number of families according to the percentage of MOE funds that have been commingled with TANF funds. For example, suppose the State used commingled funds to pay for non-compulsory pre-k services. Two hundred (200) eligible families received this benefit over the course of the fiscal year. The commingled funds are comprised of 80% Federal TANF funds and 20% MOE funds. The State would report 200 eligible families in this item, not 40. The State must report all eligible families that were provided the benefit or service, even if just one or two members of the eligible family actually received the benefit.”

Condition: During our testing of the ACF-204 Report we noted four exceptions. The exceptions noted are as follows:

- TANF Cash Assistance average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.a)
- TANF Employment Services average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.d)

Schedule of Findings

Federal Award Findings

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- TANF Child Care Assistance average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.b)
- TANF Supportive Services average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.c)

Cause: The figures for line 8.a through 8.d did not get updated from the FFY 2010 ACF-204 report.

Effect: The Department may not be in compliance with the above instructions, which may result in incorrect reporting.

Recommendation: We recommend the Department establish and implement procedures to ensure the ACF-204 report is prepared in accordance with reporting instructions and amounts used to prepare the report are adequately supported.

Views of Responsible Official(s)

Contact Person: Linda Hughes

Anticipated Completion Date: Immediately

Corrective Action Planned: Concur. The exceptions noted above have been reported to the ACF Region VI office. Procedures are now in place to ensure future reports are properly prepared prior to submission.

FINDING NO: 12-830-003 (**Repeat Finding**)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.558

FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families

FEDERAL AWARD NUMBER: G1201OKTANF

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Eligibility

QUESTIONED COSTS: \$553

Criteria: OAC 340:65-3-1(a) states, "The determination of eligibility is a continuous process that begins with an application. It includes the final disposition of the application and all subsequent activities related to determining continuing eligibility."

OAC 340:65-1-3 states, "...The case record is the means used by the Agency to document the factual basis for decisions."

OAC 340:65-1-3 Instructions to Staff state, "(a) Definition of Family Support Services Division (FSSD) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of assistance. The case record includes information in the local Oklahoma Department of Human Services (OKDHS) office, working and history records, and all electronically maintained data. OKDHS retains these records for legal requirements and audit purposes."

Condition: From our population of 16,628 cases, we selected 40 cases for testing and noted one case where no TANF eligibility application was found in the case file for benefits paid for the months of September 2011 and October 2011. (Questioned Costs \$553)

Cause: TANF eligibility determination was not performed or was not documented on an application to ensure eligibility.

Effect: The Department may not be in compliance with the above stated internal policies, which may result in ineligible individuals receiving TANF benefits.

Schedule of Findings

Federal Award Findings And Questioned Costs

Recommendation: We recommend the Department follow policy and complete eligibility applications to document the eligibility determinations for TANF recipients as required and also ensure that these applications are maintained in the case records.

Views of Responsible Official(s)

Contact Person: Linda Hughes

Anticipated Completion Date: March 31, 2013

Corrective Action Planned: Concur. No application could be found for the time period in question. The appropriate OKDHS county director has been notified and requested to conduct training on the TANF application process and the importance of record retention. The case was reviewed and the family was found to be eligible for services. Therefore, no overpayment occurred.

FINDING NO: 12-830-004 (**Repeat Finding**)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.558

FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families

FEDERAL AWARD NUMBER: G1201OKTANF

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Special Tests and Provisions – Income Eligibility and Verification System

QUESTIONED COSTS: \$0

Criteria: Each State is required to participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. The State is required to review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits or services under the TANF program.

DHS Policy 340:65-3-4 (4) (A) states in part, "The worker is responsible for reviewing data exchange information at the time of application and review of eligibility."

Condition: From our population of 16,628 cases, we selected 40 TANF cases to determine that income verification occurred and noted one case in which no income verification documentation was found for the time period tested.

Cause: The initial verification of income is a manual process performed by the social worker. Therefore, this process could be omitted when determining eligibility.

Effect: The income used to determine a TANF applicant's eligibility may not be accurate.

Recommendation: We recommend the Department emphasize to staff the importance of maintaining documentation to support income verification through data exchange to ensure the TANF applicant's eligibility is adequately documented.

Views of Responsible Official(s)

Contact Person: Linda Hughes

Anticipated Completion Date: March 31, 2013

Corrective Action Planned: Concur. The appropriate OKDHS county office Director has been notified and requested to conduct training on requirements and guidelines concerning TANF applications and record retention. No overpayment occurred on the case noted above.

FINDING NO: 12-830-007 (**Repeat Finding**)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

Schedule of Findings Federal Award Findings And Questioned Costs

CFDA NO: 93.568

FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program

FEDERAL AWARD NUMBER: 2012G992201

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Activities Allowed or Unallowed

QUESTIONED COSTS: \$190

Criteria: OAC 340:20-1-10. Paragraph (c)(3) states: "There is one authorization for heating or cooling assistance per household."

Condition: While performing analytical procedures, we noted 3 of the 45 duplicate addresses sampled appear to have received more than one heating benefit payment for the household. (Questioned Costs \$190)

Cause: It appears there are no edit checks in place to ensure that the same address cannot receive multiple benefits.

Effect: Households may be receiving more benefits than allowed.

Recommendation: We recommend the Department implement system edits to ensure the same address cannot receive duplicate LIHEAP benefits.

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: 10/01/13

Corrective Action Planned: Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments.

FINDING NO: 12-830-008 (Repeat Finding)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.568

FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program

FEDERAL AWARD NUMBER: 2012G992201

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Activities Allowed or Unallowed

QUESTIONED COSTS: \$116

Criteria: OAC 340:20-1-10. Paragraph (c) (3) states: "There is one authorization for heating or cooling assistance per household."

The LIHEAP Appendix C-7A Section III. Energy Crisis Assistance Program (ECAP) states, "Maximum amount necessary to prevent cutoff or restore services up to \$500."

Condition: We noted one address that appears to have received a duplicate ECAP payment exceeding the \$500 maximum benefit allowance.

Cause: It appears there are no edit checks in place to ensure that the same address cannot receive multiple benefits.

Effect: Households may be receiving more benefits than allowed.

Recommendation: We recommend the Department implement system edits to ensure the same address cannot receive duplicate LIHEAP benefits which exceed the maximum benefit allowance.

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Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: 10/1/13

Corrective Action Planned: Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments.

FINDING NO: 12-830-010 (**Repeat Finding**)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.568

FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program

FEDERAL AWARD NUMBER: 2012G992201

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Eligibility; Activities Allowed or Unallowed

QUESTIONED COSTS: \$450

Criteria: The Code of Federal Regulations Title 45, Volume 1, Section 96.30 states, “Fiscal control and accounting procedures must be sufficient to ... (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.”

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, § .300 Auditee responsibilities states, “The auditee shall... (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs....”

OAC 340:65-1-3 states, “...The case record is the means used by OKDHS to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition of Family Support Services (FSS) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of benefits. The case record includes information in physical working and history records, all imaged documents, and all electronically maintained data associated with the same case number. For legal requirements and audit purposes...”

According to the LIHEAP Training Packet, “A LIHEAP Checklist for Walk-In Applications *must* be completed for all households without issuing SNAP, TANF, or SSP benefits as income *must* be verified for these households.”

Condition: During testwork of case files selected, we noted the following:

- 2 case files did not include the LIHEAP application to support the eligibility determination for the benefit selected for testing and to support the benefit was for an allowable activity. (Questioned Costs \$450)
- 1 case did not contain a completed LIHEAP Checklist for Walk-In Applications for the “N” case and the application was not signed by the Social Services Specialist to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs \$0).
- 2 cases did not contain a completed LIHEAP Checklist for Walk-In Applications for the “N” case and the OKDHS case scan and/or data exchange with other agencies could not be located to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs \$0).
- 1 case did not contain an OKDHS case scan and/or data exchange with other agencies and could not be located for the open benefits to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs \$0).

Schedule of Findings

Federal Award Findings And Questioned Costs

- 2 cases did not contain income noted in the data that agreed with the income noted on the application and the OKDHS case scan and/or data exchange with other agencies could not be located for the open benefits to ensure the benefit was for an eligible recipient and for an allowable activity, (Questioned costs \$0).

Cause: Case records were not adequately documented and maintained to ensure recipients were eligible, and the benefit payment was for an allowable activity.

Effect: The State may be paying ineligible recipients and issuing benefit payments for unallowable activities; therefore, not meeting program objectives.

Recommendation: We recommend the Department implement control procedures to ensure all recipients are eligible to receive assistance payments, and benefit payments are issued for allowable activities. Additionally, we recommend the Department ensure all eligibility documentation is maintained as required.

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: 11/1/13

Corrective Action Planned: Concur. Adult and Family Services (AFS) will continue to emphasize the significance of the LIHEAP Checklist for Walk-in Applications as well as the importance of signing all applications. The cases in question have been referred to the Office of Inspector General for further review and possible collection.

FINDING NO: 12-830-011 (**Repeat Finding**)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.568

FEDERAL PROGRAM NAME: Low Income Home Energy Assistance Program

FEDERAL AWARD NUMBER: 2012G992201

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Activities Allowed or Unallowed

QUESTIONED COSTS: \$22,500

Criteria: The Code of Federal Regulations Title 45, Volume 1, Section 96.30 states, “Fiscal control and accounting procedures must be sufficient to ... (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.”

Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, Subpart C, § .300 Auditee responsibilities states, “The auditee shall... (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs....”

OAC 340:65-1-3 states, “...The case record is the means used by OKDHS to document the factual basis for decisions.”

OAC 340:65-1-3 Instructions to Staff state, “(a) Definition of Family Support Services (FSS) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of benefits. The case record includes information in physical working and history records, all imaged documents, and all electronically maintained data associated with the same case number. For legal requirements and audit purposes...”

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Condition: We noted 150 cases totaling \$22,500 with 'Equipment' listed as a fuel type. According to OKDHS management, a purchase receipt for cooling equipment purchase or repair was not required during the Summer of 2011 Cooling Program (Questioned Costs \$22,500).

Cause: There is no requirement for purchase documentation for the benefit payments that are paid directly to the client for cooling equipment or equipment repairs.

Effect: The State may be issuing cooling benefit payments directly to clients and those payments may not be going for the intended purpose; therefore, not meeting program objectives.

Recommendation: We recommend the Department begin requiring purchase documentation to support these benefit payments to ensure funds are being used for the intended purpose. One possible alternative would be to require recipients to provide a receipt document showing the purchase of equipment. We have noted OKDHS began requiring the purchase receipt for equipment/repairs during the Summer 2012 Cooling Program.

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: FFY 2012 program

Corrective Action Planned: Concur. Adult and Family Services (AFS) began requiring proof of purchase/repair of cooling equipment during the 2012 Summer Cooling program.

Office of Management and Enterprise Services

FINDING NO: 12-090-001

STATE AGENCY: Office of Management & Enterprise Services (OMES)

FEDERAL AGENCY: United States Department of Commerce

CFDA NO: 11.557

FEDERAL PROGRAM NAME: Broadband Technology Opportunity Program (BTOP)

FEDERAL AWARD NUMBER: NT10BIX5570113

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting & Matching

QUESTIONED COSTS: \$0

Criteria: A component objective of good internal controls is the maintenance of documents supporting federal reports.

Additionally, another component objective of an effective internal control system is to ensure that accurate and reliable information is available for reporting purposes.

Condition: Based on testing procedures performed for both Matching and Reporting, we noted the following:

- **Matching** - Cumulative matching amounts of \$4,817,836 reported on the 6/30/12 Infrastructure Performance Progress Report under the Architectural & Engineering Fees did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for Architectural & Engineering Fees should have been \$4,507,202.
- **Matching** - Cumulative matching amounts of \$1,159,171 reported on the 6/30/12 Infrastructure Performance Progress Report under the Project Inspection Fees did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for Inspection Fees should have been \$943,690.
- **Matching** - Cumulative matching amounts of \$460,548 reported on the 6/30/12 Infrastructure Performance Progress Report under Miscellaneous are not accurate as OMES internally reported 303 hours, whereas the costs associated with the \$460,548 are hours totaling 279. We are unable to determine

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what the reported Miscellaneous cost should have been as we do not have documentation supporting each employees' salary/fringe benefit hourly wages.

- **Reporting** - Cumulative recipient share of expenditures of \$19,810,055 reported on the 6/30/12 SF-425 report did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for recipient share of expenditures should have been \$19,283,940.

Cause: It appears management did not have controls in place to ensure that documentation was adequately maintained in order to ensure accurate and reliable information was available for reporting purposes.

Effect: Inaccurate and/or false expenditures could be reported in either the quarterly Performance Progress Report or the quarterly Federal Financial Report (SF-425) and not be detected and/or corrected in a timely manner.

Recommendation: We recommend the program area develop and implement procedures to ensure that amounts reported on both the quarterly Infrastructure Performance Progress Report and the quarterly SF-425 Federal Financial Report are supported by proper documentation.

Views of Responsible Official(s)

Contact Person: Ray Hankins

Anticipated Completion Date: 4/30/13

Corrective Action Planned: We concur with the finding as presented. We will develop and implement controls to ensure that documentation is adequate to support amounts presented for reporting purposes and is maintained in official records.

FINDING NO: 12-090-002

STATE AGENCY: Office of Management & Enterprise Services

FEDERAL AGENCY: United States Department of Commerce

CFDA NO: 11.557

FEDERAL PROGRAM NAME: Broadband Technology Opportunity Program (BTOP)

FEDERAL AWARD NUMBER: NT10BIX5570113

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: A component objective of good internal controls is the maintenance of documents supporting federal reports.

Additionally, another component objective of an effective internal control system is to ensure that accurate and reliable information is available for reporting purposes.

Condition: During documentation of the controls over compliance and testwork on the *Infrastructure Quarterly Performance* report, we noted that the amounts reported on the cumulative quarterly report at 6/30/2012 were not accurate. The variances were in the Network Build Process section of the report for the two lines that had data - *New Network Miles Deployed* and *Net Network Miles Leased*. In reviewing the supporting documentation provided compared to the amount on the report, we noted the following variances:

	6/30/12 Quarterly Report Total	Supporting Documentation Amount
<i>New Network Miles Deployed</i>	157	217.61
<i>New Network Miles Leased</i>	60	72.12

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Cause: The program did not have controls in place to ensure that the amounts reported on the quarterly performance report agreed with applicable supporting documentation.

Effect: Errors could be reported in the quarterly performance progress report and not be detected and/or corrected in a timely manner.

Recommendation: We recommend the program areas develop and implement procedures to ensure that amounts reported on the infrastructure quarterly performance reports are accurate by maintaining proper supporting documentation.

Views of Responsible Official(s)

Contact Person: Ray Hankins

Anticipated Completion Date: 4/30/13

Corrective Action Planned: We concur with the finding as presented. We will develop and implement procedures to ensure that amounts reported on the infrastructure quarterly performance reports are accurate by maintaining proper supporting documentation.

FINDING NO: 12-090-003

STATE AGENCY: Office of Management and Enterprise Services

FEDERAL AGENCY: Department of Commerce

CFDA NO: 11.557

FEDERAL PROGRAM NAME: Broadband Technology Opportunities Program (BTOP)

FEDERAL AWARD NUMBER: NT10BIX5570113

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Subrecipient Monitoring and Special Tests (R3) – Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 31USC7502 (f) (2) states, “ Each pass-through entity shall -- (A) provide such subrecipient the program names (and any identifying numbers) from which such assistance is derived, and the Federal requirements which govern the use of such awards and the requirements of this chapter; (B) monitor the subrecipient's use of Federal awards through site visits, limited scope audits, or other means; (C) review the audit of a subrecipient as necessary to determine whether prompt and appropriate corrective action has been taken with respect to audit findings, as defined by the Director, pertaining to Federal awards provided to the subrecipient by the pass-through entity.”

2 CFR § 176.50 states, “Agencies are responsible for ensuring that their recipients report information required under the Recovery Act in a timely manner... (c) Recipients and their first-tier recipients must maintain current registrations in the Central Contractor Registration (<http://www.ccr.gov>) at all times during which they have active federal awards funded with Recovery Act funds. A Dun and Bradstreet Data Universal Numbering System (DUNS) Number (<http://www.dnb.com>) is one of the requirements for registration in the Central Contractor Registration.”

2 CFR § 176.210 (c) states, “ Recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.

The Oklahoma Community Anchor Network (OCAN) Project Subrecipient Monitoring Program, states, “OMES monitors subrecipients to ensure they follow State procurement rules and statutes in posting Requests for Proposal (RFP's), receiving and evaluating bids, making awards and issuing purchase orders for engineering, construction, and equipment. . . .” and “OMES monitors subrecipients to ensure they require contractors and vendors to conform with the Davis Bacon grant requirement.”

