

SINGLE AUDIT REPORT

# STATE OF OKLAHOMA 2016

For the fiscal year ended June 30, 2016



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

# OKLAHOMA 2016

## Single Audit Report For The Fiscal Year Ended June 30, 2016

Prepared by  
Office of the State Auditor and Inspector

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





# Oklahoma State Auditor & Inspector

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

March 31, 2017

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

This is the Single Audit Report of the State of Oklahoma for the fiscal year ended June 30, 2016. The audit was conducted in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 & INSPECTOR



State of Oklahoma  
Single Audit Reporting Package  
Year Ended June 30, 2016

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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 the Uniform Guidance**

**Independent Auditor's Report on Compliance for Each Major  
Federal Program; Report on Internal Control Over Compliance;  
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# 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; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the State of Oklahoma's compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 Oklahoma Insurance Department, Department of Commerce, the Department of Wildlife Conservation, the Water Resources Board, and the Department of Environmental Quality, all of which were audited in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). All of the federal programs for the above referenced agencies represent 1.62% 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, 2016. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with Uniform Guidance.

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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Disaster Grants - Public 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>
2016-002; 2016-003; 2016-045	97.036	Disaster Grants - Public Assistance	Subrecipient Monitoring
2016-002; 2016-045	97.036	Disaster Grants - Public Assistance	Special Tests

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

***Qualified Opinion on Disaster Grants - Public 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 the Disaster Grants - Public Assistance program for the year ended June 30, 2016.

***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, 2016.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items:

2016-001	2016-002	2016-006	2016-007	2016-008
2016-009	2016-010	2016-011	2016-012	2016-013
2016-014	2016-015	2016-016	2016-017	2016-021
2016-023	2016-024	2016-025	2016-026	2016-028
2016-031	2016-033	2016-035	2016-036	2016-040
2016-041	2016-042	2016-044	2016-045	2016-046

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 corrective action plan. 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.

## 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 the Uniform Guidance, 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.

2016-002

*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.

2016-001	2016-003	2016-004	2016-008	2016-009
2016-010	2016-011	2016-012	2016-013	2016-014
2016-015	2016-016	2016-017	2016-021	2016-023
2016-024	2016-025	2016-026	2016-028	2016-031
2016-033	2016-035	2016-036	2016-040	2016-041
2016-042	2016-044	2016-045	2016-046	

The State of Oklahoma's response to the internal control over compliance findings identified in our audit are described in the accompanying corrective action plan. 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 the Uniform Guidance. 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 the Uniform Guidance**

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, 2016, 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 21, 2016, 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. 72, *Fair Value Measurement and Application*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That are Not within the Scope of GASB Statement 68*, and *Amendments to Certain Provisions of GASB 67 & 68*; and GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* effective July 1, 2015. 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 the Uniform Guidance 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, 2017 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is December 21, 2016

## **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: ..... unmodified

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 2016, 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* was issued with the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the year ended June 30, 2016, dated December 21, 2016.

### *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: Unmodified for all major programs except for 97.036 – Disaster Grants Public Assistance which was qualified.

Any audit findings disclosed that are required to be reported  
in accordance with 2 CFR 200.516(a)? ..... Yes

Dollar threshold used to distinguish between  
type A and type B programs: ..... \$21,537,232

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

## Schedule of Findings

### Summary of Auditor's Results

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#### Identification of Major Programs:

		<b>CFDA Number and Program</b>	<b>State Agency Name</b>
	14.228	Community Development Block Grant	Department of Commerce
	14.231	Emergency Solutions Care Program	Department of Commerce
	14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	Department of Commerce
Fish and Wildlife Cluster	15.605	Sport Fish Restoration Program	Department of Wildlife
	15.611	Wildlife Restoration and Basic Hunter Education	
	66.458	Capitalization Grants for Clean Water State Revolving Funds	Water Resources Board
	66.468	Capitalization Grants for Drinking Water State Revolving Fund	Department of Environmental Quality
	81.041	State Energy Program	Department of Commerce
	84.126	Rehabilitation Services – Vocational Rehabilitation Grants to States	Department of Rehabilitation Services
	93.268	Immunization Cooperative Agreements	State Department of Health
	93.324	State Health Insurance Assistance Program	Oklahoma Insurance Department
	93.558	Temporary Assistance for Needy Families	Department of Human Services
	93.568	Low-Income Home Energy Assistance	Department of Human Services Department of Commerce
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 Fund	Department of Human Services
	93.667	Social Services Block Grant	Department of Human Services
	93.767	Children's Health Insurance Program	Health Care Authority
Medicaid Cluster	93.775	State Medicaid Fraud Control Units	Attorney General
	93.777	State Survey and Certification of Health Care Providers and Suppliers (TitleXVIII) Medicare	Department of Health
	93.778	Medical Assistance Program (Regular and ARRA)	Health Care Authority, Department of Human Services, Department of Health, Department of Mental Health, and Office of Juvenile Affairs
Disability Insurance/SSI Cluster	96.001	Social Security - Disability Insurance	Department of Rehabilitation Services
	96.006	Supplemental Security Income	
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Emergency Management



