

SINGLE AUDIT REPORT

# STATE OF OKLAHOMA 2014

For the fiscal year ended June 30, 2014



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



# OKLAHOMA 2014

## Single Audit Report For The Fiscal Year Ended June 30, 2014

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

October 7, 2015

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

This report replaces the original 2014 State of Oklahoma Single Audit Report that was previously issued on March 31, 2015. We reevaluated findings included in our previous 2014 Single Audit Report and have reissued based on the outcome of this evaluation.

This 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*. The goal of the State Auditor and Inspector is to promote accountability and fiscal integrity in state and local government. Maintaining our independence as we provide this service to the taxpayers of Oklahoma is of utmost importance.

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, reading "Gary A. Jones".

GARY A. JONES, CPA, CFE  
OKLAHOMA STATE AUDITOR



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**Independent Auditor's Report on Compliance for Each Major  
Federal Program; Report on Internal Control Over Compliance;  
and Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133**

**Independent Auditor's Report on Compliance for Each Major  
Federal Program; Report on Internal Control Over Compliance;  
and Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133**



# Oklahoma State Auditor & Inspector

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## INDEPENDENT AUDITOR'S REPORT

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

### **Report on Compliance for Each Major Federal Program**

We have audited the State of Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Oklahoma's major federal programs for the year ended June 30, 2014. 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. 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, Insurance Department, 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 1.31% 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 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, 2014. 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.

### ***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the State of Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above and the reports of other auditors. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Oklahoma's compliance.

***Basis for Qualified Opinion on Formula Grants for Rural Areas and Low-Income Home Energy Assistance***

As described in the accompanying schedule of findings and questioned costs, the State of Oklahoma did not comply with requirements regarding the following:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2014-002; 2014-007	20.509	Formula Grants for Rural Areas	Reporting
2014-005	93.568	Low-Income Home Energy Assistance	Subrecipient Monitoring
2014-022	93.568	Low-Income Home Energy Assistance	Activities Allowed or Unallowed; Allowable Costs/ Cost Principles; Eligibility

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

***Qualified Opinion on Formula Grants for Rural Areas and Low-Income Home Energy Assistance***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas and Low-Income Home Energy Assistance for the year ended June 30, 2014.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the State of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2014.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, 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:

2014-001	2014-003	2014-006	2014-012	2014-015
2014-016	2014-017	2014-019	2014-020	2014-021
2014-024	2014-025	2014-026	2014-027	2014-029
2014-030	2014-031	2014-038	2014-039	2014-042
2014-043	2014-045	2014-049	2014-054	

Our opinion on each major federal program is not modified with respect to these matters.

The State of Oklahoma's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

This report replaces the previously issued 2014 State of Oklahoma Single Audit Report. The 2014 OMB Circular A-133 included guidance indicating that auditors are not required to report audit findings when there is evidence that a recipient demonstrated a "good faith" effort to submit the information required by the Transparency Act. We have reviewed findings included in our 2014 Single Audit Report and believe the recipient did in fact

demonstrate a good faith effort in submitting their required FFATA reports. Based on our reevaluation, the changes from the previously issued report are as follows:

- Finding 2014-046 is no longer listed as an instance of noncompliance or a material weakness in internal control
- Finding 2014-047 is no longer listed as an instance of noncompliance or a significant deficiency in internal control
- Finding 2014-048 is no longer listed as an instance of noncompliance or a material weakness in internal control

## Report on Internal Control Over Compliance

Management of the State of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the State of Oklahoma's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 the 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and 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 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.

2014-002	2014-005	2014-007	2014-022	2014-049
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*A significant deficiency in internal control over compliance* is a deficiency, or a 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.

2014-001	2014-003	2014-006	2014-009	2014-010
2014-012	2014-015	2014-016	2014-017	2014-019
2014-020	2014-021	2014-024	2014-027	2014-029
2014-030	2014-031	2014-032	2014-038	2014-039
2014-041	2014-042	2014-045	2014-054	

The State of Oklahoma's response to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The State of Oklahoma's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. 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.

#### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

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 of the State of Oklahoma as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the State of Oklahoma's basic financial statements. We issued our report thereon dated December 31, 2014, which contained unmodified opinions on those financial statements. Our report also included emphasis paragraphs on the net deficit of the Multiple Injury Trust Fund and the adopted provisions of GASB Statement No. 67, *Financial Reporting for Pension Plans*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic 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 basic financial statements. The 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 basic financial statements or to the basic 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

March 31, 2015 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 31, 2014

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

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



Federal Grantor/Pass-Through Grantor/Program Title	CFDA	Agency	Expenditures/Expenses	
	Number		Agency	State
U.S. Department of Agriculture				
Direct Programs:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	Department of Agriculture	\$ 780,343	
	10.025	Department of Wildlife Conservation	8,769	\$ 789,112
Conservation Reserve Program	10.069	Department of Agriculture		6,224
Inspection Grading and Standardization	10.162	Department of Agriculture		573,819
Market Protection and Promotion	10.163	Department of Agriculture		28,721
Specialty Crop Block Grant Program - Farm Bill	10.170	Department of Agriculture		360,461
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	Department of Agriculture		1,364,233
Supplemental Nutrition Assistance Program	10.551	Department of Human Services	896,939,985	✖
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Department of Human Services	40,253,745	✖ 937,193,730
School Breakfast Program	10.553	Department of Education	54,622,825	✖
National School Lunch Program	10.555	Department of Education	152,257,788	✖
	✖ 10.555	Department of Human Services	10,685,417	✖
Special Milk Program for Children	10.556	Department of Education	9,769	✖
Summer Food Service Program for Children	10.559	Department of Education	3,924,158	✖
	✖ 10.559	Department of Human Services	19,907	✖ 221,519,864 ✖
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	State Department of Health		83,823,636 ✖
Child and Adult Care Food Program	10.558	Department of Education	55,922,288	
	✖ 10.558	Department of Human Services	169,958	✖ 56,092,246 ✖
State Administrative Expenses for Child Nutrition	10.560	Department of Education	3,914,051	
	10.560	Department of Human Services	570,742	4,484,793
Commodity Supplemental Food Program	10.565	Department of Human Services	981,376	✖
Emergency Food Assistance Program (Administrative Costs)	10.568	Department of Human Services	577,974	✖
Emergency Food Assistance Program (Food Commodities)	✖ 10.569	Department of Human Services	5,584,060	✖ 7,143,410
Senior Farmers Market Nutrition Program	10.576	Department of Human Services		72,596
WIC Grants to States (WGS)	10.578	State Department of Health		34,269
Fresh Fruit and Vegetable Program	10.582	Department of Education		2,512,956
Forestry Research	10.652	Department of Agriculture		77,846
Cooperative Forestry Assistance	10.664	Department of Agriculture		1,337,044
Forest Legacy Program	10.676	Department of Agriculture		1,213
Soil and Water Conservation	10.902	Conservation Commission	4,164,867	
	10.902	Department of Wildlife Conservation	28,000	4,192,867
Environmental Quality Incentives Program	10.912	Department of Agriculture	10,481	
	10.912	Department of Wildlife Conservation	35,875	46,356
Wildlife Habitat Incentive Program	10.914	Department of Wildlife Conservation		7,324
ARRA - Watershed Rehabilitation Program	10.916	Conservation Commission		17,452
Conservation Security Program	10.921	Department of Agriculture		18,000
Subtotal				1,321,698,172
U.S. Department of Commerce				
Direct Programs:				
State and Local Implementation Grant Program	11.549	Office of Management and Enterprise Services		18,001
ARRA-Broadband Technology Opportunities Program (BTOP)	11.557	Department of Libraries	427,465	
	11.557	Office of Management and Enterprise Services	10,028,871	10,456,336
ARRA - State Broadband Data and Development Grant Program	11.558	Office of Management and Enterprise Services		757,659
Subtotal				11,231,996
U.S. Department of Defense				
Direct Programs:				
Procurement Technical Assistance For Business Firms	12.002	Department of Career & Technology Education		568,747
Cost Reimbursement Contract - State Memorandum of Agreement				
Program for the Reimbursement of Technical Services	12.113	Department of Environmental Quality		21,518
Cost Reimbursement Contract - Military Construction, National Guard	12.400	Oklahoma Military Department		6,157,479
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401	Oklahoma Military Department		30,699,800 ✖
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404	Oklahoma Military Department		3,368,562
Troops to Teachers	-	Department of Education		102,371
Subtotal			\$	40,918,477
U.S. Drug Enforcement Administration				
Direct Programs:				
Other Federal Assistance - Marijuana Eradication				
Suppression Program	-	Bureau of Narcotics & Dangerous Drugs Control		173,282
Subtotal			\$	173,282

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	15,230,185	⚡
ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.255	Department of Commerce	-	⚡
				15,230,185
Emergency Solutions Grant Program	14.231	Department of Commerce		2,060,259
Shelter Plus Care	14.238	Mental Health and Substance Abuse Services		228,855
ARRA - Homelessness Prevention and Rapid Re-Housing Program (HPRP)	14.257	Department of Commerce		(4,843)
Subtotal				\$ 17,514,456
U.S. Department of the Interior				
Direct Programs:				
Forestry on Indian Lands	15.035	Department of Agriculture		79,275
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	Department of Mines		1,102,253
Abandoned Mine Land Reclamation (AMLR) Program	15.252	Conservation Commission		2,459,510
Cost Reimbursement Contract - Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427	State Auditor and Inspector		387,966
Recreation Resources Management	15.524	Department of Agriculture		1,483
Fish and Wildlife Management Assistance	15.608	Department of Wildlife Conservation		57,288
Sport Fish Restoration Program	15.605	Department of Wildlife Conservation	6,631,600	⚡
Wildlife Restoration and Basic Hunter Education	15.611	Department of Wildlife Conservation	12,366,312	⚡
				18,997,912 ⚡
Cooperative Endangered Species Conservation Fund	15.615	Department of Wildlife Conservation		128,281
Clean Vessels Act Program	15.616	Department of Environmental Quality		108,268
Enhanced Hunter Education and Safety Program	15.626	Department of Wildlife Conservation		233,530
Partners for Fish and Wildlife	15.631	Conservation Commission	25,705	
	15.631	Department of Wildlife Conservation	188,114	213,819
Landowner Incentive Program	15.633	Department of Wildlife Conservation		98,373
State Wildlife Grants	15.634	Department of Wildlife Conservation		555,289
Service Training and Technical Assistance (Generic Training)	15.649	Department of Wildlife Conservation		14,975
Research Grants (Generic)	15.650	Department of Wildlife Conservation		59,441
Cooperative Landscape Conservation	15.669	Department of Wildlife Conservation		196,765
U.S. Geological Survey Research and Data Collection	15.808	Conservation Commission		2,981
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society		858,187
Outdoor Recreation - Acquisition, Development and Planning	15.916	Department of Tourism and Recreation		685,971
Cost Reimbursement Contract - McGee Creek Project	-	Department of Wildlife Conservation		112,815
Subtotal				\$ 26,354,382
U.S. Department of Justice				
Direct Programs:				
Sexual Assault Services Formula Program	16.017	District Attorneys Council		295,972
Juvenile Accountability Block Grants	16.523	Office of Juvenile Affairs		416,857
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Office of Juvenile Affairs		662,659
Missing Children's Assistance	16.543	State Bureau of Investigation		304,330
Title V - Delinquency Prevention Program	16.548	Office of Juvenile Affairs		123,581
State Justice Statistics Program for Statistical Analysis Centers	16.550	State Bureau of Investigation		61,228
National Criminal History Improvement Program (NCHIP)	16.554	District Attorneys Council		268,272
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	State Bureau of Investigation		81,140
Crime Victim Assistance	16.575	District Attorneys Council		5,145,942
Crime Victim Compensation	16.576	District Attorneys Council		1,663,640
Crime Victim Assistance/Discretionary Grants	16.582	District Attorneys Council		146,759
Drug Court Discretionary Grant Program	16.585	Mental Health and Substance Abuse Services		867,844
Violence Against Women Formula Grants	16.588	District Attorneys Council		1,439,657
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	District Attorneys Council		370,774
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	District Attorneys Council		506,998
Residential Substance Abuse Treatment for State Prisoners	16.593	District Attorneys Council		207,406
State Criminal Alien Assistance Program	16.606	Department of Corrections		696,642
Project Safe Neighborhoods	16.609	District Attorneys Council		400
Public Safety Partnership and Community Policing Grants	16.710	Department of Public Safety		408,775
Enforcing Underage Drinking Laws Program	16.727	Mental Health and Substance Abuse Services		27,384
Edward Byrne Memorial Justice Assistance Grant Program	16.738	District Attorneys Council	3,330,957	⚡
	16.738	Mental Health and Substance Abuse Services	117,065	⚡
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	District Attorneys Council	323,769	⚡
				3,771,791
Statewide Automated Victim Information Notification (SAVIN) Program	16.740	Attorney General		718,022
DNA Backlog Reduction Program	16.741	State Bureau of Investigation		498,010
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	District Attorneys Council		200,247
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Mental Health and Substance Abuse Services	(38,640)	
	16.745	Department of Corrections	8,128	(30,512)

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748	State Bureau of Investigation		33,707
Harold Rogers Prescription Drug Monitoring Program	16.754	Bureau of Narcotics & Dangerous Drugs Control		52,398
Second Chance Act Reentry Initiative	16.812	Department of Corrections	592,323	
	16.812	Office of Juvenile Affairs	<u>330,551</u>	922,874
John R. Justice Prosecutors and Defenders Incentive Act	16.816	District Attorneys Council		55,545
Cost Reimbursement Contract:				
High Intensity Drug Trafficking Area	-	Bureau of Narcotics & Dangerous Drugs Control		<u>10,920</u>
Subtotal				<u>\$ 19,929,262</u>
<b>U.S. Department of Labor</b>				
Direct Programs:				
Labor Force Statistics	17.002	Employment Security Commission		780,813
Compensation and Working Conditions	17.005	Department of Labor		35,878
Employment Service/Wagner-Peyser Funded Activities	17.207	Employment Security Commission	14,785,777	✖
Disabled Veterans' Outreach Program (DVOP)	17.801	Employment Security Commission	1,048,573	✖
Local Veterans' Employment Representative Program	17.804	Employment Security Commission	<u>1,162,586</u>	✖ 16,996,936
Unemployment Insurance	17.225	Employment Security Commission	314,197,651	
ARRA-Unemployment Insurance	17.225	Employment Security Commission	<u>582,907</u>	314,780,558 ✖
Senior Community Service Employment Program	17.235	Employment Security Commission		1,419,809
Trade Adjustment Assistance	17.245	Employment Security Commission		1,320,012
WIA Adult Program	17.258	Department of Commerce	5,743,126	✖
WIA Youth Activities	17.259	Department of Commerce	6,945,944	✖
WIA Dislocated Worker Formula Grants	17.278	Department of Commerce	<u>7,102,495</u>	✖ 19,791,565 ♦
WIA Dislocated Workers	17.260	Department of Commerce		(21,112)
WIA Pilots, Demonstrations, and Research Projects	17.261	Department of Commerce		180,702
Workforce Investment Act (WIA) National Emergency Grants	17.277	Department of Commerce		4,795,325 ♦
H-1B Job Training Grants	17.268	Department of Commerce		972,280 ♦
Work Opportunity Tax Credit Program (WOTC)	17.271	Employment Security Commission		311,837
Temporary Labor Certification for Foreign Workers	17.273	Employment Security Commission		128,190
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	Department of Commerce		(4,718)
Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	17.280	Employment Security Commission		44,151
Consultation Agreements	17.504	Department of Labor		921,967
Mine Health and Safety Grants	17.600	Department of Mines		<u>38,198</u>
Subtotal				<u>\$ 362,492,391</u>
<b>U.S. Department of Transportation</b>				
Direct Programs:				
Airport Improvement Program	20.106	Oklahoma Aeronautics Commission		439,257
Highway Research and Development Program	20.200	Department of Transportation		2,105,276
Highway Planning and Construction	20.205	Department of Transportation	669,793,777	✖
Recreational Trails Program	20.219	Department of Tourism and Recreation	<u>1,110,365</u>	✖ 670,904,142 ✖
Highway Training and Education	20.215	Department of Transportation		202,828
National Motor Carrier Safety	20.218	Department of Public Safety		4,872,360
Commercial Driver's License Program Improvement Grant	20.232	Department of Public Safety		103,278
Commercial Vehicle Information Systems and Networks	20.237	Department of Transportation		28,346
High Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Department of Transportation		224,589
Federal Transit - Capital Investment Grants	20.500	Department of Transportation		1,510,920
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Department of Transportation		2,438,098
Formula Grants for Rural Areas	20.509	Department of Transportation		11,957,893 ✖
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Department of Human Services	1,241,134	✖
Job Access and Reverse Commute Program	20.516	Department of Transportation	442,632	✖
New Freedom Program	20.521	Department of Transportation	<u>104,464</u>	✖ 1,788,230
State and Community Highway Safety	20.600	Department of Public Safety	3,076,409	✖
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Department of Public Safety	886,751	✖
State Traffic Safety Information System Improvement Grants	20.610	Department of Public Safety	381,884	✖
Incentive Grant Program to Increase Motorcyclist Safety	20.612	Department of Public Safety	<u>26,991</u>	✖ 4,372,035
Minimum Penalties for Repeat Offender for Driving While Intoxicated	20.608	Department of Public Safety		667,692
Cost Reimbursement Contract - National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	Department of Public Safety		125,524
National Priority Safety Programs	20.616	Department of Public Safety		2,899,678
Cost Reimbursement Contract - Pipeline Safety Program State Base Grant	20.700	Corporation Commission		1,748,314
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Department of Emergency Management		281,614
National Infrastructure Investments	20.933	Department of Transportation		<u>780,121</u>
Subtotal				<u>\$ 707,450,195</u>