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Condition: During our evaluation of controls over compliance and testwork performed as part of the subrecipient monitoring process instituted by the Office of Management and Enterprise Services (OMES), multiple deficiencies were noted. The deficiencies were as follows:

- OMES did not perform any subrecipient monitoring functions during the year to ensure subrecipients were complying with the Davis Bacon compliance requirement.
- OMES did not perform any subrecipient monitoring functions during the year to ensure subrecipients were complying with the Procurement compliance requirement.
- OMES was unable to provide documentation of sufficient action to ensure its ARRA subrecipients have a current registration in the CCR, including having a DUNS number, maintaining the currency of that information or assessing the subrecipient's compliance with the CCR registration requirement.
- OMES did not separately identify to each subrecipient, and document at the time of disbursement of funds, the Federal award number, CFDA number, and the amount of Recovery Act or ARRA funds.

Cause: It appears that OMES has not instituted sufficient policies, procedures, and/or controls to ensure that the requirements of subrecipient monitoring are met.

Effect: OMES is not in compliance with the above noted subrecipient monitoring requirements.

Recommendation: We recommend that OMES implement policies, procedures and controls to ensure that all requirements for subrecipient monitoring are met.

Views of Responsible Official(s)

Contact Person: Ray Hankins

Anticipated Completion Date: 4/30/13

Corrective Action Planned: We concur with the finding as presented. We will review/revise sub-recipient monitoring procedures to ensure the issues identified are addressed.

FINDING NO: 12-090-004

STATE AGENCY: Office of Management & Enterprise Services (OMES)

FEDERAL AGENCY: United States Department of Commerce

CFDA NO: 11.557

FEDERAL PROGRAM NAME: Broadband Technology Opportunity Program (BTOP)

FEDERAL AWARD NUMBER: NT10BIX5570113

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Procurement, Suspension, & Debarment

QUESTIONED COSTS: \$0

Criteria: A component objective of good internal controls is the maintenance of documents supporting solicited and proposed bids to ensure their occurrence and compliance with state law.

A-102 Common Rule states in part, "States, and governmental subrecipients of states, shall use the same state policies and procedures used for procurements from non-federal funds"

In addition, one of the state policies and procedures is that state agencies shall maintain records sufficient to detail the significant history of a procurement. These records shall include, but are not necessarily limited to, information pertinent to the rationale for the method of procurement, the selection of contract type, the contract selection or rejection, and the basis for the cost or price.

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Condition: During the evaluation of the controls over the Procurement, Suspension, & Debarment process, we noted that both of the contracts awarded to CommScope (reassigned to Anixter and Corning) for telecommunications did not have documentation maintained in order to support the bid solicitation process results. The contracts with Anixter and Corning represented 18% of the total expenditures for the BTOP program for state fiscal year 2012.

Cause: It appears management did not have controls in place to ensure that documentation was adequately maintained.

Effect: Unavailable or incomplete documentation for the bid/proposal process presents the problem of supporting the bid/proposal's occurrence and compliance with state law.

Recommendation: We recommend the program areas develop and implement procedures to ensure that bid/proposals are made complete with proper documentation supporting their occurrence.

Views of Responsible Official(s)

Contact Person: Ray Hankins

Anticipated Completion Date: 4/30/13

Corrective Action Planned: We concur with the finding as presented. We will develop and implement procedures to ensure that bid/proposals are made complete with proper documentation supporting their occurrence.

Department of Rehabilitation Services

FINDING NO: 12-805-001 (Repeat Finding)

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

FEDERAL PROGRAM NAME: Rehabilitation Services – Vocational Rehabilitation Grants to States

FEDERAL AWARD NUMBER: H126A-110053, and H126A-120053

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Procurement and Suspension and Debarment

QUESTIONED COSTS: \$0

Criteria: According to 34 CFR Section 85.300, “When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by: (a) Checking the *EPLS*; or (b) Collecting a certification from that person if allowed by this rule; or (c) Adding a clause or condition to the covered transaction with that person.”

A component objective of effective internal controls is to develop policies and procedures which will ensure compliance with applicable laws and regulations.

Condition: The Department does not have a process to verify the suspension or debarment status of the medical provider renewal contracts which are handled by OSEEGIB (Oklahoma State and Education Employees Group Insurance Board).

In response to a prior year finding, amendments to the medical provider contracts were mailed out to providers which included the suspension and debarment clause. However, proper documentation to support the mailing and receipt of the amendments by the providers was not maintained. In addition, since the amendments did not require the provider's signature, this action does not fulfill the requirements of 34 CFR Section 85.300.

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During our testwork of contracts, we noted:

- Six of twenty-nine (20.7%) client service contracts tested did not have documentation to support the Department performed verification to ensure that the provider is not suspended or debarred. All of these contracts were for medical providers.

Cause: The Department appears to lack proper procedures for ensuring that vendors in covered transactions have not been suspended or debarred by the Federal government.

Effect: Contracts could be awarded to a vendor who has been suspended or debarred, resulting in unallowable costs to the program.

Recommendation: We recommend the Department of Rehabilitation Services implement procedures to ensure all vendors (including renewed contracts) in covered transactions have not been suspended or debarred by the Federal government.

Views of Responsible Official(s)

Contact Person: Cheryl Gray

Anticipated Completion Date:

Corrective Action Planned: Do not concur.

Current process: Group Insurance Board Network Management staff checks website, Medical Licensure Board, and others for any providers/vendors suspended or debarred. This process is conducted every 30 days. If a provider shows up as suspended or debarred, the contract is terminated. For quality assurance, GIB's claims adjudicator also follows the every 30 days suspended or debarred verification process.

Will check the six providers listed and confirm non suspension on the vendor exception list. However, because the current verification process is industry standard, we feel the requirements are met.

Auditor Response: Documentation to support the statement regarding monthly suspension/debarment reviews of providers/vendors performed by the Group Insurance Board Network Management staff and the GIB claims adjudicator was not provided to our office during the course of this audit.

FINDING NO: 12-805-002 (**Repeat Finding**)

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

FEDERAL PROGRAM NAME: Rehabilitation Services – Vocational Rehabilitation Grants to States

FEDERAL AWARD NUMBER: H126A110053 and H126A120053

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: A component objective of an effective internal control system is to ensure accurate and reliable information is available for reporting.

The instructions for completion of the Annual Vocational Rehabilitation Program/Cost Report (RSA-2) state the RSA-2 report must reflect all expenditures made during the Federal fiscal year.

The instructions for the completion of the SF-425 (Federal Financial Report) state the SF-425 report must reflect the sum of actual cash disbursements.

Condition: We noted the following issue which relates to both the Federal fiscal year (FFY) 2011 RSA-2 report and the SF-425 report for the period ending September 30, 2011:

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- \$850,387.58 in September 2011 cash basis expenditures for the Vocational Rehabilitation program not included on the FFY 2011 annual RSA-2 report or the SF-425 report for the period ending September 30, 2011.

We noted the following in relation to the FFY 2011 RSA-2 report only:

- \$4,166,690.86 in adjustments to the amounts reported on the FFY 2011 RSA-2 report's Schedule II were not supported by reliable documentation; therefore, we were unable to determine the reasonableness of the adjustments. The total expenditures on the FFY 2011 RSA-2 report are materially correct. The RSA-2 report's Schedule II contains a line item breakdown of client service expenditures by type of service. The adjustments involve reclassifying expenditures by type of service.

Cause:

- Client service expenditures are paid through the AWARE system. A journal entry is made into Oklahoma's statewide accounting system (PeopleSoft) periodically to represent the claims paid through the AWARE system. We have noted timing issues where DRS is not making the journal entry to represent the cash basis expenditures in the AWARE system until after the report cutoff dates. The RSA-2 report and SF-425 report are prepared using PeopleSoft expenditure reports. However, the PeopleSoft system does not have an accurate record of cash basis expenditures due to timing issues between when expenditures are paid through the AWARE system and when the journal entry representing the expenditures is made in the PeopleSoft system.
- DRS cannot identify the type of service for certain types of client service expenditures which are incurred prior to initiation of an Individualized Plan for Employment (IPE).

Effect: The expenditures reported on the RSA-2 report and the SF-425 report may be misstated and/or misclassified.

Recommendation: We recommend the Department develop and implement procedures to ensure the timely recording of journal entries representing claims paid in the AWARE system into the PeopleSoft system, especially at reporting cutoff periods. We further recommend that the Department review its process for reporting expenditures on the RSA-2 report's Schedule II.

Views of Responsible Official(s)

Contact Person: Jennifer Treadwell

Anticipated Completion Date: September 30, 2013

Corrective Action Planned: The Department took steps as a result of the prior year audit to address the timing of the journal entry. The Department concurs that an adjustment is required to complete Schedule II of the RSA-2. The adjustment is an extrapolation of the known activity from the AWARE system. The Department will continue to look at better ways to close the gap.

FINDING NO: 12-805-003 (**Repeat Finding**)

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

FEDERAL PROGRAM NAME: Rehabilitation Services - Vocational Rehabilitation Grants to States

FEDERAL AWARD NUMBER: H126A-110053, H126A-120053

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Allowable Costs/Cost Principles

QUESTIONED COSTS: \$0

Criteria: A component objective of an effective internal control system is to ensure appropriate procedures are in place to provide reasonable assurance that costs charged to the Federal award are allowable and in accordance with the applicable cost principles.

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2CFR § 225 – Cost Principles for State, Local, and Tribal Governments (OMB Circular A-87) establishes principles and standards to provide a uniform approach for determining allowable costs. Attachment B 8.h.3 states, “Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee.”

Condition: During the testing of payroll certifications, it was noted that for 2 out of the 64 employees tested (3%), one of the semi-annual payroll certifications required by OMB Circular A-87 was not completed. The Department did complete the certifications subsequent to our audit inquiry.

Cause: The Department’s central office tracks the completion of payroll certifications, and sends out reminders to program managers that have not completed their payroll certifications when required. However, one program manager did not respond to the central office reminders to complete the payroll certifications.

Effect: Unallowable costs could be charged to the federal award. In addition, the agency is not in compliance with the provisions of OMB Circular A-87.

Recommendation: To ensure payroll certifications are completed and approved by the program managers in a timely manner, we recommend that the Department implement policies and procedures outlining corrective action the agency will follow if the required payroll certifications are not submitted timely. For example, corrective action could include a disciplinary note in the program manager’s personnel file for failure to comply with agency policy, which results in the agency being non-compliant with the provisions of OMB Circular A-87.

Views of Responsible Official(s)

Contact Person: Paula Nelson

Anticipated Completion Date: Completed

Corrective Action Planned: The Certification requirement was added to the Supervisors PMP as a supervisor duty. Corrective action policies and procedures are in place for not meeting standards on duties assigned on the PMP.

FINDING NO: 12-805-004 (**Repeat Finding**)

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

FEDERAL PROGRAM NAME: Rehabilitation Services - Vocational Rehabilitation Grants to States

FEDERAL AWARD NUMBER: H126A-110053, H126A-120053

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; Period of Availability; Reporting

QUESTIONED COSTS: \$1,850

Criteria: According to OAC (Oklahoma Administrative Code) Title 612:10-7-130(a) *General guidelines*, “Maintenance is a supportive service provided to assist with the out-of-ordinary or extra expenses to the individual resulting from and needed to support the individual’s participation in diagnostic, evaluative, or other substantial services in the IPE. Maintenance, including payments, may not exceed the cost of documented expenses to the individual resulting from service provision”.

2 CFR 225 – Appendix A, *General Principles for Determining Allowable Costs*, C, Paragraph 1 specifies that “To be allowable under Federal awards, costs must meet the following general criteria: j. Be adequately documented.”

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34 CFR 361.54 states that if the State unit chooses to consider financial need it must maintain written policies, explaining the method for determining the financial need of an eligible individual, and the policies must be applied uniformly to all individuals under similar circumstances.

OAC Title 612:10-3-4(b) states, "Recipients of Social Security benefits under Titles II (federal old age, survivors, and disability insurance benefits) or XVI (SSI) of the Social Security Act do not have to participate financially in the cost of their rehabilitation program."

OAC Title 612:10-3-3(b) states, ". Before an individual can be provided services other than those listed in DRS policy, the counselor must evaluate the client's financial situation to determine if the client must participate in the cost of services, and if so, the amount of such participation. Any client whose available family resources exceed the applicable basic living requirements is required to apply the monthly surplus to the cost of services during each 30 day period services are provided. DVR [Department of Vocational Rehabilitation] and DVS [Department of Visual Services] funds will not be used to purchase services based on client's financial status when there is any refusal on client's behalf to participate in the cost of services. However, the client can be provided services not based on financial status. Any client who does not have a surplus is not required to participate in the cost of services. Financial status does not exempt the client from required use of comparable benefits. If a payment is required of the client, it will be made to the vendor."

OAC Title 612:10-3-3(c) states, "The counselor will re-evaluate the client's financial situation at least annually and any time there is a change in the financial situation of the client or family. The amount of client participation in cost is based upon the most recent determination of client's financial status at the time the IPE or amendment is written, and is stated in the IPE or amendment."

Condition: We noted 4 out of 45 (8.89%) client service payments tested contained the following errors:

- Claim authorization numbers 678585, 642384, and 640968 totaling \$1,700.15 were not properly supported by a receipt or invoice.
- Claim authorization numbers 639566 and 642384 totaling \$280.15 were paid when the client case file did not contain documentation to support the client's income or Social Security Disability benefits, whichever is applicable. The financial status report (form C-25) was signed after our inquiry.
- For claim authorization number 642384, totaling \$130.15, we were unable to determine whether the underlying obligation occurred within the period of availability.

Cause: It appears claims were paid without appropriate supporting documentation to verify the services reimbursed were actually provided, and met financial needs requirements.

Effect: Failure to obtain appropriate documentation could result in the Department paying costs which are unallowable to the program.

Recommendation: We recommend the Department investigate these claims to determine if the claims were improperly reimbursed and take appropriate action. We further recommend the Department train staff on its policies and procedures regarding independent verification of the client's income, and the importance of documenting this verification in the client case file. The Department's training should also include notifying staff of the importance in documenting independent verification of income when they perform the re-evaluations of income.

Views of Responsible Official(s)

Contact Person: Mark Kinnison

Anticipated Completion Date: June 30, 2013

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Corrective Action Planned: DRS will conduct an investigation on claim authorization numbers 6788585, 642384 and 640968 to understand why these claims were not properly supported by a receipt or invoice. If these claims are found to be improperly reimbursed appropriate action will be taken to educate and train staff on DRS policy and procedures regarding independent verification of the client's income and appropriate documentation required in the case file. This education and training will include stressing the importance of documenting independent verification of income when re-evaluations of income are performed.

FINDING NO: 12-805-005

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

FEDERAL PROGRAM NAME: Rehabilitation Services - Vocational Rehabilitation Grants to States

FEDERAL AWARD NUMBER: H126A-110053, H126A-120053

FEDERAL AWARD YEAR: 2011 and 2012

CONTROL CATEGORY: Eligibility

Criteria: A component objective of an effective internal control system is to ensure appropriate procedures are in place to provide reasonable assurance that costs charged to the Federal award are only made to eligible recipients.

According to the OAC (Oklahoma Administrative Code) 612: 10-7-24.2, Assessment for determining eligibility:

- (a) To determine whether an individual is eligible for vocational rehabilitation services:
 - (1) the counselor will use to the maximum extent possible and appropriate existing data including counselor observations, education records, information provided by the individual or the individual's family, and determinations made by officials of other agencies; and
 - (2) to the extent necessary provide appropriate assessments, including provision of goods and services during the assessment, to obtain additional documentation necessary to make the determination of eligibility and priority group assignment. The counselor will carefully evaluate the need to provide assistive technology devices and services or worksite assessments.
- (b) The counselor will determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days after the individual has submitted an application for services.

Condition: We noted that for 18 of 40 cases (45%) the eligibility form and IPEs (Individualized Plan for Employment) were either missing, were not signed by a counselor to denote their review and approval, or were signed after we inquired about the lack of an approving signature.

Cause: The Department has switched to electronic records and it appears there is a lack of communication and established policies on documenting the counselors' review and approval process.

Effect: Failure of the counselor to properly document the review and approval of the eligibility form and IPE could result in the Department paying costs for which the client was ineligible. Failure to properly document eligibility could result in questioned costs and loss of Federal revenue for the Department.

Recommendation: We recommend the Department implement policies and procedures and provide training to staff on how to properly document review and approval in the new system.

Views of Responsible Official(s)

Contact Person: Mark Kinnison

Anticipated Completion Date: June 30, 2013

Schedule of Findings

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Corrective Action Planned: DRS currently has policy and procedures implemented to address this finding. DRS will provide training and clarification to staff on how to document, review and approve case eligibilities, and the IPE (Individualized Plan for Employment).

Department of Transportation

FINDING NO: 12-345-001 (Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.205; 20.509; 20.932

FEDERAL PROGRAM NAME: Highway Planning and Construction; Formula Grants for Other than Urbanized Areas; Surface Transportation Discretionary Grants for Capital Investment

FEDERAL AWARD NUMBER: CFDA #20.205 – N/A; CFDA #20.509 - OK-18-X035-00, OK-18-X044-00, OK-18-X057-00, OK-18-X063-00 (regular Federal funds), and OK-86-X002-00 (American Recovery and Reinvestment (ARRA) Federal funds); CFDA #20.932 (ARRA Federal funds) – N/A.