# Schedule of Findings And Questioned Costs

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## **FINANCIAL STATEMENT FINDINGS**

**Reference Number:** 16-290-010IT

**State Agency:** Oklahoma Employment Security Commission (OESC)

**Criteria:** According to Office of Management and Enterprise Service's (OMES) *Policy, Procedures, Guidelines 7.10 Encryption*, management should apply encryption to protect the confidentiality of sensitive or critical information.

**Condition:** OESC failed to encrypt all sensitive information.

**Cause:** OESC was unaware the data was unencrypted.

**Effect:** Unapproved personnel could access OESC data.

**Recommendation:** OESC should review its procedures to encrypt data on all systems.

**Views of Responsible Official(s)**

**Contact Person:** Greg Lewis and Riley Shaull

**Anticipated Completion Date:** December 31, 2016

**Corrective Action Planned:** The Oklahoma Employment Security Commission concurs with the finding. Please refer to the corrective action plan on page 55.

**Reference Number:** 16-807-018

**State Agency:** Oklahoma Health Care Authority

**Criteria/Condition:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

The GAO Standards for Internal Control in the Federal Government 10.13 states, in part, "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties."

Adequate internal controls over access and accountability for resources include (1) limiting access to resources and records to authorized individuals and (2) assigning and maintaining accountability for the custody and use of resources.

Adequate internal controls over separation of duties and supervision include separating key duties and responsibilities in authorizing, processing, recording, and reviewing official agency transactions.

The Independent Service Auditor's Report on the Service Organization's System indicated a segregation of duties control finding related to the organization and administration control objective and related controls for transaction processing.

**Cause/Effect:** There was a lack of segregation of duties over the production changes within the application. However, change requests, implemented by developers who promoted their own changes during the period of examination were approved prior to implementation of each change. Lack of segregation of duties over the production changes within the application increases the risk of waste, loss, unauthorized use or misappropriation of State funds.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend the agency follow-up with the service organization to ensure noted deficiencies are addressed.

**Views of Responsible Official(s)**

**Contact Person:** Josh Richards

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding. Please refer to the corrective action plan on page 56.

### *End of Financial Statement Findings*

#### **FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Note: Findings are presented alphabetically by state agency.

#### ***OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT***

**FINDING NO:** 2016-001(Repeat 2015-020)

**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-1712, FEMA-1735, FEMA-1754, FEMA-1756, FEMA-1775, FEMA-1820, FEMA-1823, FEMA-1876, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1970, FEMA-1985, FEMA-1988, FEMA-1989, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164, FEMA-4222, FEMA-4247

**FEDERAL AWARD YEAR:** 2015/2016

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

**QUESTIONED COSTS:** \$4,870

**Criteria:** 44 CFR § 207.8 (c) - *Reporting Requirements* states, “The grantee must provide quarterly progress reports on management cost funds to the Regional Administrator as required by the FEMA-State Agreement.”

44 CFR § 207.5(b)(4)(i) – *Rates* states,” For major disaster declarations, FEMA will determine the lock-in for PA based on a flat percentage rate of the Federal share of projected eligible program costs for financial assistance pursuant to sections 403, 406, and 407 of the Stafford Act, 42 U.S.C. 5170b, 5172, and 5173, respectively, but not including direct Federal assistance. For major disaster declarations on or after November 13, 2007, the PA rate will be 3.34 percent.”

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 200.303 (a) – *Internal Control* states, “The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

## Schedule of Findings And Questioned Costs

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**Condition and Context:** While reviewing cumulative management draws for all disasters open during FY 2016, we noted that the Department did not ensure that the amount drawn/expended for an individual disaster did not exceed the 3.34% allowed by FEMA. As of 6/30/2016 for disaster 4064, OEM had drawn/expended approximately \$97,280.56 in management costs and the amount authorized by FEMA per Project Worksheet (PW) #0001 was \$92,411 resulting in questioned costs of \$4,869.56.

In addition, the agency has not provided the quarterly progress reports to the Regional Administrator as required on the \$472,222 in management costs drawn during FY 2016.

**Cause:** The Department did not have procedures/internal controls in place to ensure that both funds drawn/expended for *management costs* are in compliance with applicable Federal requirements, to ensure that the costs had not exceeded the earmarking threshold by disaster, and to ensure that the quarterly progress reports on management costs are submitted to the Regional Administrator.