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
U.S. Department of the Treasury				
Direct Program:				
State Small Business Credit Initiative	-	Department of Commerce		2,080,208
			\$	2,080,208
General Services Administration				
Direct Programs:				
Donation of Federal Surplus Personal Property	39.003	Office of Management and Enterprise Services-DCAM		4,027,145
Election Reform Payments	39.011	State Election Board		204,628
Subtotal			\$	4,231,773
National Foundation on the Arts and the Humanities				
Direct Programs:				
Promotion of the Arts - Partnership Agreements	45.025	State Arts Council		655,700
Promotion of the Humanities - Division of Preservation and Access	45.149	Historical Society		66,852
Grants to States	45.310	Department of Libraries		2,160,990
National Leadership Grants	45.312	Department of Libraries		132,172
Laura Bush 21st Century Librarian Program	45.313	Department of Libraries		1,934
Subtotal			\$	3,017,648
U.S. Small Business Administration				
Direct Program:				
State Trade and Export Promotion Pilot Grant Program	59.061	Department of Commerce		93,143
Subtotal			\$	93,143
U.S. Department of Veterans Affairs				
Direct Programs:				
Grants to States for Construction of State Home Facilities	64.005	Department of Veterans Affairs		1,879,246
Veterans State Nursing Home Care	64.015	Department of Veterans Affairs		78,203,632
All-Volunteer Force Educational Assistance	64.124	Department of Veterans Affairs		370,381
Subtotal			\$	80,453,259
U.S. Environmental Protection Agency				
Direct Programs:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	Department of Environmental Quality		640,738
State Clean Diesel Grant Program	66.040	Department of Environmental Quality		(7,345)
Congressionally Mandated Projects	66.202	Water Resources Board		4,969
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	Water Resources Board		2,119,680
State Underground Water Source Protection	66.433	Corporation Commission		322,981
Urban Waters Small Grants	66.440	Water Resources Board		34,761
Water Quality Management Planning	66.454	Water Resources Board		109,723
Capitalization Grants for Clean Water State Revolving Funds	66.458	Water Resources Board		10,818,661
Capitalization Grants for Drinking Water State Revolving Fund	66.468	Department of Environmental Quality		10,755,128
Performance Partnership Grants	66.605	Department of Environmental Quality		4,958,212
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	Department of Environmental Quality		(4,934)
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	Department of Agriculture		547,005
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	Department of Labor		141,885
Pollution Prevention Grants Program	66.708	Department of Agriculture	15,492	
	66.708	Department of Environmental Quality	22,908	38,400
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	Department of Environmental Quality		1,085,554
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	Corporation Commission		520,258
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	Corporation Commission		953,721
State and Tribal Response Program Grants	66.817	Department of Environmental Quality	430,742	
	66.817	Corporation Commission	241,889	672,631
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality	19,729	
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality	1,177,129	1,196,858
Subtotal			\$	34,908,886
U.S. Department of Energy				
Direct Programs:				
State Energy Program	81.041	Department of Commerce	549,008	
ARRA - State Energy Program	81.041	Department of Commerce	4,485,344	5,034,352
Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	1,894,948	
ARRA - Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	13,742	1,908,690
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	Corporation Commission	220,887	
	81.122	Department of Commerce	961	221,848
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	Department of Commerce		292,851
Subtotal			\$	7,457,741

Federal Grantor/Pass-Through Grantor/Program Title	CFDA	Expenditures/Expenses		
	Number	Agency	Agency	State
U.S. Department of Education				
Direct Programs:				
Adult Education - Basic Grants to States	84.002	Department of Education		5,032,169
Title I Grants to Local Educational Agencies	84.010	Department of Education		151,599,106
Migrant Education - Coordination Program	84.144	Department of Education		37,610
Migrant Education - State Grant Program	84.011	Department of Education		1,586,386
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Department of Education		344,306
Special Education - Grants to States	84.027	Department of Education	143,651,489	
Special Education - Preschool Grants	84.173	Department of Education	3,337,375	146,988,864
Career and Technical Education -- Basic Grants to States	84.048	Department of Career & Technology Education		14,152,444
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Department of Rehabilitation Services		38,429,444
Rehabilitation Services - Client Assistance Program	84.161	Office of Disability Concerns		134,036
Independent Living - State Grants	84.169	Department of Rehabilitation Services		302,449
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	Department of Rehabilitation Services		422,005
Special Education - Grants for Infants and Families	84.181	Department of Education		8,883,051
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		598,993
Rehabilitation Training - State Vocational				
Rehabilitation Unit In-Service Training	84.265	Department of Rehabilitation Services		80,342
Twenty-First Century Community Learning Centers	84.287	Department of Education		10,082,842
Special Education - State Personnel Development	84.323	Department of Education		1,008,472
Rural Education	84.358	Department of Education		3,490,846
English Language Acquisition State Grants	84.365	Department of Education		4,383,766
Mathematics and Science Partnerships	84.366	Department of Education		2,428,680
Improving Teacher Quality State Grants	84.367	Department of Education		22,339,252
Grants for State Assessments and Related Activities	84.369	Department of Education		6,153,619
Statewide Longitudinal Data Systems	84.372	Department of Education		1,200,871
School Improvement Grants	84.377	Department of Education	6,363,716	
ARRA - School Improvement Grants, Recovery Act	84.388	Department of Education	2,684,025	9,047,741
Subtotal				429,027,294
National Archives and Records Administration				
Direct Programs:				
National Historical Publications and Records Grants	89.003	Department of Libraries		15,018
Help America Vote Act Requirements Payments	90.401	State Election Board		1,908,450
Subtotal				1,923,468
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		60,339
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	Department of Human Services		186,273
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Department of Human Services		212,943
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Department of Human Services	4,323,235	
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Department of Human Services	7,605,956	
Nutrition Services Incentive Program	93.053	Department of Human Services	2,230,825	14,160,016
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	Department of Human Services	311,825	
	93.048	Oklahoma Insurance Department	225,388	537,213
National Family Caregiver Support, Title III, Part E	93.052	Department of Human Services		1,519,513
Public Health Emergency Preparedness	93.069	State Department of Health		9,370,094
Environmental Public Health and Emergency Response	93.070	State Department of Health		478,813
Medicare Enrollment Assistance Program	93.071	Oklahoma Insurance Department		46,806
Lifespan Respite Care Program	93.072	Department of Human Services		28,599
Systems Interoperability - Health and Human Services	93.075	Department of Human Services		575,608
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	State Department of Health		38,132
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Department of Human Services		742,645
Enhance Safety of Children Affected by Substance Abuse	93.087	Mental Health and Substance Abuse Services		581,874
Emergency System for Advance Registration of Volunteer Health Professionals	93.089	State Department of Health		25,674
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	State Department of Health		623,670
Food and Drug Administration - Research	93.103	Department of Agriculture		386,732
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	Mental Health and Substance Abuse Services		1,023,115
Maternal and Child Health Federal Consolidated Programs	93.110	State Department of Health		212,352

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	State Department of Health		628,387
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	State Department of Health		182,022
State Health Insurance Assistance Program	93.324	Oklahoma Insurance Department		91,149
Injury Prevention and Control Research and State and Community Based Programs	93.136	State Department of Health		1,067,537
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Mental Health and Substance Abuse Services		378,228
Lab SCID Implement	93.169	State Department of Health		156,556
Family Planning - Services	93.217	State Department of Health		4,256,782
Affordable Care Act (ACA) Abstinence Education Program	93.235	State Department of Health		633,784
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Mental Health and Substance Abuse Services		6,468,681
Universal Newborn Hearing Screening	93.251	State Department of Health		287,595
Immunization Cooperative Agreements	❖ 93.268	State Department of Health		60,123,571
Adult Viral Hepatitis Prevention and Control	93.270	State Department of Health		112,466
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	State Department of Health		4,517,403
National Public Health Improvement Initiative	93.292	State Department of Health		206,210
State Partnership Grant Program to Improve Minority Health	93.296	State Department of Health		156,724
Affordable Care Act (ACA) - Maternal, Infant and Early Childhood Home Visiting Program	93.505	State Department of Health		4,643,939
ACA - Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers	93.506	State Department of Health		302,617
PPHF National Public Health Improvement Initiative	93.507	State Department of Health		104,316
Affordable Care Act - Aging and Disability Resource Center	93.517	Department of Human Services		96,439
Affordable Care Act (ACA) - Consumer Assistance Program Grants	93.519	Oklahoma Insurance Department		93,795
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		575,574
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	State Department of Health		105,668
The Patient Protection and Affordable Care Act of 2010 (ACA)	93.541	State Department of Health		19,008
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		419,224
Transitional Living for Homeless Youth	93.550	Department of Human Services		187,646
Promoting Safe and Stable Families	93.556	Department of Human Services		3,908,652
Temporary Assistance for Needy Families	93.558	Department of Human Services		88,695,753
Child Support Enforcement	93.563	Department of Human Services		46,401,964
Child Support Enforcement Research	93.564	Department of Human Services		112,563
Refugee and Entrant Assistance - State Administered Programs	93.566	Department of Human Services		1,176,805
Low-Income Home Energy Assistance	93.568	Department of Human Services		37,327,441
Community Services Block Grant	93.569	Department of Commerce		8,892,436
Child Care and Development Block Grant	93.575	Department of Human Services	64,680,062	❖
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Department of Human Services	46,768,137	❖ 111,448,199
State Court Improvement Program	93.586	Supreme Court		602,761
Community-Based Child Abuse Prevention Grants	93.590	State Department of Health		844,629
Grants to States for Access and Visitation Programs	93.597	Department of Human Services		80,365
Chafee Education and Training Vouchers Program (ETV)	93.599	Department of Human Services		651,643
Adoption Incentive Payments	93.603	Department of Human Services		1,244,000
Family Connection Grants	93.605	Department of Human Services		(12)
Head Start	93.600	Department of Commerce		170,918
The Affordable Care Act - Medicaid Adult Quality Grants	93.609	Health Care Authority		669,629
Strong Start for Mothers and Newborns	93.611	Health Care Authority		144,229
Voting Access for Individuals with Disabilities - Grants for States	93.617	State Election Board		11,814
Developmental Disabilities Basic Support and Advocacy Grants	93.630	Department of Human Services		596,114
Children's Justice Grants to States	93.643	Department of Human Services		186,016
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Department of Human Services		1,354,010
Adoption Opportunities	93.652	Department of Human Services		290,839
Foster Care - Title IV-E	93.658	Department of Human Services		44,866,539
Adoption Assistance	93.659	Department of Human Services		39,331,945
Social Services Block Grant	93.667	Department of Human Services		33,444,610
Child Abuse and Neglect State Grants	93.669	Department of Human Services		109,915
Child Abuse and Neglect Discretionary Activities	93.670	Department of Human Services		91,564
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Attorney General		1,316,492
Chafee Foster Care Independence Program	93.674	Department of Human Services		2,717,711
ARRA - Immunization	93.712	State Department of Health		72,431
State Grants to Promote Health Information Technology	93.719	Health Care Authority		7,147,615
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724	State Department of Health		20,435
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs - financed by Prevention and Public Health Funds (PPHF)	93.734	Department of Human Services		188,162

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	93.745	State Department of Health		180,603
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	State Department of Health		674,670
Children's Health Insurance Program	93.767	Health Care Authority		129,677,485 ☼
Medicare - Hospital Insurance	93.773	State Department of Health		648,734
State Medicaid Fraud Control Units	93.775	Attorney General	1,723,308 ☼	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	State Department of Health	6,861,372 ☼	
Medical Assistance Program	93.778	Health Care Authority	3,166,769,971 ☼	
ARRA-Medical Assistance Program	93.778	Health Care Authority	33,990,586 ☼	3,209,345,237 ☼
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Oklahoma Insurance Department		520,424 ♦
Money Follows the Person Rebalancing Demonstration	93.791	Health Care Authority		10,048,195
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	Health Care Authority		8,796,176
National Bioterrorism Hospital Preparedness Program	93.889	State Department of Health		4,169,543
HIV Care Formula Grants	93.917	State Department of Health		4,982,994
Cooperative Agreements to Support Comprehensive School Health Programs To Prevent the Spread of HIV and Other Important Health Problems	93.938	Department of Education		20,835
HIV Prevention Activities - Health Department Based	93.940	State Department of Health		1,604,313
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	State Department of Health		396,356
Assistance Programs for Chronic Disease Prevention and Control	93.945	State Department of Health		437,744
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	State Department of Health		141,187
Block Grants for Community Mental Health Services	93.958	Mental Health and Substance Abuse Services		4,521,824
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Mental Health and Substance Abuse Services		15,959,981
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	State Department of Health		1,053,344
Mental Health Disaster Assistance and Emergency Mental Health	93.982	Mental Health and Substance Abuse Services		668,940
Maternal and Child Health Services Block Grant to the States	93.994	State Department of Health		5,370,800
Cost Reimbursement Contracts:				
Implementation Alcohol/Drug Data Collection	-	Mental Health and Substance Abuse Services		1,566
State Outcome Measurement & Management System	-	Mental Health and Substance Abuse Services		472
Client Level Projects	-	Mental Health and Substance Abuse Services		27,120
Subtotal				\$ 3,949,992,462
<b>Corporation for National and Community Service</b>				
Direct Program:				
Foster Grandparent Program	94.011	Department of Human Services		389,405
Subtotal				\$ 389,405
<b>Social Security Administration</b>				
Direct Program:				
Social Security - Disability Insurance	96.001	Department of Rehabilitation Services		36,199,973
Subtotal				\$ 36,199,973
<b>U.S. Department of Homeland Security</b>				
Direct Programs:				
Non-Profit Security Program	97.008	Department of Public Safety		2,305,832
Boating Safety Financial Assistance	97.012	Department of Public Safety		1,055,663
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	Department of Emergency Management		595,069
Emergency Management Institute (EMI) - Independent Study Program	97.027	Department of Emergency Management		45,449
Crisis Counseling	97.032	Department of Emergency Management		251,031
Disaster Grants - Public Assistance (Presidentially Declared Disasters )	97.036	Department of Emergency Management		42,999,724 ☼
Hazard Mitigation Grant	97.039	Department of Emergency Management		16,069,145
Emergency Management Performance Grants	97.042	Department of Emergency Management		4,713,138
Cooperating Technical Partners	97.045	Department of Emergency Management		290,339
Fire Management Assistance Grant	97.046	Department of Emergency Management		2,026,315
Pre-Disaster Mitigation	97.047	Department of Emergency Management		607,381
Citizens - Community Resilience Innovation Challenge	97.053	Department of Public Safety		203,002
Interoperable Emergency Communications	97.055	Department of Public Safety		3,970
Metropolitan Medical Response System	97.071	Department of Public Safety		549,711
State Homeland Security Program (SHSP)	97.073	Department of Public Safety		5,640,676
Repetitive Flood Claims	97.092	Department of Emergency Management		79,168
Subtotal				\$ 77,435,613
<b>Total Federal Assistance</b>				\$ 7,134,973,486

☼ 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, 2014

## 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, 2014. 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**

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### **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 \$243,414,881. The federal portion of UI funds amounted to \$70,635,298 and additional funds of \$619,632 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 \$436,872,311 at June 30, 2014. 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 \$409,809,775 at June 30, 2014. 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 2014, the ODEQ withdrew federal funds in the amount of \$8,977,930. Of these funds, no funds were used for disbursements on loans originated.

### **Note 4. Cost Recovery of Federal Program Expenditures**

During fiscal year 2014, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$20,833,350 on sales of formula to participants in the Special Supplemental Nutrition 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 \$454,000 were in suspense at June 30, 2014 and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

### **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

## Notes to the Schedule of Expenditures of Federal Awards

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Department of Environmental Quality  
Insurance Department

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 of entities.

### Note 6. Department of Education Grant Transfers

The Department of Education made the following transferability payments between programs for the fiscal year 2014:

		Improving Teacher Quality State Grants <u>(CFDA 84.367)</u>
<b><u>Transferred To:</u></b>		
Title I Grants to Local Educational Agencies (CFDA 84.010)	\$	<u>3,076,569.73</u>
	\$	3,076,569.73

### 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 \$86,432,063 of the soft match provision for projects billed during fiscal year 2014. 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

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### *Financial Statements*

Type of auditor's report issued: .....unqualified

Internal control over financial reporting:

Material weakness(es) identified? .....no

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

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

For fiscal year 2014, 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, 2014, dated December 31, 2014.

### *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 Rural Areas and 93.568 – Low-Income Home Energy Assistance which were 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: .....\$21,404,920

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

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### Summary of Auditor's Results

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#### Identification of Major Programs:

	CFDA Number and Program		State Agency Name
Child Nutrition Cluster	10.553	School Breakfast Program	Department of Education
	10.555	National School Lunch Program	Department of Education
	10.555	National School Lunch Program	Department of Human Services
	10.556	Special Milk Program for Children	Department of Education
	10.559	Summer Food Service Program for Children	Department of Education
	10.559	Summer Food Service Program for Children	Department of Human Services
	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	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
	12.401	National Guard Military Operations and Maintenance (O&M) Projects	Military Department
Fish and Wildlife Cluster	15.605	Sport Fish Restoration Program	Department of Wildlife
	15.611	Wildlife Restoration and Basic Hunter Education	
	17.225	Unemployment Insurance (Regular and ARRA)	Employment Security Commission
WIA Cluster	17.258	WIA Adult Program	Department of Commerce
	17.259	WIA Youth Activities	Department of Commerce
	17.278	WIA Dislocated Worker Formula Grants	Department of Commerce
	17.268	H-1B Job Training Grants	Department of Commerce
	17.277	Workforce Investment Act (WIA) National Emergency Grants	Department of Commerce
Highway Planning and Construction Cluster	20.205	Highway Planning and Construction	Transportation Department
	20.219	Recreational Trails Program	Tourism Department
	20.509	Formula Grants for Rural Areas	Transportation Department
	66.468	Capitalization Grants for Drinking Water State Revolving Fund	Dept. of Environmental Quality
	81.041	State Energy Program (Regular and ARRA)	Department of Commerce
	84.010	Title I Grants to Local Educational Agencies	Department of Education
	84.027	Special Education – Grants to States	Department of Education
Special Education Cluster (IDEA)	84.173	Special Education – Preschool Grants	Department of Education
	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Dept. of Rehabilitation Services
	84.367	Improving Teacher Quality State Grants	Department of Education
	93.558	Temporary Assistance for Needy Families	Department of Human Services

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		CFDA Number and Program	State Agency Name
		93.568 Low-Income Home Energy Assistance	Department of Human Services
CCDF Cluster	93.575	Child Care and Development Block Grant	Department of Human Services
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Block Grant	Department of Human Services
	93.658	Foster Care - Title IV-E	Department of Human Services
	93.659	Adoption Assistance	Department of Human Services
	93.569	Community Services Block Grant	Department of Commerce
Medicaid Cluster	93.767	Children's Health Insurance Program	Health Care Authority
	93.775	State Medicaid Fraud Control Units	Attorney General
	93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Department of Health
	93.778	Medical Assistance Program (Regular and ARRA)	Health Care Authority
	93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations, and Evaluations	Insurance Department
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Emergency Management

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# Schedule of Findings

## Federal Award Findings

### And Questioned Costs

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Note: Findings are presented alphabetically by state agency.