FEDERAL AWARD YEAR: 2009, 2010, 2011 and 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Matching and Earmarking; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; Special Tests & Provisions (regular and ARRA Federal funds)

Criteria: The five components of internal controls consist of control environment, risk assessment, control activities, information and communication, and monitoring. The Department should be control conscious; identify, analyze and manage risks; and implement policies and procedures to help ensure necessary actions are taken to address the potential risks involved in accomplishing the entity's objectives. The Department should also periodically assess the quality and effectiveness of the organization's internal control processes and implement appropriate actions when necessary.

Condition: Current formal risk assessments of the Department's State and Federal program objectives and related internal controls are not adequately performed by the Transportation Commission, the Department's management, or the Department's Operations Review and Evaluation (OR&E) Division. Instead, changes to internal controls appear to be based on control deficiencies noted in audit findings by the State Auditor and Inspector's office (SA&I). Based on repeat findings, it does not appear the Department timely corrects SA&I findings.

During discussions with Department personnel, communication barriers appeared to exist between the Department's management and operation personnel.

Cause: The Department reactively addresses internal control issues based on audit findings issued rather than proactively assessing internal controls through risk assessment procedures to ensure risks are mitigated. However, all of SA&I findings are not timely corrected by the Department's management.

The Department's management does not ensure information is properly communicated to operation personnel.

Effect: Unidentified and uncorrected internal control deficiencies and communication barriers may place the Department at a higher risk for errors, fraud, waste and abuse.

Recommendation: We recommend the Transportation Commission, the Department's management, and/or the Department's OR&E Division periodically perform risk assessments to evaluate and assess the adequacy and effectiveness of internal controls over the Federal programs and State funds administered by the Department. We recommend the Department's management correct SA&I findings in a timely fashion.

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In addition, we recommend the Department implement procedures to ensure pertinent and important information is properly communicated from the Department's management to operations personnel.

Views of Responsible Official(s)

Contact Person: John Parker, Audit Director

Anticipated Completion Date: Continuous

Corrective Action Planned: Obviously there have been procedural changes instituted since Operations Review and Evaluation Division's prior review of these processes. The increase in the retirement of personnel throughout the Department at all levels has created opportunities for deviation from previously prescribed procedures. Additionally the migration to new software programs and increased automation has dictated procedural modifications. The Operations Review and Evaluation group will undertake a review and updating of controls in all areas beginning with those areas impacting the State and Federal program objectives. Once this review has been completed, we will require annual verification of the procedures in these areas from management and selectively confirm through additional reviews.

FINDING NO: 12-345-002 (Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.205; 20.509; 20.932

FEDERAL PROGRAM NAME: Highway Planning and Construction; Formula Grants for Other than Urbanized Areas; Surface Transportation Discretionary Grants for Capital Investment

FEDERAL AWARD NUMBER: CFDA #20.205 – N/A; CFDA #20.509 - OK-86-X002-00; CFDA #20.932 – N/A (American Recovery and Reinvestment Act (ARRA) Federal funds)

FEDERAL AWARD YEAR: 2009; 2010; 2011

CONTROL CATEGORY: Reporting: Section 1512 ARRA Report and SF-425 – Federal Financial Report (ARRA Federal funds)

Criteria: 2 CFR § 215.21 (b)(3) states, "Recipients' financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes."

A component objective of an effective internal control system is to ensure policies and procedures for performing essential duties are adequately documented to ensure compliance requirements are met and ensure accurate and reliable information through proper review and approval.

Condition: We noted the Department does not have adequate internal controls in place to ensure the following reports present accurate and reliable information: the Section 1512 ARRA Report for CFDA #20.205 – Highway Planning and Construction, the Section 1512 ARRA Report for CFDA #20.509 – Formula Grants for Other than Urbanized Areas, Section 1512 ARRA Report for CFDA #20.932 – Surface Transportation Discretionary Grants for Capital Investment.

We also noted the reconciliation of data supporting the SF-425 – Federal Financial Report for CFDA #20.509 – Formula Grants for Other than Urbanized Areas and the preparation of the SF-425 is performed by the same individual without a formal review by an individual other than the preparer.

Cause: The Department does not have internal controls in place to ensure the accuracy of the reports listed in the condition. The Department relies on other State and Federal entities for reconciliation of the Section 1512.

Effect: The reports listed in the condition may contain improper expenditures. The Department may not be in compliance with the applicable reporting requirements.

Recommendation: We recommend the Department develop and document internal controls for the reports listed in the Condition to ensure compliance with the applicable reporting requirements. These internal controls should

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provide for a detailed review and approval of the reported information by an individual other than the preparer prior to submission to the Oklahoma Office of Management and Enterprise Services, formerly Oklahoma Office of State Finance, (Section 1512 ARRA Report) or the Federal Highway Administration and Federal Transit Administration (SF-425 – Federal Financial Report). The internal controls related to the Section 1512 ARRA Report should also provide for a reconciliation of the reported information to the information posted on the Recovery.gov website by an individual other than the preparer.

Views of Responsible Official(s)

Contact Person: Chelley Hilmes, Comptroller

Anticipated Completion Date: June 30, 2013

Corrective Action Planned: The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can. We already have in place procedures for reviewing the 1512 reporting prior to its submission. This process is going well.

Auditor Response: Should the Comptroller Division not review the SF-425, the respective project or program area should perform a review by an individual other than the preparer.

FINDING NO: 12-345-004 (**Repeat Finding**)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.509

FEDERAL PROGRAM NAME: Formula Grants for Other than Urbanized Areas

FEDERAL AWARD NUMBER: OK-18-X057-00 (regular Federal funds)

FEDERAL AWARD YEAR: 2011

CONTROL CATEGORY: Reporting: SF-425 – Federal Financial Report (regular Federal funds)

QUESTIONED COSTS: \$0

Criteria: 2 CFR § 215.21 (b) states, in part, “recipients’ financial management systems shall provide for the following (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in § 215.52.”

2 CFR § 215.21 (b)(3) states, “recipients’ financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.”

FTA Circular 9040.1F, Chapter VI Program Management and Administrative Requirements, part 12.c. Financial Status Report states, in part, “The State must submit electronically an annual Financial Status Report for each active grant, for the period ended September 30. For the purpose of this report, funds are considered encumbered when agreements are signed with subrecipients. States should prepare the reports using the accrual method of accounting.”

Condition: The FFY 2011 SF-425 – Federal Financial Report for grant number OK-18-X057-00 submitted during State fiscal year (SFY) 2012 was not complete and accurate. The SF-425- Federal Financial Report submitted during SFY 2012 contained data elements that did not trace to supporting worksheets or other documentation. The Department reported the current period recipient share of expenditures, cumulative recipient share of expenditures, and cumulative recipient share of unliquidated obligations using calculated amounts by applying the required matching percentages to amounts previously reimbursed by the Federal Transit Administration rather than the actual amounts expended by the subrecipients.

The FFY 2011 SF-425 for grant number OK-18-X057-00:

- understated Federal cash receipts by \$9,332,988.00;
- understated Federal cash disbursements by \$9,332,988.00;

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- understated Federal share of expenditures (Current Period and Cumulative) by \$7,769.00;
- understated recipient share of expenditures (Current Period and Cumulative) by \$35,911.25;
- overstated Federal share of unliquidated obligations by \$7,769.00;
- overstated recipient share of unliquidated obligations by \$11,628,812.50.

Cause: The Department did not have adequate internal controls in place to ensure amounts were properly captured and reported on the SF-425 – Federal Financial Reports.

Effect: The Department reported inaccurate FFY 2011 Federal cash receipts, Federal cash disbursements, Federal and recipient share of expenditures (current and cumulative) and Federal and recipient share of unliquidated obligations to the Federal Transit Administration.

Recommendation: We recommend the Department develop and document internal controls to ensure amounts are properly captured and reported on the SF-425 – Federal Financial Reports. These internal controls should provide for a detailed review and approval of the reported information by someone other than the preparer prior to submission to the Federal Transit Administration. We also recommend the Department report current period Federal and recipient share of expenditures based on actual amounts expended during the period rather than calculated amounts.

Views of Responsible Official(s)

Contact Person: Chelley Hilmes, Comptroller

Anticipated Completion Date: June 30, 2013

Corrective Action Planned: The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can.

Auditor Response: Should the Comptroller Division not review the SF-425, the respective project or program area should perform a review by an individual other than the preparer.

FINDING NO: 12-345-005 (Partial Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.509

FEDERAL PROGRAM NAME: Formula Grants for Other than Urbanized Areas

FEDERAL AWARD NUMBER: OK-18-X035-00, OK-18-X044-00, OK-18-X057 (regular Federal funds) and OK-86-X002 (American Recovery and Reinvestment (ARRA) Federal funds)

FEDERAL AWARD YEAR: 2009, 2010 and 2011

CONTROL CATEGORY: Reporting: Special Report (regular and ARRA Federal funds)

Criteria: 2 CFR § 215.21 (b) states, in part, “recipients’ financial management systems shall provide for the following (1) Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in § 215.52.”

2 CFR § 215.21 (b)(3) states, “recipients’ financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.”

A component objective of an effective internal control system is to ensure policies and procedures for performing essential duties are adequately documented to ensure compliance requirements are met and ensure accurate and reliable information through proper review and approval.

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Condition: A formal review of the National Transit Database (NTD) Report by an individual, other than the preparer, with adequate knowledge of the Federal Transit Administration (FTA) programs and the NTD reports was not performed.

Cause: The Department does not have adequate internal controls in place to ensure the amounts reported on the NTD Report are accurate and complete.

Effect: The Department may have reported incorrect amounts on the NTD Report.

Recommendation: We recommend the Department develop, document and execute internal controls to ensure the NTD Report is accurate, complete, and properly supported. These internal controls should provide for a detailed review and approval of the NTD Report by an individual, other than the preparer, with adequate knowledge of the FTA programs and the NTD reports prior to submission to the National Transit Database.

Views of Responsible Official(s)

Contact Person: Ernestine Mbroh

Anticipated Completion Date: N/A (1/31/2013)

Corrective Action Planned: The Department previously concurred with this finding and corrective action was taken 1/31/2013. Division personnel will complete a secondary review of the report and documentation before submission to NTD.

FINDING NO: 12-345-007 (Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation (USDOT)

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Special Tests and Provisions – Project Approvals (regular Federal funds)

QUESTIONED COSTS: \$0

Criteria: 23 CFR § 635.112 (a) states, “No work shall be undertaken on any Federal-aid project, nor shall any project be advertised for bids, prior to authorization by the Division Administrator.”

Oklahoma Administrative Code (OAC) 730:25-5-4 states, in part, “No contract shall be advertised for bids or awarded by the State Transportation Commission until the Director has determined that the plans have been completed, required approvals from the United States Department of Transportation have been obtained in the case of federal aid projects...”

Condition: For four (7 percent) of 60 procurements tested, we noted that the Department advertised the projects prior to USDOT approval. It appears the Department lacks sufficient internal controls to ensure USDOT approval prior to advertisement.

Cause: The Department did not ensure proper approval of the projects prior to advertisement.

Effect: The Department was not in compliance with OAC 730:25-5-4 and applicable Federal regulations. In addition, the Department may not have had federal funding available for the projects prior to advertisement.

Recommendation: We recommend the Department management emphasize the importance of internal controls, policies, and procedures in place to ensure compliance with the OAC and Federal regulations.

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Views of Responsible Official(s)

Contact Person: Brian E. Schmitt, PE, Division Engineer – Office Engineer Division

Anticipated Completion Date: December 5, 2012

Explanation:

- Beaver Co. J/P27005(04) CO#310 9/15/2011 letting - Sent to FHWA for authorization on 8/19/11. FHWA sat on the project waiting for a PS&E as they mistakenly thought it was an oversight project. Just a mistake on their part and the project was authorized as soon as they realized their error. There was never an issue as to the project being approved.
- Coal Co. CO#220 & Hughes Co. CO#420 2/16/2012 letting - These 3P projects were sent at the last minute to the FHWA because we were holding them until we had required NEPA clearances. Since they were maintenance type work within the road footprint, it did not dawn on the field division designer that an environmental document would be necessary.
- Lincoln Co. CO#500 2/16/2012 letting - Sent to FHWA six days ahead of advertising date. This should have been plenty of time for this 3P project, but somehow this fell through the cracks and they authorized it late at the same time as the other 3P projects.

Corrective Action Planned: Environmental Programs Division has emphasized with the field division designers the importance of following all necessary environmental steps during the design process. We will continue to emphasize this and be proactive on these types of projects to make sure that it has been completed at time of submission.

Auditor Response: Although USDOT approval was not given prior to advertisement, we did note USDOT approval was given prior to acceptance of the construction project contracts.

FINDING NO: 12-345-008

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.205

FEDERAL PROGRAM NAME: Highway Planning and Construction

FEDERAL AWARD NUMBER: N/A

FEDERAL AWARD YEAR: 2012

CONTROL CATEGORY: Procurement and Suspension and Debarment (regular Federal funds)

QUESTIONED COSTS: \$0

Criteria: 49 CFR § 18.36 (a) states, “When procuring property and services under a grant, a State will follow the same policies and procedures it uses for procurements from its non-Federal funds. The State will ensure that every purchase order or other contract includes any clauses required by Federal statutes and executive orders and their implementing regulations. Other grantees and subgrantees will follow paragraphs (b) through (i) in this section.”

61 O.S. § 1A. states, “Prior to an award of a contract exceeding Fifty Thousand Dollars (\$50,000.00) for construction or repair of a public building or structure, or improvement to real property, the person that receives the award shall: 1. Furnish a bond with good and sufficient sureties payable to the state in a sum not less than the total sum of the contract; or 2. Cause an irrevocable letter of credit, containing terms the Department of Central Services prescribes, to be issued for the benefit of the state by a financial institution insured by the Federal Deposit Insurance Corporation in a sum not less than the total sum of the contract.”

Condition: For one (2 percent) of 60 procurements tested, we noted that the Statutory and Bond Payment was not properly executed. The bond did not contain an effective date.

Cause: The effective date was not present on the Statutory and Payment Bond.

Effect: Lack of proper review and approval of the Statutory and Bond Payment could allow construction to begin on a project prior to contract procurement.

Schedule of Findings Federal Award Findings And Questioned Costs

Recommendation: We recommend the Department emphasize the importance of following policies and procedures to ensure the Statutory and Payment Bond for each project is reviewed and approved as evidenced by an authorized signature on the Statutory and Payment Bond before project work begins.

Views of Responsible Official(s)

Contact Person: Brian E. Schmitt, PE, Division Engineer – Office Engineer Division

Anticipated Completion Date: December 5, 2012

Corrective Action Planned: This slipped by both the Contracts Officer in the Office Engineer Division and the Assistant General Counsel, who both routinely check to make sure this document is dated. By copy of this response, I will remind them to be diligent in the review of future documents.

FINDING NO: 12-345-009 (Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.205; 20.509; 20.932

FEDERAL PROGRAM NAME: Highway Planning and Construction; Formula Grants for Other than Urbanized Areas; Surface Transportation Discretionary Grants for Capital Investment

FEDERAL AWARD NUMBER: CFDA #20.205 – N/A; CFDA #20.509 – OK-18-X035-00, OK-18-X044-00, OK-18-X057-00, OK-X063-00; CFDA #20.932 – N/A

FEDERAL AWARD YEAR: 2009, 2010, 2011 and 2012

CONTROL CATEGORY: Reporting – Schedule of Expenditures of Federal Awards (SEFA); Special Tests and Provisions for Awards with ARRA Funding - Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form (regular and American Recovery and Reinvestment Act (ARRA) Federal funds)

QUESTIONED COSTS: \$0

Criteria: Office of Management and Budget (OMB) Circular A-133 Subpart C—Auditees §___,300 Auditee responsibilities states, “The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with §___,310.”

OMB Circular A-133 Subpart C--Auditees §___,310 Financial Statements (b) Schedule of expenditures of Federal awards states, “The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee’s financial statements. . . At a minimum, the schedule shall (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. . . (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.”

2 CFR § 215.21 (b) (1) states, “Recipients’ financial management systems shall provide for the following: Accurate, current and complete disclosure of the financial results of each federally-sponsored project or program in accordance with the reporting requirements set forth in § 215.52.”

A basic component of adequate internal controls is the reconciliation of documentation used to prepare financial statements. The reconciliation should be performed prior to the issuance of financial statements to provide reasonable assurance of the accuracy of the financial statements.

Condition: The Department reported ARRA Federal revenue and expenditures for Catalog of Federal Domestic Assistance (CFDA) # 20.932 under CFDA #20.205 (ARRA) on the Department’s state fiscal year (SFY) 2012 SEFA. The following expenditures were erroneously coded as CFDA #20.205 (ARRA) and should have been coded as CFDA #20.932 (ARRA) on the Department’s SFY 2012 SEFA for the CFDA listed below:

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CFDA #20.932	Surface Transportation Discretionary Grants for Capital Investments Surface Transportation Infrastructure	\$28,022,018
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The State Auditor and Inspector's (SA&I) Office requested confirmation of the Department's Federal revenue by CFDA number from Federal Transit Administration (FTA). The Federal Transit Administration confirmed revenue by project number. Based on the project numbers provided, it appears the Department reported \$1,058,853 of Federal funds for CFDA #20.509 that should have been reported under other CFDA numbers.