**Effect:** The Department may incur management costs that are unallowable costs or activities, the management cost earmarking ceiling of 3.34% was exceeded, and the agency was not in compliance with 44 CFR § 207.8 (c).

**Recommendation:** We recommend the Department develop policies and procedures/internal controls to ensure funds expended/drawn for *management costs* are for allowable activities and allowable costs, that the amounts by disaster do not exceed the management cost ceiling of 3.34%, and that the required reports for management costs are submitted to the Regional Administrator in a timely manner.

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

**Contact Person:** Michelann Ooten, Deputy Director, Alden Graybill, Recovery Manager, Michael Teague, Public Assistance Officer, Sandy Henry, CFO

**Anticipated Completion Date:** 9-30-2017

**Corrective Action Planned:** The Oklahoma Department of Emergency Management concurs with the finding. Please refer to the corrective action plan on page 53.

**FINDING NO:** 2016-002 (Repeat 2015-012)

**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-1735, FEMA-1756, FEMA-1775, FEMA-1820, FEMA-1823, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1985, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164, FEMA-4222, FEMA-4247

**FEDERAL AWARD YEAR:** 2015/2016

**CONTROL CATEGORY:** Cash Management, Subrecipient Monitoring, and Special Tests and Provisions - Project Accounting

**QUESTIONED COSTS:** \$0

**Criteria:** 44 CFR § 13.40(a) – *Monitoring by grantees* states, “Grantees are responsible for managing the day-to-day operations of grant and subgrant supported activities. Grantees must monitor grant and subgrant supported activities to assure compliance with applicable Federal requirements and that performance goals are being achieved. Grantee monitoring must cover each program, function or activity”

2 CFR 200.331(d) – *Requirements for pass-through entities* states, “All pass-through entities must Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved.”

44 CFR 13.21(c) – *Advances* states, “Grantees and subgrantees shall be paid in advance, provided they maintain or demonstrate the willingness and ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement by the grantee or subgrantee.”

## Schedule of Findings And Questioned Costs

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2 CFR 200.305(b) (1) – *Payments* states, “... Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project.”

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.”

Per OMB A-133 Part 3 – Subrecipient Monitoring, A pass-through entity is responsible for *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.” To perform During Award Monitoring the pass-through entity would need to monitor the subrecipient’s use of federal awards by at least performing a review of supporting documentation on a periodic basis.

2 CFR 200.331(b) – *Requirements for pass-through entities* states, “All pass-through entities must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring.”

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

**Condition and Context:** We reviewed all advances and identified \$14,373,090.60 that was advanced during FY 2016 to subgrantees without ensuring supported activities were in compliance with applicable Federal requirements prior to the closeout of the project. The advances represent 21.26% of the funds provided to subgrantees during the fiscal year. In addition, the Department did not ensure that the subgrantee had the willingness and the ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement. Also, the Department did not evaluate each subgrantee’s risk of noncompliance to determine the appropriate subrecipient monitoring.

Finally, for our sample of 9 of the 21 advance payments made to subgrantees, we noted the following:

- Three Request for Advance or Reimbursement form (15-Alpha) payments were approved as an advance; however, the payments appear to meet the definition of a reimbursement.

**Cause:** The Department did not have during the award monitoring procedures/internal controls in place to ensure that funds *advanced* to subgrantees were being used in compliance with applicable Federal requirements and to ensure that the subgrantee had the willingness and the ability to minimize the time elapsing between the transfer of the funds and their disbursement. In addition, the Department did not have procedures/internal controls to evaluate each subrecipient’s risk of noncompliance. Lastly, the Department did not properly review the 15-Alphas to ensure that the payments met the definition of an advance.

**Effect:** The Department is not in compliance with the requirements of 44 CFR 13.40 (a), 44 CFR 13.21 (c), 2 CFR 200.331 (d), and 2 CFR 200.305 (b) (1) for advance payments. Also, it appears that the Department is not in compliance with the requirements of 2 CFR 200.331(b). As a result, failure to perform during the award monitoring of subgrantees for advance payments could lead to federal funds not being disbursed timely and/or in accordance with Federal regulations.

**Recommendation:** We recommend the Department develop policies and procedures/internal controls to ensure subgrantees receiving *advance* funds are monitored prior to the closeout of the project to ensure compliance with the applicable Federal regulations, ensure that subgrantees are minimizing the time between the receipt of funds and their disbursement, and to evaluate each subrecipient’s risk of noncompliance. Lastly, we recommend the Department closely review the Advance or Reimbursement form (15-Alpha) prior to payment to ensure the correct payment method is selected.