#### Department of Education

**FINDING NO:** 2014-049

**STATE AGENCY:** Oklahoma State Department of Education

**FEDERAL AGENCY:** US Department of Agriculture

**CFDA NO:** 10.558, 10.553, 10.555, 10.556, and 10.559

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program, Child Nutrition Program Cluster

**FEDERAL AWARD NUMBER:** 14136Ok329N1099, 14146Ok329N1099

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Reporting - Federal Funding Accountability and Transparency Act (FFATA)

**QUESTIONED COSTS:** \$0

**Criteria:** 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”

2 CFR § 170.100 – *Purpose of this Part* states, “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* states, “(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 Appendix A(I)(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(I)(a)(2) – *Where and When to Report* states, “(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.

2 CFR § 170 Appendix A(I)(a)(3) – *What to Report* states, “You must report the information about each obligating action that the submission instructions posted at <http://www.fsrs.gov> specify.”

**Condition:** Based on the Child and Adult Care Food Program (CACFP) and Child Nutrition Program (CNP) Cluster being a part of the same operating block grant, both programs were reported under the same CFDA number (10.555) for FFATA reporting purposes per fsrs.gov. As a result, we tested the two programs together which consisted of two Federal Assistance Identification Number (FAIN) or grant award numbers for the reporting period tested. Total federal funds received by OSDE in FFY 2014 were \$11,667,768 for FAIN #14136OK329N1099 and \$255,475,454 for FAIN #14146OK329N1099.

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The charts below show, by grant award for federal fiscal year 2014 based on claim/service date, the attempted submissions to fsrs.gov and the successful submissions at USAspending.gov.

<u><i>For subawards over \$25,000</i></u>	<i>Total Correct Obligation amounts by FAIN #</i>	<i>Attempted Submissions to fsrs.gov</i>	<i>Difference over/(under)</i>
<i>FAIN #14136OK329N1099 – CNP &amp; CACFP TOTAL</i>	\$ 11,667,768	\$ 88,655,225	\$ 76,987,457
<i>FAIN #14146OK329N1099 – CNP &amp; CACFP TOTAL</i>	151,737,114	74,749,657	( 76,987,457)
<i>TOTALS</i>	\$163,404,882	\$163,404,882	\$ 0

<u><i>For subawards over \$25,000</i></u>	<i>Total Correct Obligation amounts by FAIN #</i>	<i>Successful Submissions at USAspending.gov</i>	<i>Difference over/(under)</i>
<i>FAIN #14136OK329N1099 – CNP &amp; CACFP TOTAL</i>	\$ 11,667,768	\$53,869,577	\$ 42,201,809
<i>FAIN #14146OK329N1099 – CNP &amp; CACFP TOTAL</i>	151,737,114	43,260,795	( 108,476,319)
<i>TOTALS</i>	\$163,404,882	\$97,130,372	(\$ 66,274,510)

In addition, we noted 193 of the 523 transactions reported in USAspending.gov for FAIN #14136OK329N1099 were not submitted timely, and 129 of the 507 transactions reported in USAspending.gov for FAIN #14146OK329N1099 were not submitted timely.

Furthermore, the program area did not reconcile attempted submissions of FFATA data by grant award for the CACFP and the CNP Cluster against the amounts that were successfully uploaded to fsrs.gov.

**Cause:** The Department did not have a system of internal control in place to ensure that subawards subject to FFATA reporting requirements were properly reported and that reports were submitted timely by the end of the month following the month in which the obligation was made.

In addition, the program area stated they were unable to successfully submit all obligations because of edits that were in the fsrs.gov system that would not allow them to re-submit obligations that contained prior errors (with the exception of a DUNS award number change).

**Effect:** The Department of Education was not in compliance with the Federal Funding Accountability and Transparency Act of 2006. In addition, we are unable to rely on the obligations recorded on USAspending.gov for the two FAIN or grant award numbers since we know obligations were recorded to the wrong grants for FFATA reporting purposes.

**Recommendation:** We recommend the Department design and implement controls to ensure that all subaward obligations over \$25,000 are reconciled by grant award number against the obligations that are uploaded to USAspending.gov to ensure FFATA reporting is complete, accurate, and timely.

#### **Views of Responsible Official(s)**

**Contact Person:** Joanie Hildenbrand, Assistant State Superintendent, Child Nutrition Programs

**Anticipated Completion Date:** April 2015, June 2015, October 2015, respectively. Please see each action below with the specific date.

**Corrective Action Planned:** For Fiscal Year 2014, the Department has been more successful than in the past to submit subaward obligations to the FSRS reporting system. However, the Department continues to experience difficulties in data submission due to errors that cannot be fixed in-house. It has reached out to sub-awardees and the FSRS helpdesk multiple times to find a resolution to the issues but has been unable to get much assistance

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### Federal Award Findings And Questioned Costs

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with fixing the errors and resubmission. In addition, the edits in the fsrs.gov system has sometimes prevented resubmission of obligations that contained prior errors. All the above factors have contributed to delay in submission and not meeting the reporting timeline.

The Department will take necessary steps to develop and implement a standardized procedure for FFATA reporting. This will include establishing controls for timely and complete reporting as well as reconciliation by program areas of obligations exceeding \$25,000 with the data uploaded to FSRS.gov. The program areas will also maintain adequate documentation on successful and unsuccessful submissions, steps taken to fix the errors and resubmission of obligations. The Department will also explore the option of manually entering the data that were rejected in the upload. This process will be time consuming and tedious and may need additional time and staff but will be considered as part of our efforts to comply with the FFATA reporting requirements.

Following are the specific actions that will be implemented by Child Nutrition Programs:

- In order to have complete and timely reporting submissions, the report will be generated using the date and amounts paid each month, rather than being based on claim submission dates—April 2015.
- Reasonable attempts will be made to resubmit failed uploads and documentation of those attempts will be maintained—April 2015.
- Reconciliation will be conducted by manual review of the USA Spending.GOV website to verify that records reported as successfully uploaded were complete and accurately uploaded—June 2015.
- The FAIN # will be audited and verified for correctness in amounts paid for each month that the initial award is made (example: 1413 vs 1414) prior to being uploaded. This will be a manual process that will be conducted by the Director of Finance—October 2015. **NOTE:** This happens at the beginning of each new federal fiscal year as that is the only time Child Nutrition Programs operate off of two different FAIN #s.

### Employment Security Commission

**FINDING NO:** 2014-039 (Repeat Finding)

**STATE AGENCY:** Oklahoma Employment Security Commission

**FEDERAL AGENCY:** U.S. Department of Labor

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** UI-22365-13-55-A-40 and UI-23912-14-55-A-40

**FEDERAL AWARD YEAR:** 2013 and 2014

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** Per OMB A-133 §.300(b), 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 requested detailed supporting data for the 9/30/13 and 6/30/14 ETA 581 quarterly reports. The data provided for the 9/30/13 quarter did not agree to the report. The data provided for the 6/30/14 quarter agreed to the report except for line 101, line 201, item 22 and item 35.

**Cause:** The data provided did not support the ETA 581 report; however, it appears OESC has improved its data validation procedures over the prior year.

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**Effect:** The data on the OESC ETA 581 report may not be accurate.

**Recommendation:** We recommend OESC perform procedures to validate the information reported on the ETA 581 Report. We also recommend that in the future, OESC maintain and provide to the State Auditor's office comprehensive source data from the system used to prepare the ETA 581 report.

**Views of Responsible Official(s)**

**Contact Person:** Shalonda Sanders

**Anticipated Completion Date:** June 30, 2015

**Corrective Action Planned:** OESC has continued making updates to the source data files since the new programming was implemented for the 3<sup>rd</sup> Quarter of 2013 (July-Sept) submission of the ETA 581; OESC anticipates all revisions/updates to be completed by June 30, 2015. OESC has also implemented a procedure to aid in validating the information reported on the ETA 581 Report; every quarter prior to submission of the federal report staff will be reviewing sample data on employer account creation and time-lapse to ensure that the programming for the report is calculating the correct creation date specifically for line 301 of the report which may also aid in line 201. OESC is now and will continue to maintain source data for each quarter from the system used to prepare the ETA 581 report and will be available for future reviews.

### Oklahoma Department of Emergency Management

**FINDING NO:** 2014-042

**STATE AGENCY:** Oklahoma Department of Emergency Management

**FEDERAL AGENCY:** United States Department of Homeland Security

**CFDA NO:** 97.036

**FEDERAL PROGRAM NAME:** Disaster Grants – Public Assistance

**FEDERAL AWARD NUMBER:** FEMA-1623, FEMA-1678, FEMA-1712, FEMA-1718, FEMA-1754, FEMA-1756, FEMA 1775, FEMA-1823, FEMA-1876, FEMA-1883, FEMA-1917, FEMA-1970, FEMA-1985, FEMA-1988, FEMA-4109, FEMA-4064, FEMA-4117, FEMA-4164

**FEDERAL AWARD YEAR:** 2013/2014

**CONTROL CATEGORY:** Reporting: Federal Funding Accountability and Transparency Act (FFATA)

**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, I.a.2.ii. states, “For subaward information, report no later than the end of the month following the month in which the obligation was made.”

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:** The Department did not ensure that subawards subject to the Federal Funding Accountability and Transparency Act (FFATA) were reported in a timely manner for 11 of 12 months in State Fiscal Year (SFY) 2014.

Of the 10 subrecipients subject to FFATA reporting in June 2014, we noted one (1) subrecipient for whom the Department did not properly report subawards issued in June 2014.



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**Cause:** The Department did not have a system of internal control in place to ensure that subawards subject to FFATA reporting requirements were properly reported and that reports were submitted timely by the end of the month following the month in which the obligation was made.

**Effect:** The Department is not in compliance with the Federal Funding Accountability and Transparency Act.

**Recommendation:** We recommend the Department develop, document, and execute internal controls to ensure the FFATA report is complete, accurate, properly supported, and timely submitted. These internal controls should provide for a detailed review and approval of the FFATA report prior to submission by an individual, other than the preparer, with adequate knowledge of the grant subawards.

#### **Views of Responsible Official(s)**

**Contact Person:** Sandra Jackson

**Anticipated Completion Date:** March 31, 2015

**Corrective Action Planned:** Oklahoma Emergency Management (OEM) acquired a listing from the FEMA Electronic Data Warehouse of all Public Assistance Grant awarded from October 1, 2010 to May 27, 2014 and entered all of this information during the month of June, 2014. Though this did not meet the requirement of reporting "no later than the end of the month following the month in which the obligation was made", OEM did make all entries and has maintained consistent monthly reporting since then.

The one subrecipient that was not properly reported in June 2014 has been corrected and the report of this filing is available at OEM. Internal controls have been included addressing actions to take when a subrecipient cannot be entered.

OEM has developed complete internal controls which will be executed beginning in March, 2015 to report the February, 2015 PA awards. This action will ensure that the FFATA reporting is complete, accurate, properly supported, and submitted in a timely manner. A second person who is knowledgeable of FFATA reporting and grant subawards will be designated to review and approve the report, request revisions or corrections as necessary, and sign and date the monthly listing of recorded PA grants awards. The monthly report will be filed for review when requested.

## Department of Health

**FINDING NO:** 2014-010

**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

**FEDERAL AWARD NUMBER:** 14146OK505W1003

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Reporting

**Criteria:** A basic objective of Generally Accepted Accounting Principles is to provide accurate, reliable, and timely information. In addition, a key element of internal controls is the performance of a reconciliation of funds between the agency and external records. The reconciliation process is essential because it ensures that accounting records are accurate and errors are detected and corrected in a timely manner.

**Condition:** The Department is not reconciling with the Office of Management and Enterprise Services (OMES) in a timely manner. The fund reconciliation for the month of December 2013 and all subsequent months, were not completed during the fiscal year ended June 30, 2014. The December reconciliation was not completed until August 2014; the January 2014 through March 2014 reconciliations were not completed until December 2014; the April and May 2014 reconciliations were not completed until January 2015; and the June 2014 reconciliation

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was not completed until February 2015, which indicates the reconciliations have not been performed in a timely manner.

**Cause:** It appears staff turnover within the Reconciliations Unit and shifts of workloads caused the reconciliation to not be prepared in a timely manner.

**Effect:** Financial information becomes less reliable as more time lapses between the time period being reconciled and the date transactions are recorded.

**Recommendation:** We recommend the Department implement processes and procedures to ensure that monthly reconciliations are prepared no later than one month after the time period that is being reconciled.

#### **Views of Responsible Official(s)**

**Contact Person:** Mark Davis

**Anticipated Completion Date:** 07/31/2015

**Corrective Action Planned:** The OSDH will implement procedures that ensure it is reconciled with the OMES on a monthly basis and in a timely manner. Having begun FY15 behind schedule on monthly reconciliations, the Department has implemented an accelerated schedule for monthly reconciliations in FY15 to ensure its monthly reconciliations are completed by the end of the month following the month being reconciled. The last month of FY15 (June) will be reconciled by the end of July, 2015, and subsequent months will be reconciled as timely.

**FINDING NO:** 2014-024 (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

**FEDERAL AWARD NUMBER:** 14146OK505W1003

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Federal Funding Accountability and Transparency Act (FFATA) 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).”

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:** The Oklahoma State Department of Health failed to report a subrecipient that received over \$25,000 in awards on the Federal Fiscal Year 2014 FFATA.

**Cause:** Current procedures that identify which subrecipients are subject to FFATA are inadequate due to a lack of communication amongst various Department divisions responsible for gathering and reporting the information.

**Effect:** By not establishing adequate procedures that address the criteria stated above, the Department is vulnerable to noncompliance. 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.

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**Recommendation:** We recommend the Department establish processes and procedures that properly identify which subrecipients are subject to the Federal Funding Accountability and Transparency Act of 2006. We recommend the Department submit a corrected report to the FFATA Sub-award Reporting System (FSRS) to include the subrecipient that was initially excluded.

**Views of Responsible Official(s)**

**Contact Person:** Mark Davis

**Anticipated Completion Date:** 04/30/2015

**Corrective Action Planned:** The corrective action taken in the previous year involved the use of a log for tracking subrecipient FFATA information. However, there was no measure taken to ensure completeness of this log. We are currently reviewing options for ensuring completeness of the log and will implement a solution. A solution will be implemented to ensure compliance moving forward and a corrected report will be submitted to the FSRS to include the subrecipient that was initially excluded.

### Health Care Authority

**FINDING NO:** 2014-009

**STATE AGENCY:** Oklahoma Health Care Authority (OHCA)

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1305OK5MAP, 1405OK5MAP

**FEDERAL AWARD YEAR:** 2013, 2014

**CONTROL CATEGORY:** Allowable Costs/Cost Principles, Special Tests and Provisions: Utilization Control and Program Integrity

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

**Condition:** All Behavioral Health Inspections of Care (IOC) reviews are audited by a medical analyst in the Provider Services Unit. To ensure an independent review of the Inspections of Care, the Provider Services Unit is functionally independent of the Behavioral Health Operations Unit where the Inspections of Care are actually performed. Of the 87 IOC reviews performed by the Behavioral Health Operations Unit during SFY2014, we noted four instances where the completed IOC review was not audited by the Provider Services Unit.

**Cause:** OHCA did not ensure that all in-house Behavioral Health IOC reviews performed during SFY2014 were sufficiently reviewed and monitored.

**Effect:** Failure to perform established procedures could result in inaccurate and/or unreliable information related to the recoupment of provider overpayments.

**Recommendation:** We recommend that OHCA evaluate the current internal control structure over Behavioral Health Inspections of Care and determine why the deficiency in internal controls occurred. Once this has been determined, we recommend that OHCA design and implement the necessary internal controls to ensure that all Inspections of Care are appropriately reviewed and monitored.

**Views of Responsible Official(s)**

**Contact Person:** Kelly Shropshire

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** The 4 cases were reviewed 10/07/2014 and pertinent info was sent to Finance that day. Provider Services will reconcile the number of reviews to the number of audits submitted by the BH Unit to ensure all are reviewed.

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**FINDING NO:** 2014-012

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1305OK5MAP, 1405OK5MAP, 1105OKARRA

**FEDERAL AWARD YEAR:** 2013, 2014

**CONTROL CATEGORY:** Reporting, Special Tests and Provisions: R2 – Presentation on the Schedule of Expenditures of Federal Awards and Data Collection Form

**QUESTIONED COSTS:** \$0

**Criteria:** Per OMB A-133 §\_\_\_\_.300, “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 [and] (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.”

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

**Condition:** Cash-basis Federal expenditures for the American Recovery and Reimbursement Act (ARRA) portion of the Medical Assistance Program (MAP) were overstated on the SFY 2014 Schedule of Expenditures of Federal Awards (SEFA) by \$2,624,118.