Since the Department is funded on a reimbursement basis for Federal programs, we would expect to see both the confirmed revenue and corresponding expenditures for these programs correctly reported on the SEFA.

Cause: The Department does not have adequate internal controls in place to ensure the amounts reported on the SEFA are accurate.

Effect: The FHWA ARRA cumulative total of expenditures ODOT reported on its SEFA between SFY 2009 and SFY 2012 for CFDA #20.205 exceeded the ARRA award amount. ARRA revenue and expenditures for CFDA #20.205 were overstated by \$28,022,018 on the SFY 2012 SEFA. ARRA revenue and expenditures for CFDA #20.932 in the amount of \$28,022,018 were not included on the SFY 2012 SEFA. The Department overstated the CFDA #20.509 funds on the SEFA by \$1,058,853 and understated other programs.

Recommendation: We recommend the Department perform an adequate review of the SEFA and supporting documentation prior to issuance to ensure the accuracy of the SEFA. We also recommend the Department ensure CFDA numbers are provided by the appropriate Federal Agency when funding information is provided to the Department and properly tied to the Department's revenue and expenditures coding. This should ensure revenue and expenditures are properly tracked and reported on future SEFA's.

Views of Responsible Official(s): We concur.

Contact Person: Chelley Hilmes, Comptroller

Anticipated Completion Date: Completed

Corrective Action Planned: The Department of Transportation makes every effort to report accurately. In that effort, the Comptroller Division routinely corresponds with its regional FHWA offices for guidance in regards to the CFDA numbers. The Division will continue to emphasize the importance of the accuracy and effect of reporting the CFDA numbers accuracy. The regional FHWA office is aware of the impact of the information provided to the Department.

Auditor Response: The Department did correct their SFY 2012 SEFA to correctly report revenue and expenditures for CFDA # 20.205, CFDA #20.509, and CFDA #20.932 prior to issuance of this report.

FINDING NO: 12-345-011 (Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.509

FEDERAL PROGRAM NAME: Formula Grants for Other than Urbanized Areas

FEDERAL AWARD NUMBER: OK-18-X035-00, OK-18-X044-00, OK-18-X057-00 and OK-18-X063 (regular Federal funds)

FEDERAL AWARD YEAR: 2009, 2010, 2011, and 2012

CONTROL CATEGORY: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching; Reporting; Subrecipient Monitoring (regular Federal funds)

QUESTIONED COSTS: \$0

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Criteria: 2 CFR § 215.51 (a) states, “Recipients are responsible for managing and monitoring each project, program, subaward, function or activity supported by the award. Recipients shall monitor subawards to ensure subrecipients have met the audit requirements as delineated in § 215.26.”

2 CFR § 215.21 (b)(3) states, “Recipients’ financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets. Recipients shall adequately safeguard all such assets and assure they are used solely for authorized purposes.”

The audit requirements delineated in 2 CFR § 215.26 include, but are not limited to:

- activities allowed or unallowed; allowable costs/cost principles (2 CFR § 215.27);
- cash management (2 CFR § 215.22);
- Davis Bacon (40 USC 3141-3144, 3146, and 3147; 29 CFR 29);
- eligibility;
- equipment and real property management (2 CFR § 215.34 and 215.32);
- matching, level of effort, earmarking (2 CFR § 215.23);
- period of availability of Federal funds (2 CFR § 215.28 and 215.71);
- procurement and suspension and debarment (2 CFR § 215.40 through 215.48 and Section 1605 of ARRA, 2 CFR § 176);
- program income (2 CFR § 215.2, 215.22, and 215.24);
- real property acquisition/relocation assistance (49 CFR § 24);
- reporting (2 CFR § 215.52 and 215.51, and Section 1512 of ARRA);
- subrecipient monitoring (2 CFR § 215.51(a), Section 1512(h) of ARRA, 2 CFR § 176.50(c)); and
- special tests and provisions.

2 CFR § 215.23 (a) states, in part, “All contributions, including cash and third party in-kind, shall be accepted as part of the recipient’s cost sharing or matching when such contributions meet all of the following criteria (1) Are verifiable from the recipient’s records.”

FTA Circular 9040.1F, Chapter II Program Overview, part 3.a. Role of the State Agency states in part:

“The Governor designates a State agency which will have the principal authority and responsibility for administering the Section 5311 program. Specifically, the role of the State agency is to: . . . (9) ensure compliance with Federal requirements by all subrecipients.”

The Department outlines its policy for subrecipient monitoring in Section 3.1.10 of its State Management Plan (SMP) – *Monitoring and Evaluations*. Section 3.1.10 states, “ODOT conducts on-site project evaluations and compliance reviews of each subrecipient’s management, and operations. A written report of the monitor’s findings is prepared and presented to the subrecipient. This report denotes any administrative or operating services that are excellent and/or program weaknesses. ODOT conducts two types of on-site project evaluations:

- Project Assessment – A review as to how the subrecipient is addressing key points of FTA’s administrative and operational rules and regulation. The assessment can be conducted by one person during a one day visit, two days for multi-county projects.
- Project Management Review – An in-depth review of the subrecipient’s administration and operations. A broad field of FTA program requirements and rules are reviewed. The Project Management Review is conducted by two to three persons over two to three days, four days for large multi-county projects.

A Project Assessment or Project Management Review is conducted as deemed appropriate. However, each subrecipient will be evaluated quinquennially, at a minimum.”

Condition: For 9 (47%) of the 19 Project Assessment or Project Management Reviews conducted, the Department did not review adequate documentation to ensure subrecipients have met the audit requirements delineated in 2 CFR § 215.26. Of the 9 exceptions noted, the subrecipient’s Project Assessment or Project Management Review indicated the Department reviewed between zero and six invoices over a five year period, totaling less than \$105,000 for each subrecipient.

Schedule of Findings

Federal Award Findings And Questioned Costs

The Department does not review supporting documentation when approving transit project administration/operating costs for reimbursement to subrecipients. Total subrecipient expenditures are submitted to the Department based on summary-level data. The Department uses the summary-level data to calculate the Federal reimbursement, the difference of which is the subrecipient's required matching contribution. For the first two years of participation with the Department, subrecipients are required to submit all supporting documentation with the invoice to receive reimbursement. After two years without any problems, subrecipients are no longer required to submit supporting documentation with invoices. The Department relies on the Project Assessment/Project Management Reviews of each subrecipient's management and operations quinquennially, at a minimum, as a mitigating factor. The Department also relies on reporting information submitted by the subrecipients to prepare the National Transit Database (NTD) Report. However, it does not appear adequate documentation of expenditures is examined during these reviews.

Cause: The Department does not have adequate internal controls in place to ensure compliance with the Federal program monitoring requirement. The Department has not designed the Project Assessment/Project Management Reviews to adequately ensure subrecipients are properly monitored. The Department does not review a sufficient amount of records to ensure claims are paid only for allowable activities or to verify the subrecipient's required matching contributions.

Effect: Subrecipients may not meet the audit requirements as delineated in 2 CFR § 215.26. Unallowable costs may be paid to the subrecipients; matching requirements may not be met and reports may not properly reflect subrecipient activity.

Recommendation: We recommend the Department evaluate the design of the Project Assessments/Project Management Reviews to ensure adequate documentation is reviewed related to the audit requirements delineated in 2 CFR § 215.26. We also recommend management emphasize the importance of internal controls, policies, and procedures in place to ensure compliance with Federal regulations.

Views of Responsible Official(s):

Contact Person: Ernie Mbroh

Anticipated Completion Date: 6/15/2014

Corrective Action Planned: The Department concurs with this finding. On-site monitoring visits will be conducted semiannually to review overall operations of subrecipients, specifically expenses claimed for reimbursement. We will visit with our software developers regarding modifying the MYLEOnet program to include the capability of subrecipients attaching all supporting documentation referencing the claim submitted.

FINDING NO: 12-345-012 (Repeat Finding)

STATE AGENCY: Oklahoma Department of Transportation (the Department)

FEDERAL AGENCY: United States Department of Transportation

CFDA NO: 20.509

FEDERAL PROGRAM NAME: Formula Grants for Other than Urbanized Areas

FEDERAL AWARD NUMBER: OK-18-X035-00, OK-18-X044-00, OK-18-X057-00 and OK-18-X063 (regular Federal funds); OK-86-X002-00 (American Recovery and Reinvestment Act (ARRA) Federal funds)

FEDERAL AWARD YEAR: 2009, 2010, 2011, and 2012

CONTROL CATEGORY: Subrecipient Monitoring; Special Tests and Provisions for Awards with ARRA Funding – Subrecipient Monitoring (regular and ARRA Federal funds)

QUESTIONED COSTS: \$0

Criteria: The Office of Management and Budget (OMB) Circular No. A-133, Subpart D § .400(d) states, in part, "A pass-through entity shall perform the following for the Federal awards it makes: (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award."

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2 CFR § 176.210(c) states, “Recipients agree to separately identify to each subrecipient, and document at the time of subaward and at the time of disbursement of funds, the Federal award number, CFDA number, and amount of Recovery Act funds. When a recipient awards Recovery Act funds for an existing program, the information furnished to subrecipients shall distinguish the subawards of incremental Recovery Act funds from regular subawards under the existing program.”

2 CFR § 176.210(d) states, “Recipients agree to require their subrecipients to include on their SEFA information to specifically identify Recovery Act funding similar to the requirements for the recipient SEFA described above. This information is needed to allow the recipient to properly monitor subrecipient expenditure of ARRA funds as well as oversight by the Federal awarding agencies, Offices of Inspector General and the Government Accountability Office.”

Section d(4)(c) and Section d(4)(d) of grant agreement OK-86-X002-00 with the Federal Transit Administration (FTA) also conveys the guidance from 2 CFR § 176.210 to the Department.

Condition: For 19 (100 percent) of the 19 subrecipients, the Department did not include the Catalog of Federal Domestic Assistance (CFDA) title, CFDA number, award number, or award year in the Federal Fiscal Year (FFY) 2009, FFY 2010 and FFY 2011 contracts for non-ARRA Federal funds. The Department did include the award name, award amount, and name of Federal agency in the FFY 2009, FFY 2010 and FFY 2011 contracts for non-ARRA Federal funds.

For 19 (100 percent) of the 19 subrecipients, the Department did not include the award number in the FFY 2012 contract for non-ARRA Federal funds. The Department did include the Catalog of Federal Domestic Assistance (CFDA) title, CFDA number, award name, award year, award amount, and name of the Federal agency in the FFY 2012 contract for non-ARRA Federal funds.

For 19 (100 percent) of the 19 subrecipients, the Department did not include the CFDA title, CFDA number, or award year in the contract for ARRA Federal funds. The Department did include the award name, award number, name of Federal agency, and amount of Recovery Act funds in the contract for ARRA Federal funds.

The Department did include the CFDA title and number in the State Management Plan.

The Department did not communicate to the subrecipients the requirement for each subrecipient to include on its Schedule of Expenditures of Federal Awards (SEFA) information to specifically and separately identify Recovery Act funding.

Cause: The Department does not have adequate procedures in place to ensure required Federal award information is communicated to subrecipients at the time of the award.

Effect: The Department is not in compliance with the above stated requirements. There is an increased risk that subrecipients may not separately account for and report on their Federal awards or comply with additional compliance requirements specific to these funds.

Recommendation: We recommend the Department identify all requirements set forth for identifying Federal award information and implement written policies and procedures to ensure all required Federal award information is properly communicated to subrecipients at the time of the award. Since awards are annual, we recommend the Department identify all Federal award information in the contract executed with each subrecipient on an annual basis rather than including part of the required information in the contract and part of the required information in the State Management Plan.

Views of Responsible Official(s):

Contact Person: Ernie Mbroh

Anticipated Completion Date: N/A (10/01/2011)

Corrective Action Planned: The Department previously concurred with this finding. Contracts with an effective date beginning FFY 10/01/2011 contain the grant title, grant type, CFDA #, and federal fiscal year.

Summary Schedule of Prior Findings

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Note: Findings are presented alphabetically by state agency.

Department of Education

Finding No: 11-265-001

CFDA No: 83.489, 83.391, 84.392

Federal Agency: U.S. Department of Education

Control Category: Subrecipient Monitoring

Finding Summary: The Department was unable to provide documentation of sufficient action to ensure its ARRA subrecipients have a current registration in the CCR, including having a DUNS number, maintaining the currency of that information or assessing the subrecipient's compliance with the CCR registration requirement. However, it should be noted that on October 15, 2010, email communication was sent by the Department to its subrecipients notifying them of their responsibility to establish and maintain a current registration in the CCR including having a DUNS number. In that email, subrecipients were provided contact information for the CCR registration process with directions to obtain a DUNS number.

Status: Partially Corrected. See current year audit finding #12-265-004. The Department concurs with the finding that the status is partially corrected. On August 17, 2012, the Department submitted a request to the OMES Helpdesk to have fields added to the online school and district directory to help aid in obtaining DUNS numbers and Expiration Dates. It has been scheduled as a system enhancement. By the beginning of FY 2013, the GMS system implemented the collection of DUNS numbers and the expiration dates for each local education agency (LEA), as part of the annual assurances that they must complete before they are able to start on their application process.

Finding No: 11-265-003

CFDA No: 84.027

Federal Agency: U.S. Department of Education

Control Category: Cash Management

Finding Summary: When testing 450 fund (administration) draws for State Department of Education, we noted 33 claims totaling \$557,944.90 (of the total draw of \$2,005,513.24) that had a draw date of 2/17/11, but were not paid until 6 days later on 2/23/11.

Status: Corrected.

Finding No: 11-265-004

CFDA No: 84.010, 84.027, 84.173, 84.389, 84.391, 84.392, 10.553, 10.555, 10.556, 10.559

Federal Agency: U.S. Department of Education and U.S. Department of Agriculture

Control Category: Subrecipient Monitoring – A-133 (Regular Federal funds and ARRA funds)

Finding Summary: Based on review of OMB Circular A-133 audits we noted the following:

- Thirty-eight (38) reports were not received within 9 months of the end of the subrecipient's audit period (March 31, 2011);
- One-hundred-eleven (111) reports out of 363 were never reviewed;
- One-hundred sixty-two (162) of the 228 reports that were reviewed by the department were not reviewed within 6 months of receipt of audit report;
- Of the 24 audits that had citations/findings identified:
 - o Management's response was not received from program area for four (4) of the subrecipient reports within 90 days of the date the letter;
 - o Management's decision on audit findings was not issued within 6 months of receiving the audit report for 17 subrecipient reports due largely to the amount of time it took for the department to get the findings to the program area;
 - o Management did not ensure the subrecipient took timely and appropriate corrective action for two (2) of the audits based on the audit citation listing showing no response from the program area.

Status: Partially Corrected. See current year audit finding #12-265-011. The Department concurs with the finding that the status is partially corrected. The financial accounting office will more frequently communicate and work closely with the federal programs office to ensure compliance with timelines required for management response and program area response. Audit procedures will be revised to shorten the time frame for follow up to every 21 days.

Summary Schedule of Prior Findings

Finding No: 11-265-006

CFDA No: 84.010, 84.027, 84.173, 84.389, 84.391, 84.392

Federal Agency: U.S. Department of Education

Control Category: Cash Management

Finding Summary: When testing 340 (administrative) and 490 (ARRA) fund draws for State Department of Education, we noted:

- **CFDA 84.010** – The 340 fund draw on 4/8/11 for \$4,415,565.42 was handled as follows:
 - \$1,372,675.55 was paid on 4/14/11, six (6) days after receiving total draw; and
 - \$3,042,889.87 was on hand at 4/21/11, thirteen (13) days after receiving the total draw. The department then decreased net draws through an adjustment of \$1,169,355.72, resulting in a payment of \$1,873,534.15 on same day.
- **CFDA 84.027** – The 340 fund draw on 4/8/11 for \$3,212,634.32 was handled as follows:
 - \$3,196,565.31 was paid on 4/14/11, six (6) days after receiving total draw; and
 - \$16,069.01 was on hand and paid on 4/21/11, thirteen (13) days after receiving the total draw.
- **CFDA 84.173** – The 340 fund draw on 4/8/11 for \$145,947.25 was handled as follows:
 - \$127,555.79 was paid on 4/14/11, six (6) days after receiving total draw; and
 - \$18,391.46 was on hand and paid on 4/21/11, thirteen (13) days after receiving the total draw.
- **CFDA 84.389** – The 490 fund draw on 4/8/11 for \$1,143,670.52 was paid on 4/14/11, six (6) days after receiving total draw.
- **CFDA 84.391** - The 490 fund draw on 4/8/11 for \$2,102,037.31 was handled as follows:
 - \$758,330.90 was paid on 4/14/11, six (6) days after receiving total draw; and
 - \$1,343,706.41 was on hand at 4/21/11, thirteen (13) days after receiving total draw. The department then decreased net draws through an adjustment of \$502,607.74, resulting in a payment of \$841,098.67 on same day.
- **CFDA 84.392** – The 490 fund draw on 4/8/11 for \$36,190.55 was handled as follows:
 - \$24,336.31 was paid on 4/14/11, six (6) days after receiving total draw; and
 - \$11,854.24 was on hand at 4/21/11, thirteen (13) days after receiving total draw. The department then increased net draws through an adjustment of \$13,110.62, resulting in a payment of \$24,964.86 on same day.