## Schedule of Findings And Questioned Costs

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

**Contact Person:** Michelann Ooten, Deputy Director, Alden Graybill, Recovery Manager, Michael Teague, Public Assistance Officer, Sandy Henry, CFO

**Anticipated Completion Date:** 9-30-2017

**Corrective Action Planned:** The Oklahoma Department of Emergency Management concurs with the finding. Please refer to the corrective action plan on page 53.

**FINDING NO:** 2016-003 (Repeat 2015-024)

**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-1735, FEMA-1756, FEMA-1775, FEMA-1820, FEMA-1823, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1985, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164

**FEDERAL AWARD YEAR:** 2015/2016

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** 44 CFR 13.26 – *Non-Federal audit* states, “(a) *Basic rule:* Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507); 31 U.S.C. 503, 1111; Executive Order 8248; Executive Order 11541; and revised OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The audits shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial audits. (b) *Subgrantees:* State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide Federal awards to a subgrantee, which expends \$500,000 or more (or other amount as specified by OMB) in Federal awards in a fiscal year, shall:

- (1) Determine whether State or local subgrantees have met the audit requirements of the Act and whether subgrantees covered by OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” have met the audit requirements of the Act. Commercial contractors (private for-profit and private and governmental organizations) providing goods and services to State and local governments are not required to have a single audit performed. State and local governments should use their own procedures to ensure that the contractor has complied with laws and regulations affecting the expenditure of Federal funds;
- (2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A-110, or through other means (e.g., program reviews) if the subgrantee has not had such an audit;
- (3) Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instance of noncompliance with Federal laws and regulations;
- (4) Consider whether subgrantee audits necessitate adjustment of the grantee's own records; and
- (5) Require each subgrantee to permit independent auditors to have access to the records and financial statements.”

**Condition and Context:** The Department has a process to track the subgrantees that received more than \$500,000 in OEM Federal funds. However, the Department does not have an internal control process in place to ensure that applicants receiving less than \$500,000 from OEM in Federal funds haven’t expended more than \$500,000 of Federal funds in total from all sources.

We identified 28 subgrantees in FY 2015 that received between \$100,000 and \$500,000 in OEM Federal funds, and then determined that 11 of the subgrantees expended over \$500,000 in total federal funds making them subject to the OMB Circular A-133 audit requirement. However, none of the 11 audits were tracked.

## Schedule of Findings And Questioned Costs

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**Cause:** The department did not have procedures/internal controls in place to ensure that subgrantees receiving less than \$500,000 in Federal funds from OEM are tracked to ensure compliance with the audit requirements of OMB Circular A-133.

**Effect:** The Department may be unaware of potential subgrantee OMB Circular A-133 audits with noncompliance issues related to the Public Assistance program. In addition, OEM may fail to ensure that the subgrantee took appropriate corrective action within the required timeframe.

**Recommendation:** We recommend the Department develop policies and procedures/internal controls to ensure that all subgrantees subject to the OMB Circular A-133 audit requirements are tracked.

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

**Contact Person:** Michelann Ooten, Deputy Director, Alden Graybill, Recovery Manager, Michael Teague, Public Assistance Officer, Sandy Henry, CFO

**Anticipated Completion Date:** 9-30-2017

**Corrective Action Planned:** The Oklahoma Department of Emergency Management concurs with the finding. Please refer to the corrective action plan on page 53.

**FINDING NO:** 2016-012 (Repeat 2015-026)

**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-1718, FEMA-1735, FEMA-1754, FEMA-1775, FEMA-1876, FEMA-1883, FEMA-1917, FEMA-1970, FEMA- 4064, FEMA-4109, FEMA-4117, FEMA-4164, FEMA-4222, FEMA-4247

**FEDERAL AWARD YEAR:** 2015/2016

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** The instructions for SF-425 for line 10b – *Cash Disbursements* states, “enter the cumulative amount of Federal fund disbursements by the grantee (such as cash or checks) as of the reporting period end date. Disbursements are the sum of actual cash disbursements (of Federally authorized funds) for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments (of Federally authorized funds) made to subrecipients and contractors.”

The instructions for SF-425A for line 10b – *Cumulative Federal Cash Disbursements* states, “enter the cumulative amount of the Federal share of cash disbursed for each award. Cash disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.”

The instructions for SF-425 and SF-425a for line 10c – *Cash on Hand* states, “In computing the total amount of Cash on Hand for its Federal awards in the aggregate, a recipient must exclude any negative balance of Federal Cash on Hand for an individual award or for a group of awards paid through a consolidated payment request.”