**Cause:** The calculation of Federal cash-basis expenditures for MAP-ARRA was not adequately reviewed for accuracy prior to being reported on the SEFA.

**Effect:** The total cash-basis ARRA expenditures for the MAP program were not accurately reported on the SEFA.

**Recommendation:** Since the Authority has previously revised the SEFA to correct the issue noted in this finding, we recommend management review the current procedures in place to determine where the breakdown in the internal control processes 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:** The Federal cash-basis expenditures for MAP-ARRA were adequately reviewed by the supervisor and corrected in the workpapers. The reporting error on the SEFA occurred because an older electronic version of the SEFA was sent to the Office and Management and Enterprise Services (OMES) rather than the corrected version. In order to document the review process, all versions of the report are kept in the workpapers. To ensure accurate reporting on the SEFA in the future, once printed and reviewed, only the approved final report will be kept in the electronic file.

**FINDING NO:** 2014-025 (Repeat Finding)

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.767

**FEDERAL PROGRAM NAME:** Children’s Health Insurance Program

**FEDERAL AWARD NUMBER:** 1205OK5021 and 1305OK5021

**FEDERAL AWARD YEAR:** 2012 and 2013

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

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#### QUESTIONED COSTS: \$108

**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.1.d), "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 72 claims for Children's Health Insurance Program recipients, four (4) claims had payment errors resulting in questioned costs. In addition, two (2) claims had documentation errors. Since the supporting documentation indicated the services provided did meet Medicaid policy/regulatory requirements and were adequately supported by medical records or other evidence indicating that the service was actually provided and/or necessary, we will not question the cost of these two claims.

**Cause:** Four (4) claims submitted by providers were not appropriately supported by medical records, and for the two (2) other claims, claim documentation submitted to the Authority indicated a different rendering provider than the provider documented in the supporting documentation.

**Effect:** The Authority may be paying for unallowable costs and for services that are not being performed.

**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:** April 1, 2015

**Corrective Action Planned:** OHCA will continue its Clinical Audit and Payment Accuracy Measurement processes to ensure oversight of the program. Regarding these specific findings, the federal share will be returned to CMS.

**FINDING NO:** 2014-026 (Repeat Finding)

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1305OK5MAP, 1405OK5MAP

**FEDERAL AWARD YEAR:** 2013 and 2014

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

**QUESTIONED COSTS:** \$84

**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.1.d), "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 72 claims for the Medical Assistance Program recipients, three (3) claims had payment errors resulting in questioned costs.

**Cause:** The payment errors consisted of three claims paid that were not appropriately supported by medical records.

## Schedule of Findings

### Federal Award Findings And Questioned Costs

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**Effect:** The Authority may be paying for services that are not being performed or are not medically necessary.

**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:** April 1, 2015

**Corrective Action Planned:** OHCA will continue its Clinical Audit and Payment Accuracy Measurement processes to ensure oversight of the program. Regarding these specific findings, the federal share will be returned to CMS.

**FINDING NO:** 2014-043

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** United States Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1305OK5MAP, 1405OK5MAP

**FEDERAL AWARD YEAR:** 2013, 2014

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$703,300

**Criteria:** Instructions on the Medicaid.gov website at <http://medicaid.gov/Medicaid-CHIP-Program-Information/By-Topics/Data-and-Systems/MBES/CMS-64-Quarterly-Expense-Report.html> state, "Form CMS-64 is a statement of expenditures for which states are entitled to Federal reimbursement under Title XIX.... Consequently, the amount claimed on the Form CMS-64 is a summary of expenditures derived from source documents such as invoices, cost reports and eligibility records."

42 CFR 433.10 (a), Sections 1903(a)(1), 1903(g), and 1905(b) provide for payments to States on the basis of a Federal medical assistance percentage for part of their expenditures for services under an approved State plan.

**Condition:** Line 18B1 – *Prepaid Ambulatory Health Plan* Federal expenditures were under reported by \$1,251,397 and Line 18B1a – *MCO PAHP - Evaluation and Management* Federal expenditures were over reported by \$1,954,697 on the quarter ending (QE) 3-31-14 Form CMS-64.9 Waiver (1115 – TANF Rural) Report.

**Cause:** It appears Prepaid Ambulatory Health Plan expenditures were erroneously reported under line 18B1a instead of line 18B1 due to a clerical error.

**Effect:** The CMS 64 reports are set up to automatically calculate the amount of Federal share for each line item. Because Federal expenditures for line 18B1a – *MCO PAHP - Evaluation and Management* are paid at 100% and Federal expenditures for Line 18B1 – *Prepaid Ambulatory Health Plan* are paid at the regular FMAP rate of 64.02%, Federal expenditures were overstated \$703,300.

**Recommendation:** We recommend OHCA correct the errors on the next quarter's Form CMS-64 Report as a prior period adjustment.

**Views of Responsible Official(s)**

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** 4/30/2015

**Corrective Action Planned:** A prior period adjustment will be made on the quarter ending 3/31/15 CMS-64 Report.

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#### Department of Human Services

**FINDING NO:** 2014-001 (Repeat Finding)

**STATE AGENCY:** Oklahoma 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:** 14B1OKLIEA

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** The instructions for the *LIHEAP Household Report for FFY 2013–Long Form* (Uniform Counting and Reporting section) state, “Annual gross household incomes, adjusted by the number of household members (household size), are to be used in computing household poverty percentages, using the 2012 HHS Poverty Guidelines that were in effect at the beginning of FFY 2013 (October 1, 2012)”.

Additionally, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition:** We were unable to recompute the household counts by poverty level reported by the Department on the FFY2013 LIHEAP Household Report. It appears that the Department used the 2010 HHS poverty guidelines when compiling the household counts for this report rather than the required 2012 HHS poverty guidelines.

Additionally, we were unable to recompute the count reflected in Section III – Number of Assisted Households by Vulnerable Population, Line 2. Cooling, Column D. – Elderly, Disabled, or Young Child. The count reflected in this section of the FFY2013 LIHEAP Household Report reflects 55,845 however when we recalculated this figure we noted 57,999 cases in the data file that met this description.

**Cause:** The poverty levels within the Department’s system were not updated properly to the 2012 HHS poverty guidelines. Additionally, it appears an error was made when compiling the count reflected in Section III – Number of Assisted Households by Vulnerable Population, Line 2. Cooling, Column D. – Elderly, Disabled, or Young Child. These errors were not detected during the review process prior to submission of this report.

**Effect:** The FFY2013 LIHEAP Household Report is not accurate.

**Recommendation:** We recommend that OKDHS implement procedures to ensure the proper HHS poverty guidelines are utilized in the preparation of the LIHEAP Household Report each year. Additionally, we recommend the Department revise the FFY2013 Household Report to reflect household counts according to the 2012 HHS Poverty Guidelines. Further, we recommend OKDHS review the current review process of this report to ensure all fields are checked against supporting documentation prior to submission.

#### **Views of Responsible Official(s)**

**Contact Person:** James Conway

**Anticipated Completion Date:** 8/1/15

**Corrective Action Planned:** Concur. AFS LIHEAP staff implemented an approval process to ensure the LIHEAP Household Report contains the proper HHS poverty guidelines. AFS will verify the approval process is adequate and request OMES ISD update the system to reflect appropriate federal poverty guideline for FFY prior to running reports necessary for completion of the household report, as necessary. The FFY13 revised version of HH report for FFY13 was submitted 12/16/13 and was accepted by HHS.

**FINDING NO:** 2014-003

**STATE AGENCY:** Oklahoma Department of Human Services

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**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.568  
**FEDERAL PROGRAM NAME:** Low Income Home Energy Assistance Program  
**FEDERAL AWARD NUMBER:** 13B1OKLIEA; 12B1OKLIEA  
**FEDERAL AWARD YEAR:** 2013 and 2012  
**CONTROL CATEGORY:** Reporting  
**QUESTIONED COSTS:** \$0

**Criteria:** Per OMB A-133 §.300(b), OKDHS 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, a component objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition:** We noted the same \$3,441,970 in LIHEAP expenditures was reported on both the FFY12 and FFY13 LIHEAP Federal Financial Reports.

**Cause:** Human error caused the reporting mistakes. Additionally, the report review process failed to detect the inaccuracies.

**Effect:** The FFY2013 and FFY2012 Federal Financial Reports are not accurate.

**Recommendation:** We recommend that OKDHS implement procedures to ensure financial reports are adequately reviewed prior to submission to avoid errors such as those noted above. Additionally, we recommend the FFY2012 and FFY2013 Federal Financial Reports be revised to report the correct expenditure amounts.

#### **Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** August 8, 2014

**Corrective Action Planned:** Concur. A review was conducted with the accountant resulting in new worksheets to support expenditure reports. In addition, the importance of the review prior to submission has been stressed to the reviewer. Revised Federal Financial Reports for FFY2012 and FFY2013 were submitted on August 8, 2014.

**FINDING NO:** 2014-005

**STATE AGENCY:** Oklahoma 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:** 13B1OKLIEA

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** Per OMB A-133 Part 3 – Subrecipient Monitoring, OKDHS is responsible for:

- *Award Identification* – “At the time of the subaward, identifying to the subrecipient the Federal award information (i.e., CFDA title and number; award name and number; if the award is research and development; and name of Federal awarding agency) and applicable compliance requirements.”
- *During Award Monitoring* – “Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.”



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- *Subrecipient Audits* – “(1) Ensuring that subrecipients expending \$500,000 or more in Federal awards during the subrecipient’s fiscal year for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133 have met the audit requirements of OMB Circular A-133 (the circular is available at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and that the required audits are completed within 9 months of the end of the subrecipient’s audit period; (2) issuing a management decision on audit findings within 6 months after receipt of the subrecipient’s audit report; and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.”

**Condition:** Based on review of the FFY 2013 OKDHS weatherization contract and award letter with the Oklahoma Department of Commerce (ODOC), we noted they did not indicate the CFDA title and number, award name and number, if the award is research and development, the name of the Federal Awarding Agency, or applicable compliance requirements.

Through discussion with LIHEAP management, we noted there is no review performed by OKDHS of LIHEAP expenditures incurred by ODOC nor does OKDHS contact ODOC to ensure they are administering the award in accordance with the grant requirements. Further, OKDHS does not obtain and review ODOC’s annual A-133 audit.

**Cause:** Management does not appear to be aware of the subrecipient monitoring requirements.

**Effect:** OKDHS is not in compliance with the criteria above. Additionally, the subrecipient may not be spending federal funds in accordance with program requirements.

**Recommendation:** We recommend that OKDHS implement procedures to immediately inform the subrecipient of all necessary information as required by A-133 for the current awards, and ensure future subrecipient contracts or award letters contain all necessary information as required by A-133. Further, we recommend the agency require LIHEAP staff to review expenditures made by subrecipients as well as perform random on-site visits to ensure the subrecipient administers the Federal Award in compliance with laws, regulations, and the provisions of contracts or grant agreements. Lastly, we recommend the agency obtain and review the FFY 2013 A-133 audit for the subrecipient, as well as all future audits of subrecipients of the LIHEAP program.

#### **Views of Responsible Official(s)**

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** 7/1/15

**Corrective Action Planned:** Concur. AFS will implement procedures to ensure subrecipients are informed of all necessary information required by A-133. AFS will inform subrecipient of all necessary information required by A-133 by 7/1/15 and will also ensure that future contracts and/or award letters contain all necessary information as required by A-133 and that these award letters are provided to the CARE unit. In addition, the agreement with ODOC has been revised to include specific language naming a contract monitor as well as a review of the A-133 audit. The A-133 audit for FFY13 has also been received from the subrecipient and reviewed by appropriate DHS staff. The review of the A-133 audit concluded that all compliance aspects were met and that the independent audit firm provided a clean opinion.

**FINDING NO:** 2014-006

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.658, 93.778

**FEDERAL PROGRAM NAME:** Foster Care Title IV-E, Medical Assistance Program

**FEDERAL AWARD NUMBER:** Various

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Allowable Costs/Cost Principles - Random Moment Time Study

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**QUESTIONED COSTS:** \$ 313,380

**Criteria:** 45CFR95.507(b)(8)(ii) states, "The cost allocation plan shall contain a certification by a duly authorized official of the State stating that the costs are accorded consistent treatment through the application of generally accepted accounting principles appropriate to the circumstances."

OKDHS:2-11-60(1)(B) states, "The Finance Division oversees the collection of data necessary for allocations and distribution."

OKDHS:2-11-60(1)(B) states, "The Finance Division uses generally accepted accounting procedures of costs as described in the cost allocation plan."

A basic objective of generally accepted accounting principles is to provide accurate and reliable information.

**Condition:** The Random Moment Responses by Code Report for Child Welfare Services is understated by 210 responses for the quarter ending 12/31/13.

**Cause:** A portion of the month of October 2013 was omitted when the Random Moment Responses by Code Report for Child Welfare Services was generated.

**Effect:** The cost pool 655 (Child Welfare Services) allocation percentages are inaccurate causing the amount allocated to the Foster Care and Medicaid programs to be overstated by a total of \$313,380. See program breakdown in the table below:

CFDA#	Program	Overstated/(Understated)
93.658	Foster Care	\$128,099
93.778	Medicaid	\$185,281
<b>Total</b>		<b>\$313,380</b>

**Recommendation:** We recommend the Department follow the established procedures to ensure response data is accurate before the data is applied to allocation schedules used to allocate costs amongst federal programs. Additionally, we recommend an adjustment be made as soon as possible to correct for this error.

#### **Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** September 30, 2014

**Corrective Action Planned:** Concur. Although procedures exist to verify the accuracy of the RMTS schedules, the review of supporting documentation failed to detect the reports were processed from October 10<sup>th</sup> through October 31<sup>st</sup>; rather than starting on October 1<sup>st</sup>. A prior three-year trending analysis has been established, on both a monthly and quarterly basis, to verify RMTS responses to ensure accuracy of future RMTS schedules. Furthermore, a net adjustment of \$120,214.02 will be made to the Agency's cost allocation for the quarter ending September 30, 2014, to reflect the correct allocation of costs for this time period. A copy of the adjustment has been provided to the State Auditor & Inspector's office.

**FINDING NO:** 2014-015 (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:** G1401OKTANF

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Activities Allowed or Unallowed and Eligibility

**QUESTIONED COSTS:** \$ 435

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**Criteria:** OAC 340:65-3-1(a) states in part, “The process of determining eligibility includes the applicant filing an application, the worker certifying or denying benefits, and all subsequent activities required to receive continuous benefits...” “

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

OAC 340:65-1-3 Instructions to Staff states in part, “(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, the Oklahoma Department of Human Services (OKDHS) retains these records for at least three years after all benefits included in the case have expired...”

OAC 340:65-3-8(e)(1)(A) states in part, “Whether an interview is required for a benefit renewal varies depending on the program. A face-to-face interview is required for the TANF program.”

**Condition:** When testing 60 of 12,958 TANF cases, we noted the following:

- One case where the documentation for a TANF eligibility redetermination consisted of case notes documenting an interview conducted over the telephone. (Questioned Costs \$0)
- One case where no documentation of a TANF eligibility redetermination was found in the case file for benefits paid during SFY 2014. (Questioned Costs \$435)

**Cause:** In the case of the interview conducted by phone, this redetermination was not performed according to DHS policy. In the case of the redetermination that could not be located, this redetermination was either not performed or was not properly documented.

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

**Recommendation:** We recommend the Department follow policy and complete eligibility redeterminations and document those redeterminations for TANF recipients as required. Also, we recommend the Department ensure that the redetermination documentation is maintained in the case records.

#### **Views of Responsible Official(s)**

**Contact Person:** Paulette Bushers, TANF Program Manager

**Anticipated Completion Date:** 03/10/15

**Corrective Action Planned:** Concur. The appropriate Deputy and County Director has been advised of the error on this case. A TANF “Back-to-Basics” training emphasizing existing policy for redetermination procedures was held within the respective county offices. The trainings were held on 3/9/15 in Hughes County and 3/10/15 in Oklahoma County, office 55C.

**FINDING NO:** 2014-016 (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:** G1401OKTANF

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$ 0

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

**Cause:** The figure reported on line 8.b of the ACF-204 was not adequately reviewed for accuracy prior to submission.

**Effect:** The Department may not be in compliance with the above instructions, which may result in applicable MOE penalties.

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

#### **Views of Responsible Official(s)**

**Contact Person:** Paulette Bushers, TANF Program Manager

**Anticipated Completion Date:** 03/02/15

**Corrective Action Planned:** Concur. Supporting documentation had the correct number of children served in child care; however, there was a typographical error when transferring the information into the ACF 204 attachment form. The existing review procedures will be emphasized in the future. The correction has been made and re-submitted into OLDC on 03/02/15.

**FINDING NO:** 2014-017 (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:** G1401OKTANF

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Special Tests and Provisions – Child Support Non-Cooperation

**QUESTIONED COSTS:** \$ 0

**Criteria:** 45 CFR Sec. 264.30 states “(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause

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determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program.”

OAC 340:65-1-3 states in part, “...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 states in part, “(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, the Oklahoma Department of Human Services (OKDHS) retains these records for at least three years after all benefits included in the case have expired...”

OAC 340:10-10-5(a) states in part, “As a condition of eligibility, when the reason for deprivation is absence, each applicant or recipient of Temporary Assistance for Needy Families (TANF) must assign to the Oklahoma Department of Human Services (OKDHS) any support rights, including cash medical, that is pending or continuing for any family member included in the assistance unit. Failure to assign support rights makes the assistance unit ineligible for TANF.”

OAC 340:10-10-5(b) states in part, “As a condition of eligibility for TANF, each applicant or recipient must cooperate with OKDHS in obtaining support for each child of the individual. Failure of the applicant or recipient to cooperate without good cause may be indicated either during the intake interview or at any time further action by the recipient is necessary.”