Status: Corrected.

Finding No: 11-265-008

CFDA No: 10.558

Federal Agency: U.S. Department of Agriculture

Control Category: Earmarking

Finding Summary: During our testwork of the CACFP 15 percent earmarking requirement, we noted twenty (20) of the thirty-one (31) or 65% of the center sponsor's most current administrative *budgets* exceeded 15% of total federal fiscal year 2010 meal reimbursements. However, it should be noted that CACFP is reviewing *actual* administrative reimbursements during their Administrative Reviews. The CACFP Administrative Review of Center Sponsors compares administrative reimbursements to the total amount of meal reimbursements paid to date to ensure administrative expenses do not exceed 15% of total reimbursements received. If the Center Sponsor exceeded the 15% requirement or the sponsor charged administrative expenses when the budget reflected no projected administrative expenses, the sponsor is cited for non-compliance and must submit corrective action before future reimbursements can be claimed.

Status: Not Corrected. See current year audit finding #12-265-007. The Department concurs with the finding that the status is not corrected. The Child and Adult Care Food Program computer software system was updated for the 2013 Federal fiscal year to include an edit check for this error. Sponsors began entering their budget information for

Summary Schedule of Prior Findings

the 2013 fiscal year in July 2012 and no sponsor was approved for the 2013 Federal fiscal year if the administrative budget submitted exceeds the 15% requirement.

Employment Security Commission

Finding No: 09-290-001, 10-290-003, 11-290-002

CFDA No: 17.225

Federal Agency: U.S. Department of Labor

Control Category: Reporting

Finding Summary: During our audit of the ETA 581 Reports for the quarters ending December 31, 2008 and March 31, 2009 we noted that the total for item 34 - Amount Determined Receivable during a Report Period from the data provided by OESC did not agree to the amount reported on the ETA 581 Reports. A variance of \$78,916 was noted for the quarter ending December 31, 2008 and a variance of \$41,729 was noted for the quarter ending March 31, 2009. In addition, for fiscal years 2010 and 2011, OESC was unable to provide the support for the ETA 581 reports.

Status: Not corrected current year finding #12-290-001. A major re-programming of the entire tax and benefit system will have to be done to create the validation reports that auditors now require for validation of federal reports. Our IT department has been focusing on a major database conversion for most of last year that was completed in January 2013. We are now working on the implementation of the Emergency Unemployment Compensation reductions that have to be implemented by 03-31-2013. We do not have IT staff available to work with creating the data files for the validation of the ETA581. We anticipate this will be the next priority project to create the ETA581 data files to ensure there is backup data available for the ETA581 Report before the end of the second quarter 2013. (June 30, 2013)

Finding No: 09-290-005, 10-290-004, 11-290-003

CFDA No: 17.225

Federal Agency: U.S. Department of Labor

Control Category: Reporting

Finding Summary: Based on testwork performed, it appears the Oklahoma Employment Security Commission could not provide supporting documentation for all of the ETA 227, Overpayment Detection and Recovery Activities Reports, for State Fiscal Year (SFY) 2009, and 2010. In addition, for SFY 2011 the supporting documentation did not agree with the amount reported on the ETA 227 report.

Status: Corrected.

Finding No: 11-290-001

CFDA No: 17.225

Federal Agency: U.S. Department of Labor

Control Category: Special Tests N3 – Match with IRS FUTA Tax Form

Finding Summary: The Commission could not provide detailed data to support the FUTA certification. Therefore, we were unable to verify that the tax credit claimants were eligible for the credit.

Status: Corrected.

Office of the Governor

Finding No: 10-305-001, 11-305-002, 11-305-003

CFDA No: 84.394/84.397

Federal Agency: US Department of Education

Control Category: Subrecipient Monitoring / Special Tests (R3) Subrecipient Monitoring

Finding Summary: Based on discussion with staff and review of records, we do not believe that subrecipients for the Oklahoma State Department of Education (OSDE) were adequately reviewed by OSDE or the Office of Management and Enterprise Services in accordance with 31USC7502 (f) (2) (A-D) and 2CFR176.50. In addition, based on discussion with staff and review of records, we do not believe that subrecipients for the Department of

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Commerce or Department of Mental Health and Substance Abuse Services were adequately reviewed by Office of Management and Enterprise Services in accordance with 31USC7502 (f) (2) (A-D) and 2CFR176.50.

Status: Corrected.

Finding No: 10-305-005, 11-305-004

CFDA No: 84.394/84.397

Federal Agency: US Department of Education

Control Category: Cash Management

Finding Summary: Based on testwork performed, the Oklahoma State Department of Education (OSDE) made draws/payments totaling \$217,276,547 (\$202,542,885 for #84.394 and \$14,733,662 for #84.397) in SFY '10 and \$139,368,700 (\$139,147,262 for #84.394 and \$221,438 for #84.397) in SFY '11 to subgrantees (schools) largely for payroll related expenses. In addition, OSDE also advanced \$16,000,000 in SFY '10 for the purchase of textbooks. OSDE had an understanding that the subgrantee (schools) would expect the funds in a timely manner; however, OSDE was unable to determine if the school had recorded the payment timely since there were no cash management procedures in place.

Status: Corrected.

Finding No: 11-305-005

CFDA No: 84.397

Federal Agency: US Department of Education

Control Category: Cash Management and Subrecipient Monitoring

Finding Summary: Based on testwork performed over the draws/payments made to the Commerce Department totaling \$152,235.75 and Department of Mental Health and Substance Abuse Services totaling \$2,500,000, we noted there was no monitoring performed by the Office of Management and Enterprise Services during our audit period to ensure disbursements to subrecipients were based on actual, immediate cash needs of the program. As a result, we were unable to determine if funds were drawn as close as administratively feasible to the agency's actual cash outlay for direct program costs because the Office of Management and Enterprise Services did not monitor the subrecipient payments/draws to ensure the payments were on a reimbursement basis. In addition, the Office of Management and Enterprise Services did perform a review of Mental Health for federal fiscal year 2010; however, the documentation reviewed did not cover the draws/payments during our audit period. The Commerce department is scheduled to be reviewed but had yet to be performed.

Status: Corrected.

Department of Health

Finding No: 10-340-004, 11-340-008

CFDA No: 10.557

Federal Agency: U.S. Department of Agriculture

Control Category: Reporting

Finding Summary: During testwork on the FNS 798-A report we noted errors related to State Nutrition Education, State Breastfeeding, Local Breastfeeding, Total Federal Outlays, Local Nutrition Education, and Local Client Services based on report preparation and review procedures that were not followed.

Status: Partially corrected, see finding #12-340-004. We concur with this finding. We will be submitting a revised FNS 798-A for FFY 2011. We will also be reviewing our policy and procedures so that we can prevent inaccurate information from being recorded on Federal reports.

Finding No: 11-340-002

CFDA No: 10.557

Federal Agency: U.S. Department of Agriculture

Control Category: Allowable Costs/Cost Principles

Questioned Costs: \$5,456

Finding Summary: During our testing of 3 monthly infant formula rebate calculations from SFY11, we noted 1 monthly rebate calculation was incorrect. The final invoiced amount was calculated incorrectly and the vendor was

Summary Schedule of Prior Findings

not billed for the full rebate amount due. The rebate calculation was incorrect because it did not include adjustments to the amount of formula cans issued.

Status: Corrected.

Finding No: 11-340-006

CFDA No: 10.557

Federal Agency: U.S. Department of Agriculture

Control Category: Subrecipient Monitoring

Finding Summary: We selected 8 subrecipients and performed procedures to ensure the audits were tracked as necessary and noted the following:

- 7 of 8 instances the closeout checklist was not being completed correctly by the Contract Administrator.
- 1 of 8 instances the closeout was not included in the contract file.

In addition, we selected a sample of 9 subrecipients and performed procedures to ensure the audits were obtained and reviewed as required and noted:

- 5 of 9 instances where the required A-133 audit was not received from the subrecipient within the required time frame.
- 2 of 9 instances where the required A-133 audit was not received from the subrecipient.
- 1 of 9 instances of conflicting Department records. The subrecipient indicated that an A-133 audit was required; however, subrecipient listings made no indication that an A-133 audit was required and there was no indication that the subrecipient's initial response was an error.

Status: Not corrected, see finding #12-340-002. The Department has instructed staff to ensure annually determining which subrecipients are required to receive an A-133 audit as identified in the procedures. We are also reviewing our procedures to (1) ensure all staff have been trained, are knowledgeable of, and follow procedures, and (2) ensure (and revise as needed) the procedure is adequate to meet the federal requirements identifying, obtaining, and reviewing subrecipient audits in appropriate timelines.

Health Care Authority

Finding No: 09-807-004, 10-807-001, 11-807-001

CFDA No: 93.778 and 93.767

Federal Agency: Department of Health and Human Services

Control Category: Reporting, Special Tests and Provisions for Awards with ARRA Funding - R2 - Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form

Finding Summary: Based on procedures performed, it appears the non-ARRA Schedule of Expenditures of Federal Awards (SEFA) line item for CFDA# 93.778 included ARRA funds. Therefore ARRA funds were correctly reported once in the ARRA line item and incorrectly reported in the non-ARRA line item. In addition, expenditures on the CMS-64.21 totaling \$307,827.88 were omitted from the SEFA submitted to OMES and adjustments and corrections for state fiscal year 2011 claims were not reflected in the amounts reported on the SEFA due to a new on-line enrollment system that was not properly capturing expenditures.

Status: Partially corrected, see current year finding # 12-807-001 (finding relates to CFDA #93.778 only). OHCA concurs with the finding that the status is partially corrected. OHCA reviewed and revised review procedures in order to ensure accurate reporting of expenditures on the SEFA in the future.

Finding No: 10-807-004, 11-807-011

CFDA No: 93.778

Federal Agency: Department of Health and Human Services

Control Category: Maintenance of Effort - Prompt Pay (Regular and ARRA Federal funds)

Finding Summary: While performing our walkthrough of internal controls, we noted that OHCA did not have a system in place to monitor the agency's compliance with prompt pay requirements on a daily basis until January 13, 2011.

Status: Corrected.

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Finding No: 10-807-006, 11-807-002

CFDA No: 93.778

Federal Agency: Department of Health and Human Services

Control Category: American Recovery and Reinvestment Act - Maintenance of Effort – Indian Care

Finding Summary: During our testwork, we extracted all claim reimbursements for Indian participants who were served by an Indian health care provider and noted 119,666 claim reimbursements with \$187,960.84 in copayments charged during SFY 2010 and noted 106,300 claim reimbursements with \$197,522.62 in copayments charged during SFY 2011. It appears OHCA charged Indian participants copayments when they received care from an Indian health care provider.

Status: Corrected.

Finding No: 11-807-005

CFDA No: 93.778

Federal Agency: Department of Health and Human Services

Control Category: Reporting

Finding Summary: In September 2010, the Authority implemented a new Online Enrollment system. During October 2010, it was noted that the CHIP (Children's Health Insurance Program) program's enrollment numbers had decreased from over 70,000 in August 2010 to less than 20,000 in September 2010. Further investigation revealed that the dramatic decrease in CHIP enrollment numbers was caused by data conversion errors, system logic errors, and edit failures which caused recipients who should have been classified as CHIP eligible to be classified as MAP eligible in the Authority's Medicaid Management Information System (MMIS). The Authority reprocessed the claims paid once the online enrollment system was working properly; however, they failed to implement controls over the adjustment process to ensure the CMS-64.9 and CMS-64.21 reports were complete and accurate with regard to movement of funds from CHIP to MAP and vice versa.

Status: Corrected.

Finding No: 11-807-008

CFDA No: 93.778

Federal Agency: Department of Health and Human Services

Control Category: Eligibility

Questioned Costs: \$63,965

Finding Summary: During testwork of 72 recipient medical claims, we noted for 9 medical claims paid, the recipient's case file did not contain sufficient evidence to determine eligibility during the time period for which the claim was paid. The questioned costs noted above are an estimate of the Federal portion of all claims paid for these recipients for State fiscal year 2011.

Status: Corrected.

Finding No: 11-807-009

CFDA No: 93.767

Federal Agency: Department of Health and Human Services

Control Category: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Costs: \$243

Finding Summary: Based on a medical professional's review of 78 claims for CHIP recipients, we noted six claims with payment errors totaling \$322.39 (the estimated Federal portion totals \$242.99). The payment errors consisted of claims paid when they were not supported by medical records, claims which were improperly coded by the medical provider, and claims which were paid when the service provided was not consistent with the medical diagnosis.

Status: Corrected.

Finding No: 11-807-010

CFDA No: 93.778

Federal Agency: Department of Health and Human Services

Control Category: Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Questioned Costs: \$183

Finding Summary: Based on a medical professional's review of 76 claims for MAP recipients, we noted six claims with payment errors totaling \$245.03 (the estimated Federal portion totals \$183.36). The payment errors

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consisted of claims paid when they are not supported by medical records and claims which were improperly coded by the medical provider.

Status: Corrected.

Finding No: 11-807-013

CFDA No: 93.767

Federal Agency: Department of Health and Human Services

Control Category: Eligibility

Questioned Costs: \$5,317

Finding Summary: During testwork of 78 recipient medical claims, we noted for 2 medical claims paid, the recipient's case file did not contain sufficient evidence to determine eligibility during the time period for which the claim was paid. The questioned costs noted above are an estimate of the Federal portion of all claims paid for these recipients for State fiscal year 2011.

Status: Corrected.

Finding No: 11-807-014

CFDA No: 93.767

Federal Agency: Department of Health and Human Services

Control Category: Reporting

Finding Summary: In September 2010, the Authority implemented a new Online Enrollment system. During October 2010, it was noted that the CHIP (Children's Health Insurance Program) program's enrollment numbers had decreased from over 70,000 in August 2010 to less than 20,000 in September 2010. Further investigation revealed that the dramatic decrease in CHIP enrollment numbers was caused by data conversion errors, system logic errors, and edit failures which caused recipients who should have been classified as CHIP eligible to be classified as MAP eligible in the Authority's Medicaid Management Information System (MMIS). The Authority reprocessed the claims paid once the online enrollment system was working properly; however, they failed to implement controls over the adjustment process to ensure the CMS-64.9 and CMS-64.21 reports were complete and accurate with regard to movement of funds from CHIP to MAP and vice versa.

Status: Corrected.

Department of Human Services

Finding No: 04-830-019, 05-830-011, 06-830-011, 07-830-003, 08-830-012, 09-830-020, 10-830-024, 11-830-013

CFDA No: 93.568

Federal Agency: Department of Health and Human Services

Control Category: Eligibility; Activities Allowed or Unallowed

Questioned Costs: \$1,640 (FY '04), \$142 (FY '05), \$545 (FY '06), \$2,409 (FY '07), \$1,164 (FY '08), \$480 (FY '09), \$760 (FY '10), & \$950 (FY '11)

Finding Summary: From review of case files, we noted the following: case files that did not contain an application for the time period in which the benefit was received; case files did not have a completed checklist for walk-in applications; case files that could not be located; and case files did not contain data exchange screen prints to ensure the benefit was for an eligible recipient and for an allowable activity.

Status: Not corrected, 12-830-010. Concur. Adult and Family Services (AFS) will continue to emphasize the significance of the LIHEAP Checklist for Walk-in Applications as well as the importance of signing all applications. The cases in question have been referred to the Office of Inspector General for further review and possible collection.

Finding No: 04-830-032, 05-830-012, 06-830-010, 08-830-012, 09-830-020, 09-830-031, 10-830-018, 11-830-007

CFDA No: 93.568

Federal Agency: Department of Health and Human Services

Control Category: Activities Allowed or Unallowed

Questioned Costs: \$8,864 (FY '04), \$11,848 (FY '05), \$400 (FY '06), \$1,164 (FY '08), and \$2,383 (FY '09 - \$480 for 09-830-020 and \$1,903 for 09-830-031), \$1,556 (FY '10), & \$1190 (FY '11)

Summary Schedule of Prior Findings

Finding Summary: During analytical procedure testing, we noted cases that appeared to have received duplicate payments.

Status: Not Corrected, 12-830-007. Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments. 12-830-008. Concur. A system modification has been implemented to ensure addresses added are verified to prevent duplicate payments.