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 and Context:** The Department is responsible for reporting cumulative disbursements (line 10b) for each open disaster on the SF-425 and SF-425A quarterly to FEMA. We compared the amounts reported on the SF-425 and SF-425A at 6/30/2016 to the accounting records of the Department and noted the following variances for the following disasters reported on:

## Schedule of Findings And Questioned Costs

	6/30/2016 SF-425 Line 10b	FY 15 Total	FY 16 Payments	FY 16 Mgmt Draws	Variance
1712	\$ 23,874,249.30	\$ 23,872,755.02		\$ 1,494.28	\$ -
1718	\$ 17,751,999.41	\$ 17,738,734.61		\$ -	\$ 13,264.80
1735*	\$ 98,996,014.97	\$ 98,984,756.38	\$ 10,612.50	\$ 646.09	\$ -
1754*	\$ 20,333,175.05	\$ 20,289,013.15		\$ 34,154.65	\$ 10,007.25
1775	\$ 9,638,507.73	\$ 9,166,300.66	\$ 511,868.14	\$ 399.48	\$ (40,060.55)
1823	\$ 9,203,600.91	\$ 9,185,090.37	\$ 18,510.54	\$ -	\$ -
1876*	\$ 18,063,583.71	\$ 18,058,933.51	\$ -	\$ 4,262.07	\$ 388.13
1883*	\$ 112,713,931.97	\$ 109,420,699.47	\$ 3,183,492.30	\$ 98,425.47	\$ 11,314.73
1917*	\$ 5,997,664.40	\$ 5,991,208.25	\$ 3,358.97	\$ 2,097.08	\$ 1,000.10
1926	\$ 3,363,736.78	\$ 3,342,081.88	\$ 19,523.57	\$ 2,131.33	\$ -
1970*	\$ 3,740,646.02	\$ 3,729,165.61	\$ -	\$ 11,272.35	\$ 208.06
1988	\$ 3,860,283.53	\$ 3,858,422.12	\$ -	\$ 1,861.41	\$ -
1989	\$ 7,204,824.78	\$ 7,202,987.19	\$ -	\$ 1,837.59	\$ -
4064*	\$ 2,723,747.68	\$ 2,590,196.63	\$ 126,723.71	\$ 4,869.56	\$ 1,957.78
4109*	\$ 45,357,148.13	\$ 31,803,184.00	\$ 13,559,206.85	\$ 17,488.06	\$ (22,730.78)
4117*	\$ 41,862,497.70	\$ 37,935,628.45	\$ 3,287,358.05	\$ 64,798.05	\$ 574,713.15
4164*	\$ 3,990,899.35	\$ 4,540,327.68	\$ 3,038.03	\$ (33,502.00)	\$ (518,964.36)
4222*	\$ 35,823,098.84		\$ 35,450,289.78	\$ 259,853.00	\$ 112,956.06
4247*	\$ 12,432,786.90		\$ 12,440,793.94	\$ 133.16	\$ (8,140.20)
Total	\$ 476,932,397.16	\$ 407,709,484.98	\$ 68,614,776.38	\$ 472,221.63	\$ 135,914.17

	6/30/2016 SF-425a Line 10b	FY 15 Total	FY 16 Payments	FY 16 Mgmt Draws	Variance
1712	\$ 23,874,249.30	\$ 23,872,755.02	\$ -	\$ 1,494.28	\$ -
1718	\$ 17,751,999.41	\$ 17,738,734.61	\$ -	\$ -	\$ 13,264.80
1735	\$ 98,996,014.97	\$ 98,984,756.38	\$ 10,612.50	\$ 646.09	\$ -
1754	\$ 20,333,175.05	\$ 20,289,013.15	\$ -	\$ 34,154.65	\$ 10,007.25
1775	\$ 9,638,507.73	\$ 9,166,300.66	\$ 511,868.14	\$ 399.48	\$ (40,060.55)
1823	\$ 9,203,600.91	\$ 9,185,090.37	\$ 18,510.54	\$ -	\$ -
1876	\$ 18,063,583.71	\$ 18,058,933.51	\$ -	\$ 4,262.07	\$ 388.13
1883	\$ 112,713,931.97	\$ 109,420,699.47	\$ 3,183,492.30	\$ 98,425.47	\$ 11,314.73
1917	\$ 5,997,664.40	\$ 5,991,208.25	\$ 3,358.97	\$ 2,097.08	\$ 1,000.10
1926	\$ 3,363,736.78	\$ 3,342,081.88	\$ 19,523.57	\$ 2,131.33	\$ -
1970	\$ 3,740,646.02	\$ 3,729,165.61	\$ -	\$ 11,272.35	\$ 208.06
1988	\$ 3,860,283.53	\$ 3,858,422.12	\$ -	\$ 1,861.41	\$ -
1989	\$ 7,204,824.78	\$ 7,202,987.19	\$ -	\$ 1,837.59	\$ -
4064	\$ 2,723,747.68	\$ 2,590,196.63	\$ 126,723.71	\$ 4,869.56	\$ 1,957.78
4109	\$ 45,969,922.85	\$ 31,803,184.00	\$ 13,559,206.85	\$ 17,488.06	\$ 590,043.94
4117	\$ 41,862,497.70	\$ 37,935,628.45	\$ 3,287,358.05	\$ 64,798.05	\$ 574,713.15
4164	\$ 3,990,899.35	\$ 4,540,327.68	\$ 3,038.03	\$ (33,502.00)	\$ (518,964.36)
4222	\$ 35,823,098.84		\$ 35,450,289.78	\$ 259,853.00	\$ 112,956.06
4247	\$ 12,432,786.90		\$ 12,440,793.94	\$ 133.16	\$ (8,140.20)
Total	\$ 477,545,171.88	\$ 407,709,484.98	\$ 68,614,776.38	\$ 472,221.63	\$ 748,688.89