**Condition:** When testing 60 of 12,958 cases, we noted one case where no documentation could be found in the case file requiring the applicant to cooperate with the State in obtaining child support or requiring the applicant to assign the support rights to the State for benefits paid during SFY 2014.

**Cause:** The TANF applicant was either not required to cooperate with the State concerning child support or the applicant's cooperation was not properly documented.

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

**Recommendation:** We recommend the Department follow policy and document the applicant's cooperation with the State concerning child support. Also, we recommend the Department ensure that the documentation is maintained in the case records.

#### **Views of Responsible Official(s)**

**Contact Person:** Paulette Bushers, TANF Program Manager

**Anticipated Completion Date:** April, 2015

**Corrective Action Planned:** Concur. The Deputy Director and County Director have been notified of the error on the case in question. AFS staff will review policy and procedures regarding TANF reviews, proper forms to be imaged into the case file and emphasis placed on documenting the discussion of required cooperation with child support services.

**FINDING NO:** 2014-019 (Repeat Finding)

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.558

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**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1401OKTANF

**FEDERAL AWARD YEAR:** 2014

**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:** When testing 60 of 12,958 cases, we noted eight cases 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. This process was either omitted or not documented when determining eligibility.

**Effect:** The income used to determine a TANF applicant's eligibility may not be accurate which could allow for an ineligible recipient to receive benefits.

**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:** Paulette Bushers, TANF Program Manager

**Anticipated Completion Date:** April, 2015

**Corrective Action Planned:** Concur. The Deputy Directors for each Region as well as the County Directors for each county with cases in error are being advised of the error on the cases. AFS will perform a Back-to-Basics trainings for all TANF Supervisors and Workers to stress the importance of existing policy and procedures regarding reviewing the ACES screens (IEVS), information that should be imaged into the case file, and proper documentation of this action in case notes.

**FINDING NO:** 2014-020 (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:** G1401OKTANF

**FEDERAL AWARD YEAR:** 2014

**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 OAC 340:65-3-4-4 (C) states, "Automated data exchange with other agencies provides benefit, wage, tax information, and verification of Social Security numbers. The information obtained is electronically

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compared with data stored within OKDHS electronic records to determine if there are discrepancies that need to be addressed. Automated data exchange information is also available within the OKDHS system to determine discrepancies. The worker is responsible for: (C) resolving data exchange discrepancy messages within 45 calendar days of the date the message is posted on the data exchange inquiry screen.”

**Condition:** We performed testwork on the SFY 2014 G1DX Exception and Clearance Reports. We noted the following:

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	3,252	24,283	13.39%
IEV	0	0	0%
OWG	2,728	25,744	10.60%
SDX	8,312	97,683	8.51%
SNH	6,437	53,784	11.97%
UIB	949	9,687	9.80%
<b>TOTAL</b>	<b>21,678</b>	<b>211,181</b>	<b>10.27%</b>

**Cause:** The discrepancies were not cleared within the allowable 45 days per OKDHS policy due to an inadequate number of personnel assigned these duties.

**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 45 days allowed under current OKDHS policy.

#### **Views of Responsible Official(s)**

**Contact Person:** James Conway

**Anticipated Completion Date:** July 1, 2015

**Corrective Action Planned:** Concur. Data exchange is required to be utilized whenever action is taken on a case and when a discrepancy is identified through automated data comparison. DHS has been working with competing priorities to ensure benefit delivery to eligible citizens within federally mandated timeliness guidelines. Although the stated goal for discrepancy clearance is 45 days, federal policy does allow for leeway when secondary verification is required. With the focus on timely benefit actions DHS has achieved a success rate of over 89 percent. Of the discrepancies cleared in SFY14 only 20 percent impacted eligibility, and for the subset of untimely clearances only 12 percent impacted eligibility. Adult and Family Services has dedicated resources for 2015 to automate discrepancy data gathering on self-service cases and will continue to work on projects that may allow staff to focus more on discrepancy clearance. AFS will provide an electronic update prior to July 1, 2015, to management staff to remind them of the data discrepancy process.

**FINDING NO:** 2014-021

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.558

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**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families

**FEDERAL AWARD NUMBER:** G1401OKTANF

**FEDERAL AWARD YEAR:** 2014

**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 OAC 340:65-3-4-4 (C) states in part, "Automated data exchange with other agencies provides benefit, wage, tax information, and verification of Social Security numbers. The information obtained is electronically compared with data stored within OKDHS electronic records to determine if there are discrepancies that need to be addressed."

**Condition:** During testing of 5 of the 17 IEVS data exchange jobs, we noted 3 of the jobs were not run as scheduled. See below:

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
CSCRSMDR/CN754D	OTC	Daily	12/17/13 through 01/02/14
BNDXXMT/CB397MX	SSA	Monthly	November 2013
CB060M	IRS	Monthly	August 2013 through June 2014

**Cause:** Lack of oversight in maintaining the IEVS processes to support income verification through data exchange.

**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 emphasize to staff the importance of maintaining the IEVS processes to support income verification through data exchange to ensure ineligible individuals do not receive TANF benefits.

#### **Views of Responsible Official(s)**

**Contact Person:** James Conway

**Anticipated Completion Date:** July 1, 2015

**Corrective Action Planned:** Concur. Due to communication and equipment failure by OMES-ISD staff the IRS process did not meet the frequency requirements. However, AFS has discussed the incidents with OMES-ISD Executive Staff and effective immediately OMES staff will notify AFS staff immediately of any IEVS data exchange job failure. In regards to the OTC and SSA jobs; a notice is issued to DHS, by the respective agency, notifying DHS staff of a moratorium action. The jobs in question were not run for the time frame in question. In response, AFS staff will emphasize to staff the importance of maintaining the IEVS process to support income verification through data exchange to ensure ineligible individuals do not receive TANF benefits.

**FINDING NO:** 2014-022 (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 (LIHEAP)



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**FEDERAL AWARD NUMBER:** 2013G992201 (Cooling); 2014G992201 (Heating/ECAP)

**FEDERAL AWARD YEAR:** 2013/2014

**CONTROL CATEGORY:** Activities Allowed/Unallowed, Allowable Costs/Cost Principles, Eligibility

**QUESTIONED COSTS:** \$2,232

**Criteria:** Per 45 CFR § 96.30(a), “Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (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.”

Per OMB A-133 §.300, “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 [and] (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.”

Per OAC 340:20-1-17(e)(2), (3) and (4), an ECAP eligible household is one such that “(2) Household service was discontinued or terminated by the energy supplier, or the household received: (A) notice of scheduled cut-off within 72 hours; (B) notice of refusal to provide additional energy needs by the supplier when supply of fuel will be depleted within 72 hours or less; or (C) information regarding fee for a new connection. (3) The household must have experienced a precipitating factor that caused the household to choose between paying the energy bill and another vital household need. Acceptable factors preventing payment of the energy bill include but are not limited to, situations causing the household to make a choice between paying the energy bill and: (A) purchasing sufficient food for the household; (B) paying for emergency situations such as medical expenses and disaster recovery; or (C) providing clothing for children in the household. (4) The worker must verify the energy crisis need cannot be met by available income and liquid resources...”

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

Per OAC 340:20-1-11, “All gross earned and unearned income, except for those income sources shown in (b) of this Section, received by the household is considered in determining financial eligibility. Eligible households must meet the income standard less the earned income deduction as shown on Oklahoma Department of Human Services (OKDHS) Appendix C-7, Low Income Home Energy Assistance Program Income and Resource Level by Household Size.”

Per OAC 340:20-1-12 (6), “In order to ensure that payments are made to the correct energy supplier for gas and electricity, the household must provide the account name and number for the appropriate utility bill. For households using gas or electricity, it is necessary to see the household's most recent paid or unpaid bill or to obtain verification from the utility supplier.” Additionally, Instructions to Staff 340:20-1-12 (2) state, “A copy of the bill is filed or imaged in the case record, or verification from the energy supplier is recorded in the case record.”

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.”

A basic objective of generally accepted accounting principles is to provide accurate and reliable information. Further, an effective internal control system provides for proper record retention to ensure that all information and transactions are accurately recorded and retained.

**Condition:** We observed the following during testing of 60 benefit payments:

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- Two instances where the ECAP case record did not contain the required crisis documentation. (Questioned Costs: \$327)
- Two instances where the case files could not be located for testing. (Questioned Costs: \$1,138)
- Three instances where verification of household income was not properly documented through the use of the LIHEAP Walk-In Checklist or any other method. (Questioned Costs: \$0)
- Two instances where an energy bill was not obtained to support the payment. (Questioned Costs: \$0)
- Five instances where the application documentation and support did not coincide with the benefit authorization details (household sizes did not match, income levels didn't match) therefore we could not establish that a proper determination had been made. (Questioned Costs: \$767)

**Cause:** Case records are not being adequately documented to support the determinations made.

**Effect:** The State may be paying ineligible recipients and/or incorrect benefit amounts to recipients. Additionally, benefit payments may be issued for unallowable costs and activities. These conditions may prevent the State from meeting LIHEAP program objectives.

**Recommendation:** We recommend OKDHS implement procedures to ensure that LIHEAP eligibility is adequately documented and properly maintained in the case record. Additionally, we recommend OKDHS provide training to LIHEAP employees stressing the importance of adequate documentation of determinations made.

**Views of Responsible Official(s)**

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** 7/1/15

**Corrective Action Planned:**

Bullet 1: Partially Concur. AFS LIHEAP reviewed both cases in question and concur that one instance is correct. However, AFS LIHEAP staff reviewed case H068611 and do not concur. The caseworker provided notes on the application that verify a crisis was established when the vendor was contacted and benefits were calculated. AFS LIHEAP staff updated the application as of July 2014 to include a statement to ensure the crisis is clearly documented. Instructions to staff regarding proper documentation of eligibility are provided with processing instructions prior to each program. In addition, AFS LIHEAP will emphasize the importance of adequate documentation and provide separate instructions to county directors prior to LIHEAP open application periods.

Concur. Bullets 2, 3, 4, 5. AFS LIHEAP will continue to emphasize existing procedures to staff regarding proper documentation of eligibility documentation prior to LIHEAP open application periods. In addition, AFS LIHEAP staff will provide separate instructions to county directors prior to LIHEAP open application periods.

**Auditor Response:**

Bullet 1: We reviewed the notes on the application made by the caseworker for case H068611. The notes consisted of a price quote from the vendor. We do not feel this is adequate documentation to establish that the household was experiencing a crisis situation making them eligible for ECAP benefits.

**FINDING NO:** 2014-027

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.575, 93.596

**FEDERAL PROGRAM NAME:** Child Care and Development Fund

**FEDERAL AWARD NUMBER:** 1301OKCCDF and 1401OKCCDF

**FEDERAL AWARD YEAR:** 2013 and 2014

**CONTROL CATEGORY:** Health and Safety Requirements

**QUESTIONED COSTS:** \$0

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**Criteria:** CFR 45 §98.41 Health and safety requirements states, in part, “(a) Although the Act specifically states it does not require the establishment of any new or additional requirements if existing requirements comply with the requirements of the statute, each Lead Agency shall certify that there are in effect, within the State (or other area served by the Lead Agency), under State, local or tribal law, requirements designed to protect the health and safety of children that are applicable to child care providers of services for which assistance is provided under this part. Such requirements shall include:

- (1) The prevention and control of infectious diseases (including immunizations).
- (2) Building and physical premises safety; and
- (3) Minimum health and safety training appropriate to the provider setting.”

OAC 340:110-1-9 (a) Periodic monitoring visits states, “The Oklahoma Child Care Services (OCCS) licensing staff makes a minimum of three unannounced monitoring visits to facilities that operate a full-year program and two unannounced monitoring visits annually to facilities that operate less than a full year.”

OAC 340:110-3-11(a)(8) states in part, “Ongoing approvals by fire and health are required every two years.”

OAC 340:110-1-9 (b) states, “Ongoing monitoring: During monitoring visits, the licensing staff observes the entire facility, including outdoor play space and vehicles used for transportation, if available. At or subsequent to each visit, licensing staff checks:

- (1) compliance with licensing regulations;
- (2) records for new staff including staff sheets and compliance with background investigations per OAC 340:110-1-8.1;
- (3) staff training records;
- (4) Oklahoma Department of Human Services (OKDHS) computer checks on applicable persons per OAC 340:110-1-8.1;
- (5) fire and health inspections within the last 24 months, if applicable;
- (6) Form 07LC092E, Insurance Verification, within the last 12 months, or posting of Form 07LC093E, Insurance Exception Notification; and
- (7) other documentation requiring renewal.”

Instructions to Staff OAC 340:110-1-9(3) states, “Licensing staff:(1) documents observations and discussions on the appropriate monitoring report, enters the information from the monitoring report onto the licensing database, provides copies of the monitoring report within five business days to the facility's owner/operator and files the original in the facility's file in the local Oklahoma Department of Human Services (OKDHS) office.”

In regard to centers, OAC 340:110-1-4.1 (2) states in part, “07LC003E, Monitoring Report - Child Care Center. Form 07LC003E is used by licensing staff to document compliance with requirements during a monitoring visit at a child care center and record any other information obtained.”

In regard to homes, OAC 340:110-1-4.1 (10) states in part, “(10) 07LC014E, Monitoring Report - Family Child Care Home. Form 07LC014E is used to document compliance with requirements during a monitoring visit to a family child care home and record other information obtained.”

A basic objective of generally accepted accounting principles is to provide accurate and reliable information. Further, an effective internal control system provides for proper record retention to ensure that all information and transactions are accurately recorded and retained.

**Condition:** We noted the following during testing of 60 of 2,109 daycare centers and homes:

- 3 centers where the health inspector visits were not up to date
- 33 centers/homes where we could not determine that monitoring checklists were adequately documented in relation to compliance with the health and safety requirements

In addition, we noted the monitoring visit tracking methods in place vary greatly amongst workers and/or locations. The system generated tracking mechanism is not being incorporated into the tracking process at times.

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**Cause:** Monitoring visits are not being adequately documented. Additionally, required health inspector visits were not performed in some instances.

**Effect:** The agency may not be in compliance with the above stated requirements. Additionally, if health and safety requirements are not met at each home/center, children in these facilities are at risk for illness and injury. Further, the lack of a required comparison back to the system tracking reports could potentially result in a facility not being monitored appropriately.

**Recommendation:** We recommend the agency implement procedures to ensure all monitoring visits are documented in a manner that clearly conveys the compliance determination of all requirements for the facility. In addition, we recommend training be provided to all monitoring staff to ensure all monitoring visits are performed in a consistent manner and are adequately documented. Further, we recommend the importance of the use of the system tracking report be emphasized to all staff.

#### **Views of Responsible Official(s)**

**Contact Person:** Lesli Blazer

**Anticipated Completion Date:** September 2014/December 2015

#### **Corrective Action Planned:**

Bullet 1: Concur. Child Care staff is responsible for requesting the review of the facility by the Health Inspector. An inconsistency was found in the reporting system for Health Inspection requests that made the system inoperable; however, the inconsistency has been corrected as of September 2014 and all Health Inspection visits are now being requested timely.

Bullet 2: Do not concur. Based on documentation provided to the State Auditor & Inspector it appears CCS staff followed existing DHS policy, 340:110-1-9, when completing the monitoring checklists. In addition CCS staff complete rigorous training to ensure the monitoring visits and checklists are completed according to DHS policy.

To help prevent future audit findings, the State Auditor & Inspector has recommended that a statement be added to the monitoring checklist stating all areas not indicated with a non-compliance checkmark were monitored and found to be compliant at the monitoring visit. CCS staff has agreed to modify the form, even though CCS staff feels the existing process complies with existing DHS policy.

**FINDING NO:** 2014-029

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.575, 93.596

**FEDERAL PROGRAM NAME:** Child Care and Development Fund

**FEDERAL AWARD NUMBER:** 1301OKCCDF and 1401OKCCDF

**FEDERAL AWARD YEAR:** 2013 and 2014

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Eligibility

**QUESTIONED COSTS:** \$467

**Criteria:** OAC 340:65-3-1(a) states in part, "The process of determining eligibility includes the applicant filing an application, the worker certifying or denying benefits, and all subsequent activities required to receive continuous benefits..." "

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

**Condition:** During testing of 60 of 60,741 CCDF cases we noted one case where we were unable to determine if the parent was working and therefore we were unable to determine if the participant was truly eligible. (Questioned Costs \$467)

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**Cause:** The CCDF eligibility determination was not properly documented to ensure eligibility.

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

**Recommendation:** We recommend the Agency follow policy and complete eligibility determinations and document these determinations for CCDF recipients as required, along with receiving all documentation needed for determinations.

#### ***Views of Responsible Official(s)***

**Contact Person:** Charles Pruett, AFS Child Care Subsidy

**Anticipated Completion Date:** March 1, 2015

**Corrective Action Planned:** Concur. County staff will be asked to review existing Child Care Subsidy eligibility policy and procedures regarding the application process and documentation needed to ensure proper eligibility determinations are made. AFS staff contacted the employer of the case in question, on February 24, 2015 and verified the client was employed there during the months of August and September 2013. Therefore, no overpayment was incurred as a result of this finding.

**FINDING NO:** 2014-030 (Repeat Finding)

**STATE AGENCY:** Oklahoma 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:** 2013G992201(Cooling), 2014G992201 (Heating)

**FEDERAL AWARD YEAR:** 2013 (Cooling), 2014 (Heating)

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Eligibility

**QUESTIONED COSTS:** \$959

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

**Condition:** 7 of the 60 duplicate addresses sampled appear to have received multiple payments of a given benefit type (heating or cooling) for the household.

**Cause:** There are no system edits in place to ensure the same address cannot receive multiple benefits.

**Effect:** Households may be receiving benefits in excess of allowable amounts.

**Recommendation:** We recommend that OKDHS 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:** 7/1/2015

**Corrective Action Planned:** Concur. The edit message currently in place acts as a warning intended to prompt county staff to verify address and household composition prior to completing authorization. The reduction in duplicates from the prior year audit indicates the edit message has been effective. However, it is clear additional instructions for documenting and investigating the eligibility of households sharing one address need to be provided to staff prior to each program. These instructions will be provided to the county director's and emphasis will be made to the existing instructions to staff.