Finding No: 07-830-013, 08-830-007, 09-830-023, 10-830-021, 11-830-008

CFDA No: 93.558 & 93.714

Federal Agency: Department of Health and Human Services

Control Category: Eligibility

Questioned Costs: \$9,155 (FY '07), \$348 (FY '08), \$8,994 (FY '09), \$1,645 (FY '10), & \$2,052 (FY '11)

Finding Summary: From areas selected for testing, we noted cases in which no TANF eligibility review or re-determination was found for the time period tested in the case file provided by the county office.

Status: Not Corrected, 12-830-003. Concur. No application could be found for the time period in question. The appropriate OKDHS county director has been notified and requested to conduct training on the TANF application process and the importance of record retention. The case was reviewed and the family was found to be eligible for services. Therefore no overpayment occurred.

Finding No: 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012

CFDA No: 93.558 & 93.714

Federal Agency: Department of Health and Human Services

Control Category: Special Tests and Provisions – Income Eligibility and Verification Systems

Finding Summary: We performed testwork on the G1DX Exception Report. We noted the following exceptions that were not cleared within the allowable 30 days per OKDHS policy:

2010

Error Type	G1DX EXCEPTIONS OVER 30 DAYS	TOTAL G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 30 DAYS
BEN	2,683	21,126	12.70%
IEV	192	1,609	11.93%
OWG	3,794	30,700	12.36%
SDX	10,647	92,038	11.57%
SNH	8,630	64,694	13.34%
UIB	2,519	25,379	9.93%
TOTAL	25,782	214,420	12.02%

2011

Error Type	G1DX EXCEPTIONS OVER 30 DAYS	TOTAL G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 30 DAYS
BEN	2,441	18,535	13.17%
OWG	3,547	26,010	13.64%
SDX	10,678	96,137	11.11%
SNH	5,855	49,326	11.87%
UIB	1,739	15,962	10.89%
TOTAL	24,260	205,970	11.78%

Status: Not corrected, 12-830-001. Concur. Data exchange is required to be utilized whenever action is taken on a case and through G1DX Exceptions. OKDHS policy revised effective June 1, 2012 states “all discrepancy messages must be cleared using the DXD transaction within 45 days of the error posting”. This change brings policy more in line with federal guidelines of 45 days. OKDHS is establishing a goal of clearing 95%

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Finding No: 08-830-013, 09-830-021, 10-830-022, 11-830-006

CFDA No: 93.568

Federal Agency: Department of Health and Human Services

Control Category: Activities Allowed or Unallowed

Questioned Costs: \$300 (FY '08), \$0 (FY '09), \$1,200 (FY '10), & \$2,550 (FY '11)

Finding Summary: We noted cooling cases where the cooling benefit payment detail indicated no vendor or fuel type and cooling cases indicating no vendor and an "S" fuel type. After follow-up with agency personnel, we determined that these cooling benefit payments were sent directly to clients to purchase fans, air conditioning, or make repairs to cooling equipment. We selected cases for further review and noted case files selected had a completed application for cooling assistance with an indication of a desire to purchase fan/air conditioner equipment; however, there was no purchase documentation (receipt) indicating that the purchase of this equipment was made.

Status: Not corrected, 12-830-011. Concur. Adult and Family Services (AFS) began requiring proof of purchase/repair of cooling equipment during the 2012 Summer Cooling program.

Finding No: 09-830-001, 10-830-010, 11-830-004

CFDA No: 93.558 & 93.714

Federal Agency: Department of Health and Human Services

Control Category: Eligibility

Questioned Costs: \$2,239 (FY '09), \$532 (FY '10), and \$1,103 (FY '11)

Finding Summary: During our testing of cases that received TANF benefits within the twelve months following the receipt of Diversion Assistance benefits, we noted cases tested that did not contain documentation in Family Assistance/Client Services (FACS) case notes of an approval by the county director certifying TANF benefits within one year of receiving Diversion Assistance benefits.

Status: Corrected.

Finding No: 09-830-017, 10-830-029, 11-830-001

CFDA No: 10.551

Federal Agency: Department of Agriculture

Control Category: Special Tests and Provisions – EBT Card Security

Finding Summary: During interviews with the EBT specialist in County offices, we noted that the daily reconciliation of EBT cards was not being performed properly. The reconciliation for EBT cards is not performed on a daily basis. The tally of cards is maintained on a box lid and transferred into a monthly total spreadsheet created for the county director. There is no formal daily reconciliation of the cards to that of the master issuance file reconciliation to ensure that all cards assigned to the EBT specialist in charge of printing the EBT cards are accounted for. In addition, we noted offices that do not properly verify the delivery of the card stock inventory, do not properly secure card stock inventory, and do not properly secure the keys to the EBT inventory.

Status: Corrected.

Finding No: 10-830-026, 11-830-003

CFDA No: 93.563

Federal Agency: Department of Health and Human Services

Control Category: Reporting

Finding Summary: Based on discussion with management and review of the cash balancing worksheet, the 34A report cannot be reconciled to deposits at the State Treasurer.

Status: Corrected.

Finding No: 11-830-010

CFDA No: 93.558 & 93.714

Federal Agency: Department of Health and Human Services

Control Category: Special Tests and Provisions – Income Eligibility and Verification System

Finding Summary: From our population of 17,812 cases, we selected 40 TANF cases to determine that income verification occurred and noted two cases in which no application or income verification documentation was found for the time period tested.

Summary Schedule of Prior Findings

Status: Not corrected, 12-830-004. Concur. The appropriate OKDHS county office Director has been notified and requested to conduct training on requirements and guidelines concerning TANF applications and record retention. No overpayment occurred on the case noted above.

Finding No: 11-830-011

CFDA No: 93.558 & 93.714

Federal Agency: Department of Health and Human Services

Control Category: Special Tests and Provisions – Income Eligibility and Verification System

Finding Summary: The income information from the Internal Revenue Service was not obtained during SFY 2011 to verify a TANF applicant's income.

Status: Corrected.

Department of Mental Health and Substance Abuse Services

Finding No: 07-452-004IT, 08-452-003IT, 09-452-002IT, 10-452-014IT, 11-452-006IT

CFDA No: 93.959

Federal Agency: Department of Health and Human Services

Control Category: Other

Finding Summary: The agency does not have a quality assurance program to adequately review projects ensuring that they meet user requirements and agency standards.

Status: No longer valid – the systems which this finding related to are no longer utilized by the agency.

Finding No: 09-452-004, 10-452-004, 11-452-001

CFDA No: 93.959

Federal Agency: Department of Health and Human Services

Control Category: Subrecipient Monitoring

Federal Summary: During our testing of treatment and prevention contracts, we noted contracts that failed to communicate the federal award information to the provider.

Status: Corrected.

Department of Rehabilitation Services

Finding No: 07-805-003, 08-805-004, 09-805-004, 10-805-002, 11-805-002

CFDA No: 84.126

Federal Agency: U.S. Department of Education

Control Category: Allowable Costs/Cost Principles

Finding Summary: During testing of the direct payroll certifications, we noted the following:

- We were unable to obtain the payroll certifications for SFY07 for 4 of the 45 direct employees selected for testing.
- We were unable to obtain the payroll certifications for the 7/1/06-12/31/06 period for 11 of the 45 direct employees selected for testing.
- The payroll certifications for 1/1/08 to 6/30/08 were not completed in a timely manner for 13 of the 60 direct employees selected for testing.
- Eighteen (18) of 60 employees selected only had one of the two required certifications completed during SFY 2009. Also, nineteen (19) out of 60 employees selected did not have any certifications completed during SFY 2009 and one (1) out of 60 employees selected did not have a certification completed in a timely manner.
- Twenty-nine (29) out of 50 employees tested (58%) and 17 out of 68 employees (25%) tested were missing one or both semi-annual payroll certifications for SFY 2010 and SFY 2011, respectively.

Status: Partially Corrected, current year finding 12-805-003. Concur. The Certification requirement was added to the Supervisors PMP as a supervisor duty. Corrective action policies and procedures are in place for not meeting standards on duties assigned on the PMP.

Summary Schedule of Prior Findings

Finding No: 09-805-002, 10-805-001, 11-805-003

CFDA No: 84.126 and 84.390

Federal Agency: U.S. Department of Education

Control Category: Allowable Costs/Cost Principles

Finding Summary: During our documenting of the agency's internal controls over allowable costs/cost principles we noted that the agency does not review charges made to the Vocational Rehabilitation program to determine if they are allowable under OMB Circular A-87.

Status: Corrected.

Finding No: 09-805-003, 10-805-011, 11-805-004

CFDA No: 84.126 and 84.390

Federal Agency: U.S. Department of Education

Control Category: Procurement and Suspension and Debarment

Finding Summary: During our testwork of claims, it appears there were contracts that did not have documentation to support verification that the provider is not suspended or debarred.

Status: Not Corrected, current year finding 12-805-001. The Department does not concur. Current process: Group Insurance Board Network Management staff checks website, Medical Licensure Board, and others for any providers/vendors suspended or debarred. This process is conducted every 30 days. If a provider shows up as suspended or debarred, the contract is terminated. For quality assurance, GIB's claims adjudicator also follows the every 30 days suspended or debarred verification process. Will check the six providers listed and confirm non suspension on the vendor exception list. However, because the current verification process is industry standard, we feel the requirements are met.

Finding No: 10-805-003, 11-805-010

CFDA No: 84.126 and 84.390

Federal Agency: U.S. Department of Education

Control Category: Reporting

Finding Summary: During testing we noted there does not appear to be a proper review and approval process in place for SEFA reporting.

Status: Corrected.

Finding No: 10-805-008, 11-805-008

CFDA No: 84.126

Federal Agency: U.S. Department of Education

Questioned Costs: \$599

Control Category: Allowable Costs/Cost Principles, & Eligibility

Finding Summary: During our testwork of claims, we noted that two out of 46 claims (4.3%) for SFY 2010 and five out of 45 claims (11.1%) for SFY 2011 did not have proper documentation to support the payments.

Status: Partially Corrected, current year finding 12-805-004. Concur. DRS will conduct an investigation on claim authorization numbers 6788585, 642384 and 640968 to understand why these claims were not properly supported by a receipt or invoice. If these claims are found to be improperly reimbursed appropriate action will be taken to educate and train staff on DRS policy and procedures regarding independent verification of the client's income and appropriate documentation required in the case file. This education and training will include stressing the importance of documenting independent verification of income when re-evaluations of income are performed.

Finding No: 10-805-010, 11-805-005

CFDA No: 84.126 and 84.390

Federal Agency: U.S. Department of Education

Control Category: Reporting

Finding Summary: While performing testwork on the Annual Vocational Rehabilitation Program/Cost Report (RSA-2) we noted:

- For FFY 2009 the RSA-2 expenditures was overstated by \$292,004.03
- For FFY 2010 the RSA-2, Schedule II, expenditures are \$308,780.90 less than the amount recorded in the AWARE system and that program income totaling \$1,589,490.37 was not included on the report.

Status: Not Corrected, current year finding 12-805-002. Concur. The Department took steps as a result of the prior year audit to address the timing of the journal entry. The Department concurs that an adjustment is required to

Summary Schedule of Prior Findings

complete Schedule II of the RSA-2. The adjustment is an extrapolation of the known activity from the AWARE system. The Department will continue to look at better ways to close the gap.

Finding No: 11-805-001

CFDA No: 96.001 and 96.006

Federal Agency: U.S. Department of Education

Control Category: Reporting

Finding Summary: While performing testwork on the SSA-4514, Time Report of Personnel Services for Disability Determination Service (DDS), we noted the agency did not have a review and approval process in place by someone other than the preparer, to ensure the validity of the information on the report.

Status: Corrected.

Finding No: 11-805-006

CFDA No: 84.126

Federal Agency: U.S. Department of Education

Control Category: Reporting

Finding Summary: During testwork we noted the quarter ended 9-30-10 SF-269 report for the Federal Fiscal Year (FFY) 09 grant did not include the program income received or the correct amount of program income expended. Our calculation shows that \$1,170,372 in program income received and \$728,224 in program income expended was omitted from the SF-269. In addition, we noted it appears the quarter ended 6-30-11 SF-425 for the FFY 2010 Grant did not include program income expenditures in the amount of \$29,085.93.

Status: Not Corrected, current year finding 12-805-002. Concur. The Department took steps as a result of the prior year audit to address the timing of the journal entry. The Department concurs that an adjustment is required to complete Schedule II of the RSA-2. The adjustment is an extrapolation of the known activity from the AWARE system. The Department will continue to look at better ways to close the gap.

Finding No: 11-805-007

CFDA No: 84.126

Federal Agency: U.S. Department of Education

Control Category: Cash Management

Finding Summary: During testwork of cash management we noted that the agency was not expending program income before requesting additional federal funds.

Status: Corrected.

Finding No: 11-805-009

CFDA No: 96.001 and 96.006

Federal Agency: U.S. Department of Education

Control Category: Procurement and Suspension and Debarment

Finding Summary: During our testwork of contracts, we noted two of four lease contracts tested did not appear to have documentation to support that DRS performed verification that the provider is not suspended or debarred.

Status: Corrected.

Finding No: 11-805-011

CFDA No: 96.001 and 96.006

Federal Agency: U.S. Department of Education

Control Category: Reporting

Finding Summary: During our internal control testwork, we noted that DRS management performs a cursory review of the SEFA (Schedule of Expenditures of Federal Awards). In addition, we noted the SFY 2011 SEFA was subsequently amended to include \$884,924 (2.27% of program expenditures) that was not detected by this review. The error was discovered by the preparer, not through the review process, after the SEFA had been submitted.

Status: Corrected.

Summary Schedule of Prior Findings

Department of Transportation

Finding No: 10-345-001, 11-345-002

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Activities Allowed or Unallowed and Allowable Costs/Cost Principles (regular Federal funds)

Finding Summary: Proper segregation of duties do not exist between the approval of invoices and the preparation and approval of claims. Four individuals in the Transit Programs Division that have access to print, review, and manually approve the subrecipient invoices from MYLEO.NET also have signing authority on claims. For 7 (10 percent) of 67 claims tested in SFY '10 and 4 (6 percent) of 66 claims tested in SFY '11, the same individual approved the invoice for payment and approved the claim for reimbursement.

Status: Corrected.

Finding No: 10-345-005, 11-345-008

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Subrecipient Monitoring (regular Federal funds and ARRA funds)

Finding Summary: For 19 (100 percent) of the 19 subrecipients tested, the Department did not include the CFDA title, CFDA number, award number, or award year in the contract for non-ARRA Federal funds. Also, for 19 (100 percent) of the 19 subrecipients tested, the Department did not include the CFDA title, CFDA number, or award year in the contract for ARRA Federal funds. Lastly, the Department did not communicate to each subrecipient the requirement to include on its Schedule of Expenditures of Federal Awards (SEFA) information to specifically and separately identify Recovery Act funding.

Status: Partially corrected, ten (10) have been corrected. See current year finding #12-345-012. Concur. Contracts with an effective date beginning FFY 10/01/2011 contain the grant title, grant type, CFDA #, and federal fiscal year.

Finding No: 10-345-008, 11-345-004

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Eligibility (regular Federal funds and ARRA funds)

Finding Summary: The Department does not have written policies and procedures in place to help ensure eligibility determinations are documented and made in accordance with the Department's State Management Plan. For 3 (16 percent) of the 19 subrecipients, the Department was unable to provide evidence eligibility documentation was obtained prior to the eligibility determination.

Status: Corrected.

Finding No: 10-345-010, 11-345-014

CFDA No: 20.205; 20.509

Federal Agency: United States Department of Transportation

Control Category: Reporting – Schedule of Expenditures of Federal Awards (regular Federal Funds and ARRA funds)

Finding Summary: The Department reported Federal revenues and expenditures for multiple Catalog of Federal Domestic Assistance (CFDA) numbers under CFDA #20.205 and #20.509 on the Department's Schedule of Expenditures of Federal Awards (SEFA). A portion of Federal revenues and expenditures for CFDA # 20.509 should have been separately reported for CFDA #20.521 and #20.507, and a portion of Federal revenues and expenditures for CFDA #20.205 should have been show separately reported for CFDA #20.933.

Status: Not corrected. See current year finding #12-345-009. Concur. The Department of Transportation makes every effort to report accurately. In that effort, the Comptroller Division routinely corresponds with its regional FHWA offices for guidance in regards to the CFDA numbers. The Division will continue to emphasize the importance of the accuracy and effect of reporting the CFDA numbers accuracy. The regional FHWA office is aware of the impact of the information provided to the Department.

Finding No: 10-345-013, 11-345-012

CFDA No: 20.205

Federal Agency: United States Department of Transportation

Summary Schedule of Prior Findings

Control Category: Reporting – Schedule of Expenditures of Federal Awards (SEFA); Special Tests and Provisions for Awards with ARRA funding – Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form (Regular and ARRA Federal funds)

Finding Summary: ARRA revenue and expenditure amounts for CFDA #20.205 reported on the Schedule of Expenditures of Federal Awards (SEFA) were \$167,328 less in SFY '10 and \$2,937,317 more in SFY '11 than the Federal Highway Administration (FHWA) confirmation for Federal revenue. Regular program (non-ARRA) revenue and expenditure amounts for CFDA #20.205 reported on the SEFA were \$167,639.36 more in SFY '10 and \$2,937,317 more in SFY '11 than the FHWA confirmation. The variance was a result of an input error on the weekly billing spreadsheet.