In addition, the agency completed line 10c of the SF-425 incorrectly on 12 (as indicated by \* above) of the 19 reports submitted by reporting the Cash on Hand amount at less than zero. Also, the agency completed line 10c of the SF-425a incorrectly by reporting the Cash on Hand amount at less than zero.

## Schedule of Findings And Questioned Costs

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**Cause:** The Department did not report the proper amounts for cash disbursements in accordance with the instructions for the reports and the amounts reported did not agree to the agency's accounting records. In addition, the agency did not properly report the amount of cash on hand per the instructions.

**Effect:** The Department misstated the cumulative amount of the cash disbursement at 6/30/16 for the disasters noted by the amounts noted.

**Recommendation:** We recommend the Department develop policies and procedures/internal controls to ensure that the amounts reported on the SF-425 and SF-425A are calculated in accordance with the instructions for each report and agree to the accounting records.

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

**Contact Person:** Michelann Ooten, Deputy Director, Alden Graybill, Recovery Manager, Michael Teague, Public Assistance Officer, Sandy Henry, CFO

**Anticipated Completion Date:** 9-30-2017

**Corrective Action Planned:** The Oklahoma Department of Emergency Management concurs with the finding. Please refer to the corrective action plan on page 54.

**FINDING NO:** 2016-044 (Repeat 2015-042)

**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-1678

**FEDERAL AWARD YEAR:** 2015/2016

**CONTROL CATEGORY:** Cash Management

**QUESTIONED COSTS:** \$82,618

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

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."

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 drew \$82,618 for disaster 1678 on 8/6/15 and was unable to support the amount drawn.

**Cause:** The Department did not have procedures/internal controls in place to ensure that funds drawn/expended were in compliance with applicable Federal requirements and were properly supported. In addition, the Department did not reconcile the funds expended in a timely manner throughout the life of the grant.

**Effect:** The Department could make cash draws for amounts that are not owed to the Department or for expenses that have not been incurred by the Department or a subgrantee.



## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend the Department develop policies and procedures/internal controls to ensure funds expended/drawn are for costs that can be properly supported by the Department and the amounts expended/drawn for the grant award are reconciled on a timely basis.

**Views of Responsible Official(s)**

**Contact Person:** Michelann Ooten, Deputy Director, Alden Graybill, Recovery Manager, Michael Teague, Public Assistance Officer, Sandy Henry, CFO

**Anticipated Completion Date:** 9-30-2017

**Corrective Action Planned:** The Oklahoma Department of Emergency Management concurs with the finding. Please refer to the corrective action plan on page 54.

**FINDING NO:** 2016-045 (Repeat 2015-040)

**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-4222

**FEDERAL AWARD YEAR:** 2015/2016

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Subrecipient Monitoring, Special Tests and Provisions – Project Accounting

**QUESTIONED COSTS:** \$852

**Criteria:** 44 CFR 206.205(b)(1) - *Large projects* states, “The Grantee shall make an accounting to the Regional Administrator of eligible costs for each approved large project. In submitting the accounting the Grantee shall certify that reported costs were incurred in the performance of eligible work, that the approved work was completed, that the project is in compliance with the provisions of the FEMA-State Agreement, and that payments for that project have been made in accordance with 44 CFR 13.21, Payments. Each large project shall be submitted as soon as practicable after the subgrantee has completed the approved work and requested payment.”

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.”

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

**Condition and Context:** For a sample of 15 out of 45 payments for *large projects* made to subgrantees, we noted the following:

- One payment of \$95,792.27 was made to a subgrantee prior to OEM completing the *Project Certification Report (Monitoring Report required for subgrantee reimbursement)*; however, when the *Project Certification Report* was completed a deobligation of funds was requested. It appears that the Federal Share was overpaid, resulting in a questioned cost of \$851.59 (\$1,135.58 \* 75%);
- One payment of \$20,939.66 was made to a subgrantee that has yet to have had a *Project Certification Report* completed. We did not question the costs because we were able to tie the support from the subgrantee to the amount paid out.