**FINDING NO:** 2013-031

**STATE AGENCY:** Oklahoma Department of Human Services

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**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.568

**FEDERAL PROGRAM NAME:** Low-Income Home Energy Assistance Program

**FEDERAL AWARD NUMBER:** 2013G992201(Cooling), 2014G992201 (ECAP & Heating)

**FEDERAL AWARD YEAR:** 2013 (Cooling), 2014 (ECAP & Heating)

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Eligibility

**QUESTIONED COSTS:** \$1,333

**Criteria:** Per OAC 340:20-1-11, “(a) Income. All gross earned and unearned income, except for those income sources shown in (b) of this Section, received by the household is considered in determining financial eligibility. Eligible households must meet the income standard less the earned income deduction as shown on Oklahoma Department of Human Services Appendix C-7, Low Income Home Energy Assistance Program Income and Resource Level by Household Size.”

**Condition:** When testing LIHEAP benefit payments, we noted the following:

- 6 of 133 LIHEAP benefit payments made to OKDHS employees appear to be inappropriate because the employee’s income was greater than the allowable income level per Appendix C-7.
- 1 of 133 LIHEAP benefit payments made to an OKDHS employee appears to be inappropriate because the benefit was preauthorized based on an income level that was a year old (utilized July 2012 income for a July 2013 benefit payment). This worker had been an OKDHS employee since February 2013 and therefore, more recent income information should have been utilized.

**Cause:** The income reported at the time of authorization was less than the net income per OKDHS payroll records.

**Effect:** OKDHS employees may be receiving benefits that they are not eligible to receive.

**Recommendation:** We recommend that OKDHS implement procedures to ensure any LIHEAP benefit issued to an OKDHS employee has been reviewed by a supervisor to ensure the applicant is truly eligible.

**Views of Responsible Official(s)**

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** 3/24/2015

**Corrective Action Planned:** Concur. AFS LIHEAP staff will implement procedures to require all LIHEAP applications received from DHS employees include supervisory review prior to processing. In addition, instructions regarding documentation of eligibility determination will be provided to AFS LIHEAP staff prior to each application period.

**FINDING NO:** 2014-038

**STATE AGENCY:** Department of Human Services

**FEDERAL AGENCY:** Department of Health and Human Services

**CFDA NO:** 93.658

**FEDERAL PROGRAM NAME:** Foster Care – Title IV-E

**FEDERAL AWARD NUMBER:** 1301OK1401 and 1401OK1401

**FEDERAL AWARD YEAR:** 2013 and 2014

**CONTROL CATEGORY:** Allowable Costs/Cost Principles

**QUESTIONED COSTS:** \$249,309

**Criteria:** 2 CFR §225 Appendix A E.2.a. states in part, “a direct cost chargeable to Federal awards is compensation of employees for the time devoted and identified specifically to the performance of those awards.”

OKDHS:2-11-60(1) (C) states, “The Finance division uses generally accepted accounting procedures of costs as described in the cost allocation plan.”

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Public Assistance Cost Allocation Plan Section 7 A.1. states in part, “Although employees charged to a direct cost are not distributed to another cost, it is germane to this section to include employees dedicated to a single federal program and identified in finance locations allocated to direct cost pool 3XX.”

**Condition:** Employee compensation for employees not dedicated solely to the Foster Care program was incorrectly charged as a direct cost to direct cost pool 306 for a portion of SFY 2014.

**Cause:** The location description was not adequately reviewed to correctly assign employee compensation to the appropriate cost pool.

**Effect:** Indirect costs were charged as direct costs to the Foster Care program.

**Recommendation:** We recommend the Department follow policy and procedures in place to ensure costs are assigned to appropriate cost pools. We also recommend an adjustment be made to correct the above condition.

#### **Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** 7/1/15

**Corrective Action Planned:** Partially concur. The CARE Unit has an existing approved cost pool and allocation methodology for allocating the costs of Child Welfare Services’ custody specialist staff between both the Title IV-E Foster Care and Medicaid programs. An adjustment has not been made for the quarters ending September 30, 2013, and December 31, 2013, which would have allocated custody specialist costs between these programs. However, based on review of the federal financial participation, the reimbursement rate was identical for both cost pools in question. Therefore, the CARE unit does not feel that the questioned costs should apply. The State Auditor & Inspector has been provided documentation of the March 31, 2015 adjustment.

## Office of Management and Enterprise Services

**FINDING NO:** 2014-054 (Repeat Finding)

**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), Recovery Act

**FEDERAL AWARD NUMBER:** NT10BIX5570113

**FEDERAL AWARD YEAR:** 2014

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

**QUESTIONED COSTS:** \$0

**Criteria:** 31USC7502(f)(2) states in part, “ 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 § 176.210(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.”

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The Oklahoma Community Anchor Network (OCAN) Project Subrecipient Monitoring Program, states that, "OMES monitors subrecipients to ensure they require contractors and vendors to conform with the Davis Bacon grant requirement."

**Condition:** 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.

Additionally, OMES did not perform any subrecipient monitoring functions during the year to ensure subrecipients were complying with the Davis Bacon compliance requirement.

**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:** Cathy Menefee, Chief Financial Officer, Information Services Division

**Anticipated Completion Date:** 3/25/15

**Corrective Action Planned:** We concur with the finding as presented.

**Auditor Response:** We did not obtain a corrective action plan to be presented by OMES because the program has been completed; therefore, no corrective action is necessary for the finding presented.

## Department of Rehabilitation Services

**FINDING NO:** 2014-041

**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:** H126A130053 and H126A140053

**FEDERAL AWARD YEAR:** 2013 and 2014

**CONTROL CATEGORY:** Reporting – Schedule of Expenditures of Federal Awards (SEFA)

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

**Condition:** On the original submission of the Fiscal Year 2014 SEFA, Federal cash basis expenditures included expenditures in the amount of \$12,330,551 that were funded by state matching funds. These expenditures were also reported as state matching funds on the SEFA.

**Cause:** It appears there is insufficient review and approval of the SEFA prior to submission.

**Effect:** The Federal cash basis expenditures on the SEFA were overstated.

**Recommendation:** We recommend the Department review current procedures to determine where the breakdown in internal controls occurred and develop and implement procedures to ensure accuracy and proper review of the SEFA prior to submission.



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#### *Views of Responsible Official(s)*

**Contact Person:** Cheri Warren

**Anticipated Completion Date:** 11/25/14

**Corrective Action Planned:** Procedures were reviewed and it was determined that the new reporting process directly linked to the financial report and draw records that was developed for recording expenditures, drawing funds, and reporting will provide a more clear delineation of state funds versus federal funds expended. Due to the new format, summary spreadsheets for reporting, and review by the CFO, we believe this internal control issue is resolved, and we are confident of the accuracy of future SEFA reporting.

**FINDING NO:** 2014-045

**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-130053, H126A-140053

**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** According to The Rehabilitation Act of 1973, the State VR Agency must determine whether an individual is eligible for Vocational Rehabilitation services within a reasonable period of time, not to exceed 60 days, unless the State and the individual agree to a specific extension of time, or the State is exploring the individual's abilities, capabilities, and capacity to perform in work situations.

**Condition:** In seven (7) of 72 cases tested (9.7%), eligibility was not determined within 60 days of the application date, and there was no evidence of an extension.

**Cause:** The Department has not implemented adequate internal controls to ensure eligibility is determined within 60 days of the application date.

**Effect:** Failure to ensure timely eligibility determinations could result in unnecessary delays in client services.

**Recommendation:** We recommend management review current internal controls in place to determine where improvements can be made to ensure that eligibility is determined within 60 days of the application date.

#### *Views of Responsible Official(s)*

**Contact Person:** Mark Kinnison

**Anticipated Completion Date:** April 3, 2015

**Corrective Action Planned:** VR has already increased the focus with staff on reducing the time to determine eligibility. There are adequate controls in place for the AWARE system to monitor case deadlines through automated case "to do" notification process. Better employment of case system reminders and proper case documentation is a constant topic with staff and supervisors. These findings will be a topic for discussion at the next program manager meeting in April to review the issues raised in this finding.

## Department of Transportation

**FINDING NO:** 2014-002

**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 Rural Areas

**FEDERAL AWARD NUMBER:** OK-18-X085-00

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**FEDERAL AWARD YEAR:** 2014

**CONTROL CATEGORY:** Reporting: Federal Funding Accountability and Transparency Act (FFATA)

**QUESTIONED COSTS:** \$0

**Criteria:** Per OMB A-133 § \_\_.300(b), 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.”

2 CFR § 170, Appendix A, I.a.1. states in part, “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.”

2 CFR § 170, Appendix A, I.a.2.ii. states, “For subaward information, report no later than the end of the month following the month in which the obligation was made.”

**Condition:** Of eighteen subawards qualifying for reporting under grant number OK-18-X085-00, two subawards, in the amount of \$262,279.00, were reported seven months late and sixteen subawards, in the amount of \$13,121,679, were not reported.

**Cause:** The Department’s Transit Programs Division (TPD) has experienced significant employee turnover. The Department does not have a proper review and approval process in place to ensure completion and timely submission of the FFATA report.

**Effect:** The Department’s FFATA reports were not complete and timely submitted.

**Recommendation:** We recommend the Department develop, document, and execute internal controls to ensure the FFATA report is complete, accurate, properly supported, and timely submitted. These internal controls should provide for a detailed review and approval of the FFATA report prior to submission by an individual, other than the preparer, with adequate knowledge of the grant subawards.

### **Views of Responsible Official(s)**

**Contact Person:** Ernestine Mbroh

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** The Department concurs with this finding and corrective measures and internal controls have been implemented effective June 2014. A FFATA form containing required reporting information has been developed and incorporated into TPD’s contracting process. An assigned TPD Project Manager (PM) completes the forms for projects within reporting threshold during the final stages of the contracting process when Subrecipient funding is established. The completed form is attached to the corresponding contract agreement and submitted to TPD’s Administrative Programs Officer (APO) for review. Upon review, the APO forwards the documents to the assigned Comptroller Division representative for entry into the FAFATA reporting database. Incorporating FFATA reports with the agreement process eliminates the potential for late and inaccurate reporting.

**FINDING NO:** 2014-007 (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 Rural Areas

**FEDERAL AWARD NUMBER:** OK-18-X070-00

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting: Special Report

**QUESTIONED COSTS:** \$0

## Schedule of Findings

### Federal Award Findings

### And Questioned Costs

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**Criteria:** Per OMB A-133 § \_\_\_.300(b), 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.”

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, in part, “recipients’ financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets...”

2 CFR § 215.53 (b) states, in part, “Financial records, supporting documents, statistical records, and all other records pertinent to an award shall be retained for a period of three years from the date of submission of the final expenditure report...”

**Condition:** The FFY (Federal fiscal year) 2013 National Transit Database (NTD) Report was not complete, properly supported, and/or may not be accurate. The Department lacked support for five of five (100 percent) RU-20 forms tested in the following amounts:

- Line 08a– Local Funds, Operating, \$1,100,985.00
- Line 08b – Local Funds, Capital, \$203,896.00

**Cause:** The Transit Programs Division (TPD) has experienced significant employee turnover. The Department has implemented internal controls over the NTD Report; however, the review did not adequately cover all items on the report.

**Effect:** The Line 08a and Line 08b amounts reported on the FFY 2013 NTD report were not complete, properly supported, and/or may not be accurate.

**Recommendation:** We recommend the Department obtain documentation from subrecipients, as necessary, to adequately support the amounts reported on the RU-20 Reports and ensure the reports are complete and accurate. We also recommend the Department 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 NTD Report in the future.

#### **Views of Responsible Official(s)**

**Contact Person:** Ernestine Mbroh

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** The Department concurs with this finding and corrective measures and internal controls have been developed and implemented for the FFY 2014 reporting period. The responsible TPD Project Manager (PM) receives and reviews completed RU-20 forms from Subrecipients for accuracy. Upon review, PM#1 requests supporting documentations for Subrecipients to collaborate amounts reported on the RU-20 reporting form. PM#1 submits reviewed documents to PM#2 for final check prior to transmitting to PM#3 for submittal into FTA NTD reporting database.

**FINDING NO:** 2014-032 (Repeat Finding)

**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:** 2013 and 2014

**CONTROL CATEGORY:** Special Tests & Provisions – Quality Assurance Program

## Schedule of Findings

### Federal Award Findings

### And Questioned Costs

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**Criteria:** Per OMB A-133 §\_\_\_.300(b), 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.”

23 CFR § 637.207 (a) (2) states, “The IA (Independent Assurance) program shall evaluate the qualified sampling and testing personnel and the testing equipment. The program shall cover sampling procedures, testing procedures, and testing equipment.”

Appendix B of the Federal Highway Administration (FHWA) approved Quality Assurance Program dated January 30, 2013 states, “Labs will be selected for review based on a statistically representative sampling of qualified labs. The frequency will be a minimum of 10 percent of qualified labs.”

49 CFR § 18.42 (b) (1) states “Except as otherwise provided, records must be retained for three years from the starting date specified....”

**Condition:** Adequate documentation supporting one of the seven (14.29%) qualified lab evaluations performed during calendar year 2013 as part of the IA program could not be found.

**Cause:** The Department did not ensure proper retention of the qualified lab documents.

**Effect:** The 13 percent testing rate reported on the 2013 FHWA Annual Report of the IA Program may be inaccurate.

**Recommendation:** We recommend the Department’s management emphasize the importance of retaining proper documentation regarding their Quality Assurance program.

#### **Views of Responsible Official(s)**

**Contact Person:** Scott Seiter, Materials & Research Division / By John Thomas

**Anticipated Completion Date:** 03/18/2015

**Corrective Action Planned:** We concur with the item noted. Although we could not locate one of the actual laboratory audit checklists used by the IA inspector, a SiteManager database record was completed for the qualified lab in question. This ensured compliance with our approved Quality Assurance Program. New internal policy was created to address retention of handwritten checklists with SiteManager documentation. IA inspectors are instructed to attach a copy of the handwritten checklist to their SiteManager record which becomes a permanent part of the record. This will ensure retention of the document and that it is available for retrieval at any time. The report being audited was issued prior to implementation of the corrective action plan from the previous year finding.

## **Summary Schedule of Prior Findings**

## **Summary Schedule of Prior Findings**

## Summary Schedule of Prior Findings

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Note: Findings are presented alphabetically by state agency.

### Department of Education

**Finding No:** 2013-041

**CFDA No:** 84.367

**Federal Agency:** U.S. Department of Education

**Control Category:** Reporting

**Finding Summary:** Expenditures were understated by \$4,987,671 on the Schedule of Expenditures of Federal Awards.

**Status:** Corrected.

**Finding No:** 12-265-006, 2013-046

**CFDA No:** 84.010, 84.367, 84.027, 84.173, 10.558, 10.553, 10.555, 10.556, & 10.559

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

**Control Category:** Reporting – Federal Funding Accountability and Transparency Act

**Finding Summary:** The Department has not submitted any subaward information to USAspending.gov for the federal award numbers listed above.

**Status:** Partially corrected, see current year finding #2014-49. OSDE concurs with the finding and has been working to get computer programming enhancements completed that will allow them to submit all necessary FFATA information. In addition, OSDE said they will work to reconcile the attempted and successful submissions to ensure they are meeting FFATA reporting requirements.

**Finding No:** 2013-047

**CFDA No:** 84.027, 87.173

**Federal Agency:** U.S. Department of Education

**Control Category:** Reporting

**Finding Summary:** While checking for duplicate students using our data extraction software, we found true duplicate students that were identified but not corrected in the Child Count Report.

**Status:** Corrected.

**Finding No:** 2013-048

**CFDA No:** 84.010

**Federal Agency:** U.S. Department of Education

**Control Category:** Reporting

**Finding Summary:** Expenditures were overstated on the Schedule of Expenditures of Federal Awards.

**Status:** Corrected.

**Finding No:** 2013-053

**CFDA No:** 84.367

**Federal Agency:** U.S. Department of Education

**Control Category:** Subrecipient Monitoring

**Finding Summary:** We reviewed Local Educational Agency monitoring files and noted the following:

- files had documentation that was missing, incomplete, and/or imprecise.
- files lacked an appropriate signature of the Supervisor.
- files contained discrepancies in dates amongst the various monitoring documents.

**Status:** Corrected.

**Finding No:** 12-265-001, 2013-058, 2013-059

**CFDA No:** 84.010; 84.367; 84.027; 84.173; 10.558; 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

**Finding Summary:** The Department was unable to provide documentation of sufficient action to ensure all subrecipients provided a valid DUNS number as part of its subaward application or, if not, prior to issuance of the subaward.

## Summary Schedule of Prior Findings

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**Status:** Corrected.

**Finding No:** 2013-060

**CFDA No:** 84.367

**Federal Agency:** U.S. Department of Education

**Control Category:** Special Tests and Provisions – Assessment of Need

**Finding Summary:** We noted Local Educational Agency workbooks that did not list the following:

- names of the consultation team.
- teachers as part of the consultation team.

In addition, the Department failed to provide a listing of the consultation team that the workbook indicated was emailed to a Grant Associate within the Federal Programs division from the Local Educational Agency.

**Status:** Corrected.

**Finding No:** 2013-062

**CFDA No:** 84.010, 84.367

**Federal Agency:** U.S. Department of Education

**Control Category:** Cash Management

**Finding Summary:** Cash basis draws (revenues) per the United States Department of Education (USDE) G5 federal draw system were misstated.