Status: Not corrected. See current year finding #12-345-009. Concur. The Department of Transportation makes every effort to report accurately. In that effort, the Comptroller Division routinely corresponds with its regional FHWA offices for guidance in regards to the CFDA numbers. The Division will continue to emphasize the importance of the accuracy and effect of reporting the CFDA numbers accuracy. The regional FHWA office is aware of the impact of the information provided to the Department.

Finding No: 10-345-014, 11-345-017

CFDA No: 20.205

Federal Agency: United States Department of Transportation

Control Category: Special Tests and Provisions - Quality Assurance (regular and ARRA Federal funds)

Finding Summary: The Department did not have adequate internal controls in place to ensure that at least 90% of the required samples are obtained in accordance with the Quality Assurance Program until March 2011. During our testwork of 59 projects in SFY '10 and 19 projects in SFY '11, we noted one project in SFY '10 and two projects in SFY '11 for which all required quality assurance tests were not completed in accordance with the ODOT Quality Assurance program approved by the Federal Highway Administration.

Status: Corrected.

Finding No: 10-345-016, 11-345-005

CFDA No: 20.205; 20.509

Federal Agency: United States Department of Transportation

Control Category: Reporting: Section 1512 American Recovery and Reinvestment Act Report and SF-425 – Federal Financial Report (ARRA Federal funds)

Finding Summary: The Department does not have adequate controls in place to ensure the following reports present accurate and reliable information: the 1512 ARRA report for CFDA #20.205 and #20.509 and the SF-425 – Federal Financial report for CFDA #20.509.

Status: Not corrected. See current year finding #12-345-002. Concur. The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can. We already have in place procedures for reviewing the 1512 reporting prior to its submission. This process is going well.

Finding No: 10-345-020, 11-345-016

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Activities Allowed or Unallowed and Allowable Costs/Cost Principles, Matching, Subrecipient Monitoring (regular Federal funds)

Finding Summary: For 10 of 19 subrecipients tested in SFY '10 and 5 of 19 subrecipients tested in SFY '11, the Department had not conducted Project Assessment/Project Management Reviews at least once in the five years preceding the conclusion of the state fiscal year. Also, when reviewing the Project Assessment or Project Management Reviews conducted, we noted that for 5 of the 13 reviews for SFY '10 and 2 of the 14 reviews for SFY '11 the Department did not follow up to ensure corrective action on deficiencies noted. In addition, for all 13 reviews in SFY '10 and all 14 reviews in SFY '11 the Department failed to review adequate documentation to ensure subrecipients have met the audit requirements in 2 CFR § 215.26.

Status: Partially corrected. See current year finding #12-345-011. Concur. On-site monitoring visits will be conducted semiannually to review overall operations of subrecipients, specifically expenses claimed for reimbursement. We will visit with our software developers regarding modifying the MYLEOnet program to include the capability of subrecipients attaching all supporting documentation referencing the claim submitted.

Summary Schedule of Prior Findings

Finding No: 10-345-022, 11-345-009

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Reporting: SF-425 – Federal Financial Report (regular Federal funds)

Finding Summary: For all 3 Federal Financial SF-425 Reports in SFY '10 and 4 of 5 SF-425 reports in SFY '11, the Department did not ensure reported amounts were properly calculated and supported. The Department reported the current period recipient share of expenditures, cumulative recipient share of expenditures, and cumulative recipient share of unliquidated obligations using calculated amounts by applying the required matching percentages to amounts previously reimbursed by the Federal Transit Administration rather than the actual amounts expended by the subrecipients.

Status: Not corrected. See current year finding #12-345-004. Concur. The Comptroller Division does not review any SF-425 report prior to submission. These reports are typically provided by people associated with the respective project or program. However, if provided these reports we will provide as much of a review of the financial information as we can.

Finding No: 10-345-023, 11-345-006

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Reporting: Special Report (regular and ARRA Federal funds)

Finding Summary: The Department was unable to provide documentation to support the amounts reported for the Federal fiscal year (FFY) 2009 National Transmit Database (NTD) Report; therefore, we were unable to test the accuracy of the NTD Report. In addition, for the FFY (Federal Fiscal Year) 2010 NTD Report submitted, the Department was unable to provide adequate supporting documentation for the cumulative key line items (line 5 – Total Annual Expenses, line 8 – Local Funds, and line 20 – Total Trips). Lastly, the 2010 NTD report was prepared on a Federal fiscal year instead of a state fiscal year and the Department stated the report was due January 31, 2011; when according to the 2010 Rural Reporting Manual it was due by November 30, 2010.

Status: Partially corrected. See current year finding #12-345-005. Concur. Corrective action was taken 1/31/2013. Division personnel will complete a secondary review of the report and documentation before submission to NTD.

Finding No: 10-345-024, 11-345-019

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Subrecipient Monitoring - A-133 (regular Federal funds and ARRA funds)

Finding Summary: Six of 13 subrecipients for SFY '10 and 6 of 19 subrecipients for SFY '11 did not submit the data collection form and the reporting package to the Federal clearinghouse designated by OMB Circular No. A-133 Subpart C § .320(d) within the earlier of 30 days after receipt of the auditor's report(s) or nine months after the end of the audit period.

Status: Corrected.

Finding No: 10-345-026, 11-345-010

CFDA No: 20.205

Federal Agency: United States Department of Transportation

Control Category: Special Tests and Provisions – Project Approvals (regular Federal funds)

Finding Summary: For seven (12 percent) of 60 procurements tested in SFY '10 and three (5 percent) of 60 procurements tested in SFY '11, we noted that the Department advertised the projects prior to United States Department of Transportation (USDOT) approval.

Status: Not corrected. See current year finding #12-345-007. Concur. Environmental Programs Division has emphasized with the field division designers the importance of following all necessary environmental steps during the design process. We will continue to emphasize this and be proactive on these types of projects to make sure that it has been completed at time of submission.

Finding No: 11-345-001

CFDA No: 20.205; 20.509

Federal Agency: United States Department of Transportation

Summary Schedule of Prior Findings

Control Category: Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Cash Management; Davis-Bacon Act; Eligibility; Matching and Earmarking; Procurement and Suspension and Debarment; Reporting; Subrecipient Monitoring; Special Tests & Provisions (regular and ARRA Federal Funds)

Finding Summary: Current formal risk assessments of the Department's State and Federal program objectives and related internal controls have not been performed by the Transportation Commission, the Department's management, or the Department's Operations Review and Evaluation (OR&E) Division. Instead, changes to internal controls appear to be based on control deficiencies noted in audit findings by the State Auditor and Inspector's office.

Status: Not corrected. See current year finding #12-345-001. Partially concur. Obviously, there have been procedural changes instituted since Operations Review and Evaluation Division's prior review of these processes. The increase in the retirement of personnel throughout the Department at all levels has created opportunities for deviation from previously prescribed procedures. Additionally the migration to new software programs and increased automation has dictated procedural modifications. The Operations Review and Evaluation group will undertake a review and updating of controls in all areas beginning with those areas impacting the State and Federal program objectives. Once this review has been completed, we will require annual verification of the procedures in these areas from management and selectively confirm through additional reviews.

Department of Veteran Affairs

Finding No: 10-605-001, 11-265-001

CFDA No: 64.015

Federal Agency: United States Department of Veteran Affairs

Control Category: Eligibility

Finding Summary: During our eligibility testwork we noted the following:

- Seven of the eighteen veterans in our sample who were admitted during SFY 2011 did not have a Pre-Admission form signed and approved by all of the following:
 - a. the Administrator or Assistant Administrator,
 - b. Medical Director (Physician), and
 - c. the Patient Services Coordinator or designee.
- The ODVA Central Office has designed a standardized, written policy and procedure for documenting and determining eligibility which will be used by all nursing centers. However, these procedures were not implemented during SFY 2011.
- Three out of fifty-five items sampled where the Form 10-10 was not submitted to the Veterans Administration Medical Center (VAMC) within the required ten days and eight out of fifty-five items sampled where documentation of when the Form 10-10SH was submitted to the VAMC Office was not available.

Status: Corrected.

Finding No: 10-605-003, 11-265-002

CFDA No: 64.015

Federal Agency: United States Department of Veteran Affairs

Control Category: Activities Allowed or Unallowed, Allowable Costs/Cost Principles and Reporting

Finding Summary: While documenting internal controls and performing testing procedures, we noted the following:

- ODVA developed policies and procedures to audit the nursing centers to ensure proper documentation and calculation of the 'Days of Care'. However, these audits were not implemented during SFY 2011.
- ODVA allocated 100% of indirect costs for Data Processing and Central office payroll expenditures to the Veterans State Nursing Home Care Grant even though both departments work on other grants.
- The *ODVA State Home Report Compilation Procedures* Memo does not reflect the procedures currently followed for preparation of the VA Form 10-5588 *State Home Report and Statement of Financial Aid Claimed* and the memo does not include procedures for the calculation of direct costs, and the calculation of the Data Processing and Central Office payroll and administrative expenditures.

Status: Corrected.

Schedule of Federal Programs by State Agency

Schedule of Federal Programs by State Agency

Schedule of Federal Programs by State Agency

Attorney General

16.582	Crime Victim Assistance/Discretionary Grants
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
16.740	Statewide Automated Victim Information Notification (SAVIN) Program
93.671	Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes
93.775	State Medicaid Fraud Control Units

Agriculture, Department of

10.025	Plant and Animal Disease, Pest Control, and Animal Care
10.069	Conservation Reserve Program
10.163	Market Protection and Promotion
10.170	Specialty Crop Block Grant - Farm Bill
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.664	Cooperative Forestry Assistance
10.676	Forest Legacy Program
10.912	Environmental Quality Incentives Program
15.524	Recreation Resource Management
66.700	Consolidated Pesticide Enforcement Cooperative Agreements
93.103	Food and Drug Administration Research

Career and Technology Education, Department of

12.002	Procurement Technical Assistance for Business Firms
84.048	Career and Technical Education - Basic Grants to States
84.243	Tech-Prep Education

Central Services, Department of

39.003	Donation of Federal Surplus Personal Property
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Commerce, Department of

14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.231	Emergency Solutions Grant Program
14.246	Community Development Block Grants/Brownfields Economic Development Initiative
14.255	ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.257	ARRA- Homelessness Prevention and Rapid Re-Housing Program
17.258	WIA Adult Program
17.258	ARRA - WIA Adult Program
17.259	WIA Youth Activities
17.259	ARRA - WIA Youth Activities
17.260	WIA Dislocated Workers
17.260	ARRA - WIA Dislocated Workers
17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
17.277	WIA National Emergency Grant
17.278	WIA Dislocated Workers Formula Grants
17.268	H-1B Job Training Grant
17.805	Homeless Veterans Reintegration Program
-	State Small Business Credit Initiative
45.129	Promotion of the Humanities - Federal/State Partnership
45.312	National Leadership Grants
59.061	State Trade and Export Promotion Pilot Grant Program
81.041	State Energy Program

Schedule of Federal Programs by State Agency

81.041	ARRA - State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA - Weatherization Assistance for Low-Income Persons
81.087	Renewable Energy Research and Development
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis
81.127	ARRA-Energy Efficient Appliance Rebate Program (EEARP)
82.128	ARRA-Energy Efficiency and Conservation Block Grant Program
93.569	Community Services Block Grant
93.600	Head Start
93.710	ARRA-Community Services Block Grant

Conservation Commission

10.902	Soil and Water Conservation
10.916	ARRA - Watershed Rehabilitation Program
15.252	Abandoned Mine Land Reclamation (AMLR) Program
15.631	Partners for Fish and Wildlife

Corporation Commission

20.700	Pipeline Safety Program State Base Grant
66.433	State Underground Water Source Protection
66.709	Multi-Media Capacity Building Grants for States and Tribes
66.804	Underground Storage Tank Prevention, Detection, and Compliance Program
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program
66.805	ARRA-Leaking Underground Storage Tank Trust Fund Corrective Action Program
66.817	State and Tribal Response Program Grants
81.122	Electricity Delivery and Energy Reliability, Research, Development and Analysis

Corrections, Department of

16.606	State Criminal Alien Assistance Program
16.750	Support for Adam Walsh Act Implementation Grant Program
16.812	Second Chance Act Prisoner Reentry Initiative
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals

District Attorneys Council

16.017	Sexual Assault Services Formula Program
16.554	National Criminal History Improvement Program (NCHIP)
16.575	Crime Victim Assistance
16.576	Crime Victim Compensation
16.582	Crime Victim Assistance/Discretionary Grants
16.588	ARRA - Violence Against Women Formula Grants
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders
16.593	Residential Substance Abuse Treatment for State Prisoners
16.609	Project Safe Neighborhoods
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program
16.801	ARRA - State Victim Assistance Formula Grant Program
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories
16.816	John R. Justice Prosecutors and Defenders Incentive Act

Schedule of Federal Programs by State Agency

Education, Department of

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.560	State Administrative Expenses for Child Nutrition
10.582	Fresh Fruit and Vegetable Program
84.002	Adult Education - Basic Grants to States
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education-State Grant Program
84.013	Title 1 State Agency Program for Neglected and Delinquent Children and Youth
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act
84.027	Special Education-Grants to States
84.391	ARRA - Special Education Grants to States, Recovery Act
84.173	Special Education - Preschool Grants
84.392	ARRA - Special Education Preschool Grants, Recovery Act
84.144	Migrant Education - Coordination Program
84.181	Special Education-Grants for Infants and Families
84.393	ARRA - Special Education Grants for Infants and Families, Recovery Act
84.184	Safe and Drug-Free Schools and Communities - National Programs
84.185	Byrd Honors Scholarships
84.186	Safe and Drug-Free Schools and Communities - State Grants
84.196	Education for Homeless Children and Youth
84.213	Even Start - State Educational Agencies
84.287	Twenty-First Century Community Learning Centers
84.318	Education Technology State Grants
84.323	Special Education - State Personnel Development
84.348	Title 1 Accountability Grants
84.358	Rural Education
84.365	English Language Acquisition State Grants
84.366	Mathematics and Science Partnerships
84.367	Improving Teacher Quality State Grants
84.369	Grants for State Assessments and Related Activities
84.371	Striving Readers
84.377	School Improvement Grants
84.386	ARRA-Education Technology State Grants, Recovery Act
84.387	ARRA-Education for Homeless Children and Youth, Recovery Act
84.388	ARRA - School Improvement Grants, Recovery Act
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems
94.005	Learn and Serve America - Higher Education
94.013	Volunteers in Service to America
-	Troops for Teachers

Election Board, State

39.011	Election Reform Payments
90.401	Help America Vote Act Requirements Payments
93.617	Voting Access for Individuals with Disabilities - Grants to States

Emergency Management, Department of

20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)

Schedule of Federal Programs by State Agency

97.027	Emergency Management Institute (EMI) - Independent Study Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
97.042	Emergency Management Performance Grant
97.046	Fire Management Assistance Grant
97.047	Pre-Disaster Mitigation
97.082	Earthquake Consortium
97.092	Repetitive Floods Claims

Employment Security Commission

17.002	Labor Force Statistics
17.207	Employment Service/Wagner-Peyser Funded Activities
17.225	Unemployment Insurance
17.225	ARRA - Unemployment Insurance
17.235	Senior Community Service Employment Program
17.271	Work Opportunity Tax Credit Program
17.273	Temporary Labor Certifications for Foreign Workers
17.245	Trade Adjustment Assistance
17.277	WIA National Emergency Grant
17.801	Disabled Veterans' Outreach Program (DVOP)
17.804	Local Veterans' Employment Representative Program

Environmental Quality, Department of

15.616	Clean Vessel Act
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
66.039	ARRA - National Clean Diesel Emissions Reduction Program
66.040	State Clean Diesel Grant Program
66.040	ARRA-Clean Diesel Grant Program
66.468	Capitalization Grants for Drinking Water State Revolving Fund
66.468	ARRA-Capitalization Grants for Drinking Water State Revolving Fund
66.605	Performance Partnership Grants
66.608	Environmental Information Exchange Network Grant Program and Related Assistance
66.708	Pollution Prevention Grants Program
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
66.817	State and Tribal Response Program Grants
66.818	Brownfields Assessment and Cleanup Cooperative Agreement
66.818	ARRA - Brownfields Assessment and Cleanup Cooperative Agreement
81.041	State Energy Program

Governor, Office of

84.394	ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act
84.397	ARRA - State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act
84.410	ARRA-Education Jobs Fund

Health, Department of,

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.578	WIC Grants to State (WGS)
93.069	Public Health Emergency Preparedness
93.070	Environmental Public Health and Emergency Response
93.089	Emergency System for Advance Registration of Volunteer Health Professionals
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program