**Cause:** The Department did not follow established practices by completing the *Project Certification Report* (validating the costs) prior to the subgrantee payment.

**Effect:** When payments are issued prior to the completion of the *Project Certification Report* the costs reimbursed may not have been incurred by the subgrantee or may not be supported. In addition, a subgrantee could potentially not receive the correct federal share of the payment.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend the Department follow established procedures to ensure that the *Project Certification Report* is completed for all large projects prior to payment to ensure subgrantee reimbursements are adequately supported.

**Views of Responsible Official(s)**

**Contact Person:** Michelann Ooten, Deputy Director, Alden Graybill, Recovery Manager, Michael Teague, Public Assistance Officer, Sandy Henry, CFO

**Anticipated Completion Date:** 6-30-2017

**Corrective Action Planned:** The Oklahoma Department of Emergency Management concurs with the finding. Please refer to the corrective action plan on page 54.

### OKLAHOMA HEALTH CARE AUTHORITY

**FINDING NO:** 2016-004

**STATE AGENCY:** Oklahoma Health Care Authority

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

**CFDA NO:** 93.767; 93.778

**FEDERAL PROGRAM NAME:** Children's Health Insurance Program (CHIP); Medical Assistance Program (MAP)

**FEDERAL AWARD NUMBER:** 1505OK021 and 1605OK5021; 1505OK5MAP and 1605OK5MAP

**FEDERAL AWARD YEAR:** 2015 and 2016

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility (*MAP only*)

**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, "Transactions are promptly recorded to maintain their relevance and value to management in controlling operations and making decisions. This applies to the entire process or life cycle of a transaction or event from its initiation and authorization through its final classification in summary records. In addition, management designs control activities so that all transactions are completely and accurately recorded."

The GAO Standards for Internal Control in the Federal Government 10.13 states, in part, "Segregation of duties helps prevent fraud, waste, and abuse in the internal control system. Management considers the need to separate control activities related to authority, custody, and accounting of operations to achieve adequate segregation of duties."

Adequate internal controls over access and accountability for resources include (1) limiting access to resources and records to authorized individuals and (2) assigning and maintaining accountability for the custody and use of resources.

Adequate internal controls over separation of duties and supervision include separating key duties and responsibilities in authorizing, processing, recording, and reviewing official agency transactions.

**Condition and Context:** The Independent Service Auditor's Report on the Service Organization's System indicated a segregation of duties control finding related to the organization and administration control objective and related controls for transaction processing.

**Cause:** There was a lack of segregation of duties over the production changes within the application. However, change requests, implemented by developers who promoted their own changes during the period of examination were approved prior to implementation of each change.

**Effect:** Lack of segregation of duties over the production changes within the application increases the risk of waste, loss, unauthorized use or misappropriation of State and/or Federal funds.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend the agency follow-up with the service organization to ensure noted deficiencies are addressed.

**Views of Responsible Official(s)**

**Contact Person:** Josh Richards

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding. Please refer to the corrective action plan on page 56.

**FINDING NO:** 2016-006 (Repeat 2015-035)

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1505OK5MAP and 1605OK5MAP

**FEDERAL AWARD YEAR:** 2015 and 2016

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

**QUESTIONED COSTS:** \$215

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

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

According to 45 CFR 75 (Subpart E), Costs must...

- (75.403a), "Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles", and
- (75.403b), "Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items."

**Condition and Context:** Based on a medical professional's review of 73 claims for Medical Assistance Program recipients, six (8.22%) claims had payment errors resulting in questioned costs. In addition, two (2) claims had documentation errors. For these claims, since the supporting documentation indicated the services provided did meet Medicaid policy/regulatory requirements and was adequately supported by medical records or other evidence indicating that the service was actually provided and/or necessary, we will not question the costs.

**Cause:** Six (6) claims submitted by a provider were not appropriately supported by medical records, and two (2) claims had documentation submitted to the Authority which indicated an incorrect provider number.

**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:** Josh Richards

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding. Please refer to the corrective action plan on page 56.

**FINDING NO:** 2016-007 (Repeat 2015-036)

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

**CFDA NO:** 93.767

## Schedule of Findings And Questioned Costs

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

**FEDERAL AWARD NUMBER:** 1505OK5021 and 1605OK5021

**FEDERAL AWARD YEAR:** 2015 and 2016

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

**QUESTIONED COSTS:** \$80

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

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

According to 45 CFR 75 (Subpart E), Costs must...

- (403a), "Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles", and
- (403b), "Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items."

**Condition and Context:** Based on a medical professional's review of 73 claims for Children's Health Insurance Program recipients, three (4.11%) claims had payment errors resulting in questioned costs.