**Status:** Corrected.

**Finding No:** 12-265-003

**CFDA No:** 84.010

**Federal Agency:** U.S. Department of Education

**Control Category:** Reporting

**Finding Summary:** 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).

**Status:** Corrected.

**Finding No:** 12-265-013

**CFDA No:** 84.010; 84.389

**Federal Agency:** U.S. Department of Education

**Control Category:** Special Tests and Provisions – Identifying Schools and LEAs Needing Improvement

**Finding Summary:** 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.

**Status:** Corrected.

### Employment Security Commission

**Finding No:** 09-290-001, 10-290-003, 11-290-002, 12-290-001, 2013-007

**CFDA No:** 17.225

**Federal Agency:** U.S. Department of Labor

**Control Category:** Reporting

**Finding Summary:** OESC was unable to provide detailed support for the ETA 581 reports submitted.

**Status:** Not corrected, see current year finding #2014-039. OESC has continued making updates to the source data files since the new programming was implemented for the 3<sup>rd</sup> Quarter of 2013 (July-Sept) submission of the ETA 581; OESC anticipates all revisions/updates to be completed by June 30, 2015. OESC has also implemented a procedure to aid in validating the information reported on the ETA 581 Report; every quarter prior to submission of the federal report staff will be reviewing sample data on employer account creation and time-lapse to ensure that the



## Summary Schedule of Prior Findings

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programming for the report is calculating the correct creation date specifically for line 301 of the report which may also aid in line 201. OESC is now and will continue to maintain source data for each quarter from the system used to prepare the ETA 581 report and will be available for future reviews.

**Finding No:** 2013-042

**CFDA No:** 17.225

**Federal Agency:** U.S. Department of Labor

**Control Category:** Activities Allowed/Unallowed, Allowable Costs/Cost Principles, and Eligibility

**Questioned Costs:** \$11,480

**Finding Summary:** We noted one payment where the UI claim was filed based on a fictitious employer.

**Status:** Corrected.

### Office of the Governor

**Finding No:** 12-305-001, 2013-45

**CFDA No:** 84.410

**Federal Agency:** US Department of Education

**Control Category:** Cash Management/Reporting (1512)

**Questioned Costs:** SFY 2013 - \$548

**Finding Summary:** The amount requested by the Oklahoma State Department of Education (OSDE) to be drawn down exceeded the amount requested on the subrecipient school district claim. This overdraw was included in the total expenditures for the grant, causing the Total Federal Amount of ARRA Expenditures to be overstated.

**Status:** No longer valid - follow-up cannot be performed because 2012 was the final year of this grant.

### Department of Health

**Finding No:** 12-340-003, 2013-039

**CFDA NO:** 10.557

**Federal Agency:** U.S. Department of Agriculture

**Control Category:** Reporting - FFATA

**Finding Summary:** The Oklahoma State Department of Health failed to report a subrecipient that received over \$25,000 in awards.

**Status:** Not corrected, see current year finding #2014-024. The corrective action taken in the previous year involved the use of a log for tracking subrecipient FFATA information. However, there was no measure taken to ensure completeness of this log. We are currently reviewing options for ensuring completeness of the log and will implement a solution. A solution will be implemented to ensure compliance moving forward and a corrected report will be submitted to the FSRS to include the subrecipient that was initially excluded.

**Finding No:** 11-340-006, 12-340-002, 2013-051

**CFDA NO:** 10.557

**Federal Agency:** U.S. Department of Agriculture

**Control Category:** Subrecipient Monitoring

**Finding Summary:** The Department failed to timely implement internal controls to ensure subrecipients required to have an A-133 audit are properly identified and that all required subrecipient A-133 audits are being collected and reviewed

**Status:** Corrected.

### Health Care Authority

**Finding No:** 2013-003

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Reporting

**Finding Summary:** The MAP expenditures on the Form CMS-64 Report were underreported.

**Status:** Corrected.

## Summary Schedule of Prior Findings

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**Finding No:** 2013-004

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Allowable Costs/Cost Principles and Reporting

**Finding Summary:** There is no review or reconciliation performed on the quarterly spreadsheets used to report the Non-behavioral Health and Behavioral Health audit recoupment amounts on the CMS-64 report.

**Status:** Corrected.

**Finding No:** 2013-008

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Allowable Costs/Cost Principles and Reporting

**Finding Summary:** Recoveries reported on Line 9C1 of the Form CMS-64 Summary appear to be underreported.

**Status:** Corrected.

**Finding No:** 2013-011

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Cash Management

**Finding Summary:** MAP draw was not mathematically accurate or net of available program income, rebates, refunds, and other income or receipts. This error resulted in the agency overdrawing Federal funds. The error was not detected during the review process.

**Status:** Corrected.

**Finding No:** 2013-012

**CFDA No:** 93.767

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Cash Management

**Finding Summary:** CHIP draw was not mathematically accurate or net of available program income, rebates, refunds, and other income or receipts. The error was not detected during the review process.

**Status:** Corrected.

**Finding No:** 2013-013

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Allowable Costs/Cost Principles and Reporting

**Finding Summary:** Line 9B – Nursing Aid Training administrative expenditures were under reported and Line 29B – Other Financial Participation expenditures were simultaneously over reported by the same amount on the Form CMS-64 Report (64.10Base).

**Status:** Corrected.

**Finding No:** 2013-029

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Allowable Costs/Cost Principles; Special Tests and Provisions: Utilization Control and Program Integrity

**Finding Summary:** OHCA did not properly account for and process hospital inpatient and outpatient retrospective reviews performed by Telligen and identified by Telligen as having findings.

**Status:** Corrected.

**Finding No:** 12-807-008, 2013-043

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Reporting

**Questioned Costs:** SFY 2012 - \$474; SFY 2013 - \$275.00 (Activities Allowed or Unallowed and Allowable Costs/Cost Principles) and \$29.00 (Reporting)

## Summary Schedule of Prior Findings

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**Finding Summary:** Based on medical professional's review of claims, claims had payment errors resulting in questioned costs.

**Status:** Not corrected, see current year finding #2014-026. OHCA will continue its Clinical Audit and Payment Accuracy Measurement processes to ensure oversight of the program. Regarding these specific findings, the federal share will be returned to CMS.

**Finding No:** 12-807-006, 2013-044

**CFDA No:** 93.767

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Reporting

**Questioned Costs:** SFY 2012 - \$240; SFY 2013 - \$498.00 (Activities Allowed or Unallowed and Allowable Costs/Cost Principles) \$197.00 (Reporting)

**Finding Summary:** Based on a medical professional's review of claims for CHIP recipients, claims had payment errors resulting in questioned costs.

**Status:** Not corrected, see current year finding #2014-025. OHCA will continue its Clinical Audit and Payment Accuracy Measurement processes to ensure oversight of the program. Regarding these specific findings, the federal share will be returned to CMS.

**Finding No:** 2013-049

**CFDA No:** 93.767

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Eligibility

**Questioned Costs:** SFY 2013 - \$29

**Finding Summary:** CHIP recipients were ineligible for CHIP based on income requirements.

**Status:** Corrected.

### Department of Human Services

**Finding No:** 12-830-002, 2013-017

**CFDA No:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Reporting

**Finding Summary:** During our testing of the ACF-204 Report we noted the following exceptions:

- Total State TANF Employment Services MOE expenditures under the program for the fiscal year as reported on the ACF-204 report does not agree with supporting documentation. (line 7.d)
- 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 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)
- 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)

**Status:** Partially corrected, see current year finding #2014-016. Concur. Supporting documentation had the correct number of children served in child care; however, there was a typographical error when transferring the information into the ACF 204 attachment form. The existing review procedures will be emphasized in the future. The correction has been made and re-submitted into OLDC on 03/02/15.

**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, 12-830-007, 12-830-008, 2013-020, 2013-022

**CFDA No:** 93.568

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed

## Summary Schedule of Prior Findings

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**Questioned Costs:** SFY 2004 - \$8,864, SFY 2005 - \$11,848, SFY 2006 - \$400, SFY 2008 - \$1,164, SFY 2009 - \$2,383 (\$480 for 09-830-020 and \$1,903 for 09-830-031), SFY 2010 - \$1,556, SFY 2011 - \$1190, SFY 2012 - \$306 (\$190 for 12-830-007 and \$116 for 12-830-008), SFY 2013 - \$1,776 (\$740 for 2013-020 and \$1,036 for 2013-022)

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

**Status:** Not corrected, see current year finding #2014-030. Concur. The edit message currently in place acts as a warning intended to prompt county staff to verify address and household composition prior to completing authorization. The reduction in duplicates from the prior year audit indicates the edit message has been effective. However, it is clear additional instructions for documenting and investigating the eligibility of households sharing one address need to be provided to staff prior to each program. These instructions will be provided to the county director's and emphasis will be made to the existing instructions to staff.

**Finding No:** 2013-023

**CFDA No:** 93.778

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Cost Allocation – Random Moment Time Summary

**Questioned Costs:** \$49,595

**Finding Summary:** The Random Moment Responses by Code report for Adult Protective Services was understated for one quarter.

**Status:** Not corrected, see current year finding #2014-006. Concur. Although procedures exist to verify the accuracy of the RMTS schedules, the review of supporting documentation failed to detect the reports were processed from October 10<sup>th</sup> through October 31<sup>st</sup>; rather than starting on October 1<sup>st</sup>. A prior three-year trending analysis has been established, on both a monthly and quarterly basis, to verify RMTS responses to ensure accuracy of future RMTS schedules. Furthermore, a net adjustment of \$120,214.02 will be made to the Agency's cost allocation for the quarter ending September 30, 2014, to reflect the correct allocation of costs for this time period. A copy of the adjustment has been provided to the State Auditor & Inspector's office.

**Finding No:** 07-830-013, 08-830-007, 09-830-023, 10-830-021, 11-830-008, 12-830-003, 2013-030

**CFDA No:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed and Eligibility

**Questioned Costs:** SFY 2007 - \$9,155, SFY 2008 - \$348, SFY 2009 - \$8,994, SFY 2010 - \$1,645, SFY 2011 - \$2,052, SFY 2012 - \$553, and SFY 2013 - \$261

**Finding Summary:** We noted cases where TANF eligibility re-determination was not found in the case file for benefits paid.

**Status:** Not corrected, see current year finding #2014-015. Concur. The appropriate Deputy and County Director has been advised of the error on this case. A TANF "Back-to-Basics" training emphasizing existing policy for redetermination procedures was held within the respective county offices. The trainings were held on 3/9/15 in Hughes County and 3/10/15 in Oklahoma County, office 55C.

**Finding No:** 2013-031

**CFDA No:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Special Tests and Provisions – Child Support Non-Cooperation

**Finding Summary:** We noted a case where TANF eligibility re-determination was not found in the case file for benefits paid for various months. Therefore, a determination could not be made regarding the recipients cooperation with the State concerning child support.

**Status:** Not corrected, see current year finding #2014-017. Concur. The Deputy Director and County Director have been notified of the error on the case in question. AFS staff will review policy and procedures regarding TANF reviews, proper forms to be imaged into the case file and emphasis placed on documenting the discussion of required cooperation with child support services.

**Finding No:** 2013-032

**CFDA No:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

## Summary Schedule of Prior Findings

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**Control Category:** Special Tests and Provisions – Child Support Non-Cooperation

**Questioned Costs:** \$43

**Finding Summary:** We noted a child support non-cooperation occurrence where good cause or other exception was not established and TANF benefits were not reduced or denied for child support non-cooperation as required.

**Status:** Corrected.

**Finding No:** 11-830-010, 12-830-004, 2013-033

**CFDA No:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

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

**Finding Summary:** We selected TANF cases to determine that income verification occurred and noted cases in which no application or income verification documentation was found for the time period tested.

**Status:** Not corrected, see current year finding #2014-019. Concur. The Deputy Directors for each Region as well as the County Directors for each county with cases in error are being advised of the error on the cases. AFS will perform a Back-to-Basics trainings for all TANF Supervisors and Workers to stress the importance of existing policy and procedures regarding reviewing the ACES screens (IEVS), information that should be imaged into the case file, and proper documentation of this action in case notes.

**Finding No:** 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012, 12-830-001, 2013-034

**CFDA No:** 93.558

**Federal Agency:** U.S. Department of Health and Human Services

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

**Finding Summary:** We noted deficiencies in the G1DX Exception and Clearance Reports that were not cleared within the allowable days per OKDHS policy.

**Status:** Not corrected, see current year finding #2014-020. Concur. Data exchange is required to be utilized whenever action is taken on a case and when a discrepancy is identified through automated data comparison. DHS has been working with competing priorities to ensure benefit delivery to eligible citizens within federally mandated timeliness guidelines. Although the stated goal for discrepancy clearance is 45 days, federal policy does allow for leeway when secondary verification is required. With the focus on timely benefit actions DHS has achieved a success rate of over 89 percent. Of the discrepancies cleared in SFY14 only 20 percent impacted eligibility, and for the subset of untimely clearances only 12 percent impacted eligibility. Adult and Family Services has dedicated resources for 2015 to automate discrepancy data gathering on self-service cases and will continue to work on projects that may allow staff to focus more on discrepancy clearance. AFS will provide an electronic update prior to July 1, 2015, to management staff to remind them of the data discrepancy process.

**Finding No:** 2013-036

**CFDA No:** 93.568

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Reporting – Carryover and Re-allotment Report

**Finding Summary:** The current year amount payable on the LIHEAP Carryover and Re-allotment Report did not trace to supporting documentation.

**Status:** Corrected.

**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, 12-830-010, 2013-040

**CFDA No:** 93.568

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility

**Questioned Costs:** SFY 2004 - \$1,640, SFY 2005 - \$142, SFY 2006 - \$545, SFY 2007 - \$2,409, SFY 2008 - \$1,164, SFY 2009 - \$480, SFY 2010 - \$760, SFY 2011 - \$950, SFY 2012 - \$450, and SFY 2013 - \$799

**Finding Summary:** We observed instances where the case record did not contain adequate ECAP crisis documentation, the case files could not be located for testing; the LIHEAP Walk-In checklist was not completed; the application documentation and support did not coincide with the benefit authorization details.

**Status:** Not corrected, see current year finding #2014-022. Bullet 1: Partially Concur. AFS LIHEAP reviewed both cases in question and concur that one instance is correct. However, AFS LIHEAP staff reviewed case H068611 and do not concur. The caseworker provided notes on the application that verify a crisis was established when the vendor

## Summary Schedule of Prior Findings

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was contacted and benefits were calculated. AFS LIHEAP staff updated the application as of July 2014 to include a statement to ensure the crisis is clearly documented. Instructions to staff regarding proper documentation of eligibility are provided with processing instructions prior to each program. In addition, AFS LIHEAP will emphasize the importance of adequate documentation and provide separate instructions to county directors prior to LIHEAP open application periods.

Concur. Bullets 2, 3, 4, 5. AFS LIHEAP will continue to emphasize existing procedures to staff regarding proper documentation of eligibility documentation prior to LIHEAP open application periods. In addition, AFS LIHEAP staff will provide separate instructions to county directors prior to LIHEAP open application periods.

**Finding No:** 2013-050

**CFDA No:** 93.568

**Federal Agency:** U.S. Department of Health and Human Services

**Control Category:** Reporting

**Finding Summary:** We were unable to recompute the household counts by poverty level reported by the Department on the FFY LIHEAP Household Report. It appears that the Department used the incorrect HHS poverty guidelines when compiling the household counts for this report.

**Status:** Not corrected, see current year finding #2014-001. Concur. AFS LIHEAP staff implemented an approval process to ensure the LIHEAP Household Report contains the proper HHS poverty guidelines. AFS will verify the approval process is adequate and request OMES ISD update the system to reflect appropriate federal poverty guideline for FFY prior to running reports necessary for completion of the household report, as necessary. The FFY13 Revised version of HH report for FFY13 was submitted 12/16/13 and was accepted by HHS.

### Office of Management and Enterprise Services

**Finding No:** 12-090-003, 2013-063

**CFDA No:** 11.557

**Federal Agency:** United States Department of Commerce

**Control Category:** Subrecipient Monitoring and Special Tests (R3) – Subrecipient Monitoring

**Finding Summary:** During our evaluation of controls over compliance and testwork performed as part of the subrecipient monitoring process, the following deficiencies were noted:

- OMES did not perform any subrecipient monitoring functions during the year to ensure subrecipients were complying with the Davis Bacon 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.

**Status:** Partially corrected, see current year finding #2014-054. The agency was unable to document that they performed subrecipient monitoring regarding Davis-Bacon requirements and that they notified the subrecipient of the Federal Award Number, CFDA Number, or the amount of ARRA Funds.

### Department Of Rehabilitation Services

**Finding No:** 07-805-003, 08-805-004, 09-805-004, 10-805-002, 11-805-002, 12-805-003, 2013-006

**CFDA No:** 84.126

**Federal Agency:** U.S. Department of Education

**Control Category:** Allowable Costs/Cost Principles

**Finding Summary:** We noted the required semi-annual payroll certifications were not completed in a timely manner.

**Status:** Corrected.

**Finding No:** 2013-026

**CFDA No:** 84.126

**Federal Agency:** U.S. Department of Education

## Summary Schedule of Prior Findings

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**Control Category:** Program Income, Cash Management

**Finding Summary:** Program income was not timely deducted from the draw request before requesting additional Federal funds.

**Status:** Corrected.

**Finding No:** 12-805-005, 2013-027

**CFDA NO:** 84.126

**Federal Agency:** U.S. Department of Education

**Control Category:** Eligibility

**Finding Summary:** We noted for cases tested the eligibility form and IPE's (Individualized Plan for Employment) were either missing or were not signed by the counselor to denote their review and approval.