Schedule of Federal Programs by State Agency

93.103	Food & Drug Administration-Research
93.110	Maternal and Child Health Federal Consolidated Programs
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices
93.414	ARRA - State Primary Care Offices
93.136	Injury Prevention and Control Research and State and Community Based Programs
93.197	Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children
93.217	Family Planning-Services
93.235	Affordable Care Act (ACA) Abstinence Education Program
93.251	Universal Newborn Hearing Screening
93.262	Occupational Safety and Health Program
93.268	Immunization Cooperative Agreements
93.712	ARRA - Immunization
93.270	Adult Viral Hepatitis Prevention and Control
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.296	State Partnership Grant Program to Improve Minority Health
93.505	ACA - Maternal, Infant, and Early Childhood Home Visiting Program
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers
93.507	PPHF 2012 National Public Health Improvement Initiative
93.520	Centers for Disease Control and Prevention - ACA - Communities Putting Prevention to Work
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF
93.539	Prevention and Public Health Fund (ACA)- Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds
93.541	The Patient Protection and Affordable Care Act of 2010 (ACA)
93.544	The Patient Protection and Affordable Care Act of 2010 (ACA) authorizes Coordinated Chronic Diseases Prevention and Health Promotion Program
93.590	Community-Based Child Abuse Prevention Grants
93.717	ARRA - Preventing Healthcare-Associated Infections
93.720	ARRA - Survey and Certification Ambulatory Surgical Center Healthcare - Associated Infection (ASC-HAI) Prevention Initiative
93.724	ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities
93.725	ARRA - Communities Putting Prevention to Work - Chronic Disease Self-Management Program
93.723	ARRA - Prevention and Wellness - State, Territories and Pacific Islands
93.773	Medicare - Hospital Insurance
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease
93.940	HIV Prevention Activities - Health Department Based
93.944	Human Immunodeficiency Virus (HIV) - Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
93.946	Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative

Schedule of Federal Programs by State Agency

	Programs
93.952	Trauma Care Systems Planning and Development
93.977	Preventive Health Services - Sexually Transmitted Diseases Control Grants
93.991	Preventive Health and Health Services Block Grant
93.994	Maternal and Child Health Services Block Grant to the States
-	X-Ray Inspections

Historical Society

15.904	Historic Preservation Fund Grants-In-Aid
15.926	American Battlefield Protection
45.149	Promotion of the Humanities-Division of Preservation and Access

Human Services, Department of

10.551	Supplemental Nutrition Assistance Program
10.555	National School Lunch Program
10.560	State Administrative Expenses for Child Nutrition
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.565	Commodity Supplemental Food Program
10.568	Emergency Food Assistance Program (Administrative Costs)
10.569	Emergency Food Assistance Program (Food Commodities)
10.576	Senior Farmers Market Nutrition Program
10.580	Supplemental Nutrition Assistance Program, Process and Technology Grants
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities
93.041	Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation
93.042	Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals
93.043	Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services
93.044	Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging - Title III, Part C - Nutrition Services
93.048	ARRA - Special Programs for the Aging - Title IV and Title II - Discretionary Projects
93.051	Alzheimer's Disease Demonstration Grants to States
93.052	National Family Caregiver Support, Title III, Part E
93.053	Nutrition Services Incentive Program
93.071	Medicare Enrollment Assistance Program
93.072	Lifespan Respite Care Program
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants
93.517	ACA - Aging and Disability Resource Center
93.518	ACA - Medicare Improvements for Patients and Providers
93.550	Transitional Living for Homeless Youth
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families (TANF)
93.563	Child Support Enforcement
93.563	ARRA - Child Support Enforcement
93.564	Child Support Enforcement Research
93.566	Refugee and Entrant Assistance - State Administered Programs
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund

Schedule of Federal Programs by State Agency

93.597	Grants to States for Access and Visitation Programs
93.599	Chafee Education and Training Vouchers Program
93.601	Child Support Enforcement Demonstrations and Special Projects
93.603	Adoption Incentive Payments
93.605	Family Connection Grants
93.630	Developmental Disabilities Basic Support and Advocacy Grants
93.643	Children's Justice Grants to States
93.645	Stephanie Tubbs Jones Child Welfare Services Program
93.652	Adoption Opportunities
93.658	Foster Care - Title IV - E
93.658	ARRA - Foster Care - Title IV-E
93.659	Adoption Assistance
93.659	ARRA - Adoption Assistance
93.667	Social Services Block Grant
93.669	Child Abuse and Neglect State Grants
93.674	Chafee Foster Care Independence Program
93.725	ARRA - Communities Putting Prevention to Work Chronic Disease Self-Management Program
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations
94.011	Foster Grandparent Program

Indigent Defense System

16.746	Capital Case Litigation
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Insurance, Department of

93.048	ARRA - Special Programs for the Aging - Title IV and Title II - Discretionary Projects
93.519	Affordable Care Act (ACA) - Consumer Assistance Program Grants
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations

Labor, Department of

17.005	Compensation and Working Conditions
17.504	Consultation Agreements
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements

Libraries, Department of

11.557	ARRA-Broadband Technology Opportunities Program (BTOP)
45.310	Grants to States
45.313	Laura Bush 21st Century Librarian Program
89.003	National Historical Publications and Records Grants

Mental Health and Substance Abuse, Department of

14.238	Shelter Plus Care
16.585	Drug Court Discretionary Grant Program
16.727	Enforcing Underage Drinking Laws Program
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program
84.186	Safe and Drug-Free Schools and Communities - State Grants
93.087	Enhance the Safety of Children Affected by Substance Abuse
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances
93.150	Projects for Assistance in Transition from Homelessness (PATH)
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance
93.958	Block Grants for Community Mental Health Services

Schedule of Federal Programs by State Agency

- 93.959 Block Grants for Prevention and Treatment of Substance Abuse
- Implementation Alcohol/Drug Data Collection
- State Outcome Measurement & Management System

Military Department

- 12.400 Military Construction, National Guard
- 12.401 National Guard Military Operations and Maintenance (O&M) Projects
- 12.404 National Guard ChalleNGe Program

Mines, Department of

- 15.250 Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining
- 17.600 Mine Health and Safety Grants

Narcotics/Dangerous Drugs Control

- 16.710 Public Safety Partnership and Community Policing Grants
- 16.754 Harold Rogers Prescription Drug Monitoring Program
- High Intensity Drug Trafficking Area
- Marijuana Eradication Suppression Program

Office of Management and Enterprise Services

- 11.558 ARRA - State Broadband Data and Development Grant Program
- 11.557 ARRA - Broadband Technology Opportunities Program (BTOP)

Office of Disability Concerns

- 84.161 Rehabilitation Services-Client Assistance Program

Office of Juvenile Affairs

- 16.523 Juvenile Accountability Block Grants
- 16.540 Juvenile Justice and Delinquency Prevention - Allocation to States
- 16.548 Title V - Delinquency Prevention Program
- 16.812 Second Chance Act Prisoner Reentry Initiative

Oklahoma Aeronautics Commission

- 20.106 Airport Improvement Program

Oklahoma Health Care Authority

- 93.525 State Planning and Establishment Grants for the (ACA)'s Exchange
- 93.719 ARRA - State Grants to Promote Health Information Technology
- 93.767 Children's Health Insurance Program
- 93.777 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
- 93.778 Medical Assistance Program
- 93.778 ARRA - Medical Assistance Program
- 93.791 Money Follows the Person Rebalancing Demonstration

Oklahoma Space Industry Development Authority

- 20.106 Airport Improvement Program

Public Safety, Department of

- 11.555 Public Safety Interoperable Communications Grant Program
- 16.710 Public Safety Partnership and Community Policing Grants
- 20.218 National Motor Carrier Safety

Schedule of Federal Programs by State Agency

20.232	Commercial Driver's License Program Improvement Grant
20.234	Safety Data Improvement Program
20.238	Commercial Driver's License Information System Modernization Grant
20.600	State and Community Highway Safety
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I
20.609	Safety Belt Performance Grant
20.610	State Traffic Safety Information System Improvement Grants
20.612	Incentive Grant Program to Increase Motorcyclist Safety
20.614	National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants
20.615	E911 Grant Program
97.008	Non-Profit Security Program
97.012	Boating Safety Financial Assistance
97.052	Emergency Operations Center
97.053	Citizens - Community Resilience Innovation Challenge
97.055	Interoperable Emergency Communications Grants
97.071	Metropolitan Medical Response System
97.073	State Homeland Security Program (SHSP)
97.074	Law Enforcement Terrorism Prevention Program (LETPP)
97.078	Buffer Zone Protection Program (BZPP)

Rehabilitation Services, Department of

84.126	Rehabilitation Services-Vocational Rehabilitation Grants to States
84.169	Independent Living - State Grants
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training
84.398	ARRA - Independent Living States Grants
96.001	Social Security - Disability Insurance

State Arts Council

45.025	Promotion of the Arts-Partnership Agreements
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State Auditor and Inspector

15.427	Federal Oil and Gas Royalty Management State and Tribal Coordination
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State Bureau of Investigation

16.543	Missing Children's Assistance
16.550	State Justice Statistics Program for Statistical Analysis Centers
16.560	National Institute of Justice Research, Evaluation, and Development Project Grants
16.710	Public Safety Partnership and Community Policing Grants
16.741	DNA Backlog Reduction Program
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program
16.753	Congressionally Recommended Awards
16.800	ARRA - Internet Crimes against Children Task Force Program

Supreme Court

93.586	State Court Improvement Program
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Tourism & Recreation, Department of

15.524	Recreation Resources Management
15.916	Outdoor Recreation-Acquisition, Development and Planning
20.219	Recreational Trails Program

Schedule of Federal Programs by State Agency

Transportation, Department of

20.200	Highway Research Development Program
20.205	Highway Planning and Construction
20.205	ARRA - Highway Planning and Construction
20.215	Highway Training and Education
20.500	Federal Transit - Capital Investment Grants
20.505	Metropolitan Transportation Planning
20.509	Formula Grants for Other Than Urbanized Areas
20.509	ARRA - Formula Grants for Other Than Urbanized Areas
20.516	Job Access - Reverse Commute
20.521	New Freedom Program
20.932	ARRA - Surface Transportation - Discretionary Grants for Capital Investment

Veterans Affairs, Department of

64.005	Grants to States for Construction of State Home Facilities
64.015	Veterans State Nursing Home Care
64.124	All-Volunteer Force Educational Assistance

Water Resources Board

15.507	Water SMART (Sustaining and Manage America's Resources for Tomorrow)
15.808	U.S. Geological Survey - Research and Data Collection
66.202	Congressionally Mandated Projects
66.419	Water Pollution Control State, Interstate, and Tribal Program Support
66.454	Water Quality Management Planning
66.454	ARRA - Water Quality Management Planning
66.458	Capitalization Grants for Clean Water State Revolving Funds
66.458	ARRA - Capitalization Grants for Clean Water State Revolving Funds
66.460	Nonpoint Source Implementation Grants
66.461	Regional Wetland Program Development Grants
97.041	National Dam Safety Program

Wildlife Conservation, Department of

10.025	Plant and Animal Disease, Pest Control, and Animal Care
10.902	Soil and Water Conservation
10.912	Environmental Quality Incentives Program
10.914	Wildlife Habitat Incentive Program
15.605	Sport Fish Restoration Program
15.608	Fish and Wildlife Management Assistance
15.611	Wildlife Restoration and Basic Hunter Education
15.615	Cooperative Endangered Species Conservation Fund
15.626	Enhanced Hunter Education and Safety Program
15.631	Partners for Fish and Wildlife
15.633	Landowner Incentive Program
15.634	State Wildlife Grants
15.650	Research Grants (Generic)
15.656	ARRA - Habitat Enhancement, Restoration and Improvement
81.122	Electricity Delivery and Energy Reliability, Research, Development, and Analysis
-	McGee Creek Project

Selected Activities for Internal Service Type Funds

Selected Activities for Internal Service Type Funds

**Selected Activities for
Internal Service Type Funds**

UNAUDITED

Selected Activities for Internal Service Type Funds
For the Year Ended June 30, 2012

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
Total Revenues	\$ 28,890,324	\$ 111,931,906	\$ 22,206,194	\$ 45,807,262	\$ 208,835,686
Total Expenditures	28,945,335	260,113,867	19,816,560	50,062,785	358,938,547
Revenues Over (Under) Expenditures	(55,011)	(148,181,961)	2,389,634	(4,255,523)	(150,102,861)
Other Financing Sources (Uses)					
Operating Transfers In	-	7,648,862	-	4,848,646	12,497,508
Operating Transfers Out	-	-	-	(4,848,646)	(4,848,646)
Bond Proceeds	-	60,510,000	-	-	452,080,000
Premium from Bond Issue	-	-	-	-	25,716,784
Bond Refunding	-	9,766,716	-	-	(131,056,900)
Total Other Financing Sources (Uses)	-	77,925,578	-	-	354,388,746
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(55,011)	(70,256,383)	2,389,634	(4,255,523)	204,285,885
Fund Balances - Beginning of Year	4,029,312	798,371,964	18,608,333	76,107,597	897,117,206
Fund Balances - End of Year	\$ 3,974,301	\$ 728,115,581	\$ 20,997,967	\$ 71,852,074	\$ 1,101,403,091

**Selected Activities for
Internal Service Type Funds**

UNAUDITED

Selected Activities for Internal Service Type Funds
For the Year Ended June 30, 2012

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
June 30, 2011 Ending Fund Balance	4,029,312	798,371,964	18,608,333	76,107,597	897,117,206
July 1, 2011 Beginning Fund Balance	4,029,312	798,371,964	18,608,333	76,107,597	897,117,206
Cash Basis Data -					
FY 2012 Revenues	\$ 28,890,324	\$ 111,931,906	\$ 22,206,194	\$ 45,807,262	\$ 208,835,686
FY 2012 Expenditures	28,945,335	260,113,867	19,816,560	50,062,785	358,938,547
FY 2011 Revenues	\$ 10,599,134	\$ 91,008,414	\$ 21,927,122	\$ 52,584,771	\$ 176,119,441
FY 2011 Expenditures	9,626,513	299,665,293	23,119,503	48,718,423	381,129,732
FY 2010 Revenues	\$ 8,944,675	\$ 120,486,454	\$ 26,936,319	\$ 48,321,028	\$ 204,688,476
FY 2010 Expenditures	11,057,255	224,360,747	15,834,002	51,864,887	303,116,891
FY 2009 Revenues	\$ 8,894,799	\$ 108,061,528	\$ 29,480,394	\$ 55,255,882	\$ 201,692,603
FY 2009 Expenditures	11,627,053	212,531,116	30,446,485	48,649,719	303,254,373
FY 2008 Revenues	\$ 7,541,485	\$ 143,248,377	\$ 24,886,304	\$ 51,693,664	\$ 227,369,830
FY 2008 Expenditures	7,473,315	226,944,763	25,059,214	48,623,628	308,100,920
FY 2007 Revenues	\$ 7,110,338	\$ 169,458,810	\$ 26,719,523	\$ 40,221,164	\$ 243,509,835
FY 2007 Expenditures	7,623,130	223,020,868	26,436,002	18,162,879	275,242,879
FY 2006 Revenues	\$ 6,914,726	\$ 149,239,048	\$ 19,178,018	\$ 40,108,467	\$ 215,440,259
FY 2006 Expenditures	6,200,696	149,008,027	22,251,178	34,872,080	212,331,981
FY 2005 Revenues	\$ 6,221,675	\$ 48,687,359	\$ 22,381,255	\$ 39,420,518	\$ 116,710,807
FY 2005 Expenditures	6,058,374	61,086,111	20,778,987	58,099,105	146,022,577

**Selected Activities for
Internal Service Type Funds**

UNAUDITED

Selected Activities for Internal Service Type Funds
For the Year Ended June 30, 2012

TREND ANALYSIS

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management
Comparison of FY 2012 Revenue to Prior Years				
FY11	272.57%	122.99%	101.27%	87.11%
FY10	322.99%	92.90%	82.44%	94.80%
FY09	324.80%	103.58%	75.33%	82.90%
FY08	383.09%	78.14%	89.23%	88.61%
FY07	406.31%	66.05%	83.11%	113.89%
Comparison of FY 2012 Expenditures to Prior Years				
FY11	300.68%	86.80%	85.71%	102.76%
FY10	261.78%	115.94%	125.15%	96.53%
FY09	248.95%	122.39%	65.09%	102.90%
FY08	387.32%	114.62%	79.08%	102.96%
FY07	379.70%	116.63%	74.96%	275.63%
Revenues expressed as a percent of expenditures				
FY11	99.81%	43.03%	112.06%	91.50%
FY10	110.10%	30.37%	94.84%	107.94%
FY09	80.89%	53.70%	170.12%	93.17%
FY08	76.50%	50.85%	96.83%	113.58%
FY07	100.91%	63.12%	99.31%	106.31%
FY06	93.27%	75.98%	101.07%	221.45%
FY05	111.52%	100.16%	86.19%	115.02%
FY05	102.70%	79.70%	107.71%	67.85%

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