**Status:** Corrected.

**Finding No:** 10-805-008, 11-805-008, 12-805-004, 2013-028

**CFDA No:** 84.126

**Federal Agency:** U.S. Department of Education

**Control Category:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, & Eligibility

**Questioned Costs:** SFY 2010 - \$599, SFY 2011 - \$1,112, SFY 2012 - \$1,850, and SFY 2013 - \$3,047 (Activities Allowed or Unallowed; Allowable Costs/Cost Principles) and \$1,471 (Eligibility)

**Finding Summary:** We noted claims tested did not have proper documentation to support the payments.

**Status:** Corrected.

**Finding No:** 10-805-010, 11-805-005, 12-805-002, 2013-056

**CFDA No:** 84.126

**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) and the SF-425 we noted the RSA-2, Schedule II – Section 110 Funds Expended on Services was understated and Title VI-B Funds Expended on Services was overstated; the SF-425 report Cash Receipts and Cash Disbursements were understated, and Federal Share of Expenditures was understated.

**Status:** Corrected.

### Department Of Transportation

**Finding No:** 11-345-001, 12-345-001, 2013-001

**CFDA No:** 20.205; 20.509

**Federal Agency:** United States Department of Transportation

**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 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.

**Status:** Corrected.

**Finding No:** 2013-005

**CFDA No:** 20.205

**Federal Agency:** United States Department of Transportation

**Control Category:** Special Tests & Provisions – Quality Assurance Program

**Finding Summary:** Supporting documentation for all of the active technician evaluations performed as part of the IA program could not be found.

**Status:** Partially corrected, see current year audit finding #2014-032. We concur with the item noted. Although we could not locate one of the actual laboratory audit checklists used by the IA inspector, a SiteManager database record was completed for the qualified lab in question. This ensured compliance with our approved Quality

## Summary Schedule of Prior Findings

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Assurance Program. New internal policy was created to address retention of handwritten checklists with SiteManager documentation. IA inspectors are instructed to attach a copy of the handwritten checklist to their SiteManager record which becomes a permanent part of the record. This will ensure retention of the document and that it is available for retrieval at any time. The report being audited was issued prior to implementation of the corrective action plan from the previous year finding.

**Finding No:** 10-345-022, 11-345-009, 12-345-004, 2013-009

**CFDA No:** 20.509

**Federal Agency:** United States Department of Transportation

**Control Category:** Reporting: SF-425 – Federal Financial Report

**Finding Summary:** The SF-425 report was not complete, accurate, or properly supported. The Department did not ensure reported amounts were properly calculated and supported. In addition, the SF-425 report was not timely submitted.

**Status:** Corrected.

**Finding No:** 10-345-023, 11-345-006, 12-345-005, 2013-010

**CFDA No:** 20.509

**Federal Agency:** United States Department of Transportation

**Control Category:** Reporting: Special Report (regular and ARRA Federal funds)

**Finding Summary:** The National Transit Database (NTD) report was not complete, accurate, or properly supported. The Department was unable to provide adequate supporting documentation for the cumulative key line items (line 5 – Total Annual Expenses, line 8 – Local Funds, or line 20 – Total Trips),

**Status:** Partially corrected, see current year audit finding #2014-007. The Department concurs with this finding and corrective measures and internal controls have been developed and implemented for the FFY 2014 reporting period. The responsible TPD Project Manager (PM) receives and reviews completed RU-20 forms from Subrecipients for accuracy. Upon review, PM#1 requests supporting documentations for Subrecipients to collaborate amounts reported on the RU-20 reporting form. PM#1 submits reviewed documents to PM#2 for final check prior to transmitting to PM#3 for submittal into FTA NTD reporting database.

**Finding No:** 10-345-020, 11-345-016, 12-345-011, 2013-014

**CFDA No:** 20.509

**Federal Agency:** United States Department of Transportation

**Control Category:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Matching; Subrecipient Monitoring; Reporting

**Finding Summary:** During our testing of subrecipient monitoring, we noted the Department failed to review adequate documentation to ensure subrecipients have met the audit requirements in 2 CFR § 215.26. 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.

**Status:** Corrected.



## **Schedule of Federal Programs by State Agency**

## **Schedule of Federal Programs by State Agency**

## Schedule of Federal Programs by State Agency

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### ***Attorney General***

16.740	Statewide Automated Victim Information Notification (SAVIN) Program
93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services
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
10.162	Inspection Grading and Standardization
10.163	Market Protection and Promotion
10.170	Specialty Crop Block Grant Program - Farm Bill
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.652	Forestry Research
10.664	Cooperative Forestry Assistance
10.676	Forest Legacy Program
10.912	Environmental Quality Incentives Program
10.921	Conservation Security Program
15.035	Forestry on Indian Lands
15.524	Recreation Resources Management
66.700	Consolidated Pesticide Enforcement Cooperative Agreements
66.708	Pollution Prevention Grants Program
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

### ***Commerce, Department of***

14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.231	Emergency Solutions Grant Program
14.257	ARRA - Homelessness Prevention and Rapid Re-Housing Program
17.258	WIA Adult Program
17.259	WIA Youth Activities
17.260	WIA Dislocated Workers
17.261	WIA Pilots, Demonstrations, and Research Projects
17.268	H-1B Job Training Grants
17.275	ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors
17.277	Workforce Investment Act (WIA) National Emergency Grants
17.278	WIA Dislocated Worker Formula Grants
59.061	State Trade and Export Promotion Pilot Grant Program
81.041	ARRA - State Energy Program
81.041	State Energy Program
81.042	ARRA - Weatherization Assistance for Low-Income Persons
81.042	Weatherization Assistance for Low-Income Persons
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)
93.569	Community Services Block Grant
93.600	Head Start
--	State Small Business Credit Initiative

### ***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
15.808	U.S. Geological Survey Research and Data Collection

## Schedule of Federal Programs by State Agency

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### ***Corporation Commission***

20.700	Cost Reimbursement Contract - Pipeline Safety Program State Base Grant
66.433	State Underground Water Source Protection
66.804	Underground Storage Tank Prevention, Detection and Compliance Program
66.805	Leaking Underground Storage Tank Trust Fund Corrective Action Program
66.817	State and Tribal Response Program Grants
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis

### ***Corrections, Department of***

16.606	State Criminal Alien Assistance Program
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program
16.812	Second Chance Act Reentry Initiative

### ***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	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 Program
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
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories
16.816	John R. Justice Prosecutors and Defenders Incentive Act

### ***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 I State Agency Program for Neglected and Delinquent Children and Youth
84.027	Special Education-Grants to States
84.144	Migrant Education - Coordination Program
84.173	Special Education - Preschool Grants
84.181	Special Education-Grants for Infants and Families
84.196	Education for Homeless Children and Youth
84.287	Twenty-First Century Community Learning Centers
84.323	Special Education - State Personnel Development
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
84.372	Statewide Longitudinal Data Systems
84.377	School Improvement Grants
84.388	ARRA - School Improvement Grants, Recovery Act

## Schedule of Federal Programs by State Agency

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93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems
--	Troops to 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 Service Element (CAP- SSSE)
97.027	Emergency Management Institute (EMI) - Independent Study Program
97.032	Crisis Counseling
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
97.042	Emergency Management Performance Grants
97.045	Cooperating Technical Partners
97.046	Fire Management Assistance Grant
97.047	Pre-Disaster Mitigation
97.092	Repetitive Flood 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
17.245	Trade Adjustment Assistance
17.271	Work Opportunity Tax Credit Program (WOTC)
17.273	Temporary Labor Certification for Foreign Workers
17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants
17.801	Disabled Veterans' Outreach Program (DVOP)
17.804	Local Veterans' Employment Representative Program

### ***Environmental Quality, Department of***

12.113	Cost Reimbursement Contract - State Memorandum of Agreement Program for the Reimbursement of Technical Services
15.616	Clean Vessels Act Program
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
66.040	State Clean Diesel Grant Program
66.468	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	ARRA - Brownfields Assessment and Cleanup Cooperative Agreements
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

### ***Health, Department of***

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.578	WIC Grants to States (WGS)
93.069	Public Health Emergency Preparedness

## Schedule of Federal Programs by State Agency

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93.070	Environmental Public Health and Emergency Response
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance
93.089	Emergency System for Advance Registration of Volunteer Health Professionals
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program
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
93.136	Injury Prevention and Control Research and State and Community Based Programs
93.169	Lab SCID Implement
93.217	Family Planning - Services
93.235	Affordable Care Act (ACA) Abstinence Education Program
93.251	Universal Newborn Hearing Screening
93.268	Immunization Cooperative Agreements
93.270	Adult Viral Hepatitis Prevention and Control
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.292	National Public Health Improvement Initiative
93.296	State Partnership Grant Program to Improve Minority Health
93.505	Affordable Care Act (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 National Public Health Improvement Initiative
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	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 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 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program
93.590	Community-Based Child Abuse Prevention Grants
93.712	ARRA - Immunization
93.724	ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)
93.773	Medicare-Hospital Insurance
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
93.945	Assistance Programs for Chronic Disease Prevention and Control
93.946	Cooperative Agreements to Support State - Based Safe Motherhood and Infant Health Initiative Programs
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants
93.994	Maternal and Child Health Services Block Grant to the States

### ***Historical Society***

15.904	Historic Preservation Fund Grants-In-Aid
45.149	Promotion of the Humanities-Division of Preservation and Access

## Schedule of Federal Programs by State Agency

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### *Human Services, Department of*

10.551	Supplemental Nutrition Assistance Program
10.555	National School Lunch Program
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.560	State Administrative Expenses for Child Nutrition
10.561	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
20.513	Enhanced Mobility of Seniors and Individuals 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	Special Programs for the Aging - Title IV and Title II Discretionary Projects
93.052	National Family Caregiver Support, Title III, Part E
93.053	Nutrition Services Incentive Program
93.072	Lifespan Respite Care Program
93.075	Systems Interoperability - Health and Human Services
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants
93.517	Affordable Care Act – Aging and Disability Resource Center
93.550	Transitional Living for Homeless Youth
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.563	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
93.597	Grants to States for Access and Visitation Programs
93.599	Chafee Education and Training Vouchers Program (ETV)
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
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.669	Child Abuse and Neglect State Grants
93.670	Child Abuse and Neglect Discretionary Activities
93.674	Chafee Foster Care Independence Program
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)
94.011	Foster Grandparent Program

### *Insurance, Department of*

93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects
93.071	Medicare Enrollment Assistance Program

## Schedule of Federal Programs by State Agency

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93.324	State Health Insurance Assistance Program
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
45.312	National Leadership Grants
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
93.087	Enhance Safety of Children Affected by Substance Abuse
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)
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
93.959	Block Grants for Prevention and Treatment of Substance Abuse
93.982	Mental Health Disaster Assistance and Emergency Mental Health
--	Cost Reimbursement Contract - State Outcome Measurement & Management System
--	Cost Reimbursement Contract - Implementation Alcohol/ Drug Data Collection
--	Cost Reimbursement Contract - Client Level Projects

### ***Military Department***

12.400	Cost Reimbursement Contract - Military Construction, National Guard
12.401	Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects
12.404	Cost Reimbursement Contract - 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***

16.754	Harold Rogers Prescription Drug Monitoring Program
-	Cost Reimbursement Contract - High Intensity Drug Trafficking Area
-	Other Federal Assistance - Marijuana Eradication Suppression Program

### ***Office of Management and Enterprise Services***

11.549	State and Local Implementation Grant Program
11.557	ARRA - Broadband Technology Opportunities Program (BTOP)
11.558	ARRA - State Broadband Data and Development Grant Program



## Schedule of Federal Programs by State Agency

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39.003      Donation of Federal Surplus Personal Property

### ***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 Reentry Initiative

### ***Oklahoma Aeronautics Commission***

20.106      Airport Improvement Program

### ***Oklahoma Health Care Authority***

93.609      The Affordable Care Act – Medicaid Adult Quality Grants  
93.611      Strong Start for Mothers and Newborns  
93.719      State Grants to Promote Health Information Technology  
93.767      Children's Health Insurance Program  
93.778      Medical Assistance Program  
93.778      ARRA - Medical Assistance Program  
93.791      Money Follows the Person Rebalancing Demonstration  
93.796      State Survey and Certification of Health Care Providers and Suppliers (Title XIX) Medicaid

### ***Public Safety, Department of***

16.710      Public Safety Partnership and Community Policing Grants  
20.218      National Motor Carrier Safety  
20.232      Commercial Driver's License Program Improvement Grant  
20.600      State and Community Highway Safety  
20.601      Alcohol Impaired Driving Countermeasures Incentive Grants I  
20.608      Minimum Penalties for Repeat Offender for Driving While Intoxicated  
20.610      State Traffic Safety Information System Improvement Grants  
20.612      Incentive Grant to Increase Motorcyclist Safety  
20.614      Cost Reimbursement Contract - National Highway Traffic Safety Administration (NHTSA)  
Discretionary Safety Grants  
20.616      National Priority Safety Programs  
97.008      Non-Profit Security Program  
97.012      Boating Safety Financial Assistance  
97.053      Citizens-Community Resilience Innovation Challenge  
97.055      Interoperable Emergency Communications  
97.071      Metropolitan Medical Response System  
97.073      State Homeland Security Program (SHSP)

### ***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  
96.001      Social Security - Disability Insurance

### ***State Arts Council***

45.025      Promotion of the Arts-Partnership Agreements

### ***State Auditor and Inspector***

15.427      Federal Oil and Gas Royalty Management State and Tribal Coordination

## Schedule of Federal Programs by State Agency

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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
16.741	DNA Backlog Reduction Program
16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program

### ***Supreme Court***

93.586	State Court Improvement Program
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### ***Tourism & Recreation, Department of***

15.916	Outdoor Recreation-Acquisition, Development and Planning
20.219	Recreational Trails Program

### ***Transportation, Department of***

20.200	Highway Research and Development Program
20.205	Highway Planning and Construction
20.215	Highway Training and Education
20.237	Commercial Vehicle Information Systems and Networks
20.319	High Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants
20.500	Federal Transit - Capital Investment Grants
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research
20.509	Formula Grants for Rural Areas
20.516	Job Access and Reverse Commute Program
20.521	New Freedom Program
20.933	National Infrastructure Investments

### ***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***

66.202	Congressionally Mandated Projects
66.419	Water Pollution Control State, Interstate, and Tribal Program Support
66.440	Urban Waters Small Grants
66.454	Water Quality Management Planning
66.458	Capitalization Grants for Clean Water State Revolving Funds

### ***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
15.649	Service Training and Technical Assistance (Generic Training)
15.650	Research Grants (Generic)
15.669	Cooperative Landscape Conservation
--	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, 2014

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
Total Revenues	\$ 95,512,859	\$ 131,138,901	\$ 25,288,715	\$ 81,738,643	\$ 333,679,118
Total Expenditures	97,119,356	431,218,029	25,030,017	66,826,529	620,193,931
Revenues Over (Under) Expenditures	(1,606,497)	(300,079,128)	258,698	14,912,114	(286,514,813)
Other Financing Sources (Uses)					
Operating Transfers In	-	4,362,498	-	52,768,918	57,131,416
Operating Transfers Out	-	-	-	(21,631,159)	(21,631,159)
Bond Proceeds	-	231,095,000	-	-	231,095,000
Premium from Bond Issue	-	25,561,336	-	-	25,561,336
Bond Refunding	-	-	-	-	-
Total Other Financing Sources (Uses)	-	261,018,834	-	31,137,759	292,156,593
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(1,606,497)	(39,060,294)	258,698	46,049,873	5,641,780
Fund Balances - Beginning of Year	3,232,606	597,725,856	18,520,642	150,203,194	769,682,298
Fund Balances - End of Year	\$ 1,626,109	\$ 558,665,562	\$ 18,779,340	\$ 196,253,067	\$ 775,324,078

## Selected Activities for Internal Service Type Funds

### UNAUDITED

#### Selected Activities for Internal Service Type Funds For the Year Ended June 30, 2014

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
June 30, 2013 Ending Fund Balance	3,232,606	597,725,856	18,520,642	150,203,194	769,682,298
July 1, 2013 Beginning Fund Balance	3,232,606	597,725,856	18,520,642	150,203,194	769,682,298
Cash Basis Data -					
FY 2014 Revenues	\$ 95,512,859	\$ 131,138,901	\$ 25,288,715	\$ 81,738,643	\$ 333,679,118
FY 2014 Expenditures	97,119,356	431,218,029	25,030,017	66,826,529	620,193,931
FY 2013 Revenues	\$ 80,482,831	\$ 124,025,962	\$ 22,860,910	\$ 64,422,496	\$ 291,792,199
FY 2013 Expenditures	82,224,526	280,575,183	25,338,235	56,146,085	\$ 444,284,029
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

## Selected Activities for Internal Service Type Funds

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### UNAUDITED

Selected Activities for Internal Service Type Funds  
For the Year Ended June 30, 2014

### 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 2014 Revenue to Prior Years				
FY13	118.67%	105.74%	110.62%	126.88%
FY12	330.61%	117.16%	113.88%	178.44%
FY11	901.14%	144.10%	115.33%	155.44%
FY10	1067.82%	108.84%	93.88%	169.16%
FY09	1073.81%	121.36%	85.78%	147.93%
Comparison of FY 2014 Expenditures to Prior Years				
FY13	118.11%	153.69%	98.78%	119.02%
FY12	335.53%	165.78%	126.31%	133.49%
FY11	1008.87%	143.90%	108.26%	137.17%
FY10	878.33%	192.20%	158.08%	128.85%
FY09	835.29%	202.90%	82.21%	137.36%
Revenues expressed as a percent of expenditures				
FY 14	98.35%	30.41%	101.03%	122.31%
FY 13	97.88%	44.20%	90.22%	114.74%
FY12	99.81%	43.03%	112.06%	91.50%
FY11	110.10%	30.37%	94.84%	107.94%
FY10	80.89%	53.70%	170.12%	93.17%
FY09	76.50%	50.85%	96.83%	113.58%
FY08	100.91%	63.12%	99.31%	106.31%
FY07	93.27%	75.98%	101.07%	221.45%

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OFFICE OF THE STATE AUDITOR & INSPECTOR  
2300 N. LINCOLN BOULEVARD, ROOM 100  
OKLAHOMA CITY, OK 73105-4896

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