**Cause:** Three (3) claims submitted by a provider were not appropriately supported by medical records.

**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:** Josh Richards

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding. Please refer to the corrective action plan on page 56.

**FINDING NO:** 2016-008

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1505OK5MAP and 1605OK5MAP

**FEDERAL AWARD YEAR:** 2015 and 2016

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

**QUESTIONED COSTS:** \$18,704

**Criteria:** According to 42 CFR 435.916(b), "The agency must redetermine the eligibility of Medicaid beneficiaries excepted from modified adjusted gross income under §435.603(j) of this part, for circumstances that may change, at least every 12 months".

According to 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."

## Schedule of Findings And Questioned Costs

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According to 2 CFR 200.303 (Uniform Guidance), “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

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

**Condition and Context:** For one of our sample of 72 (1.38%) recipients of Medical Assistance Program payments a redetermination of Medicaid eligibility had not been performed within the last 12 months; however, the recipient was determined eligible on June 1, 2016, making them eligible for the last 30 days of state fiscal year 2016.

**Cause:** The Authority does not have adequate controls in place to ensure undetermined cases are properly closed.

**Effect:** The Authority may be paying for services for which the recipient is not entitled.

**Recommendation:** We recommend the Authority investigate the recipient identified and, if considered necessary, recoup any funds paid to providers for services that the recipient was not entitled to. We also recommend the Authority take steps to ensure they have proper procedures in place to identify and close any cases that fail to be redetermined in the required timeframe.

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

**Contact Person:** Josh Richards

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding. Please refer to the corrective action plan on page 56.

**FINDING NO:** 2016-015 (Repeat 2015-034)

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

**CFDA NO:** 93.767

**FEDERAL PROGRAM NAME:** Children’s Health Insurance Program (CHIP)

**FEDERAL AWARD NUMBER:** 1605OK5021

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$31,334

**Criteria:** 2 CFR §200.303(a) states in part, “The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.”

The Medicaid.gov website at <https://www.medicaid.gov/chip/reports-and-evaluations/reports-and-evaluations.html> states, “The Quarterly Children's Health Insurance Program (CHIP) Statement of Expenditures for Title XXI (Form CMS-21) is the state's accounting statement of actual recorded expenditures and the disposition of Federal funds which the states, in accordance with Sections 2105(e) and 2107(b)(1) of the Act, must submit each quarter under Title XXI of the Act.”

**Condition and Context:** Administrative costs were allocated incorrectly, which carried forward to the administrative costs reported on the corresponding CMS-21 Report. We tested the cost allocations for two quarters in State Fiscal Year 2016 and noted:

- In the QE 9/30/15 cost allocations:
  - 1) The expenditures for pool 702, 530/531, and 209 allocations did not tie to supporting documentation. As a result, the allocations are incorrect and the re-grouped OHCA Fund 200 total does not tie to the allocation OHCA Fund 200 totals (check figure). This was not detected during review.

## Schedule of Findings And Questioned Costs

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- 2) Contract amounts on the OHCA Expenditure Worksheet do not tie to supporting documentation, which ties to system documentation.
  - 3) Allocated costs on the OHCA Expenditure Worksheet do not tie to allocations on Cost Allocation Worksheet.
- In the QE 12/31/15 cost allocations:
    - 1) It appears the Hewlett Packard (HP) Enterprise Services Claims results (allocation statistics) used to calculate the allocations for Pool 552, 533, and 534 were incorrect. Therefore, pool 702 allocation statistics, based on the amounts allocated in pools 552, 533 and 534, were also incorrect. This was not detected during review.
    - 2) Contract amounts on the OHCA Expenditure Worksheet do not tie to supporting documentation, which ties to system documentation.
    - 3) Allocated costs on the OHCA Expenditure Worksheet do not tie to allocations on Cost Allocation Worksheet.

**Cause:** The built-in check figures to prevent or detect errors in the spreadsheets used to allocate costs were not used and errors were not detected during review.

**Effect:** The total administrative expenditures in the subsequent cost allocation calculations were misstated causing the CMS 21 Reports to be misstated as follows:

- The QE 9/30/15 CMS-21 Report was overstated \$118,201; and
- The QE 12/31/15 CMS-21 Report was understated \$86,867

**Recommendation:** We recommend the Authority utilize the check figures built into spreadsheets to prevent or detect errors. We further recommend the Authority review the current procedures in place to determine where any additional breakdowns in the internal control processes occurred and implement the necessary procedures to ensure compliance with Federal reporting requirements for accurate reporting of administrative costs on the CMS-21 Report in the future.

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

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** 4/30/2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding, except for the questioned costs. Please refer to the corrective action plan on page 56.

**Auditor Response:** The Authority indicated in its corrective action plan that some of the questioned costs had been corrected in subsequent periods. These corrections occurred after audit documentation was received and our review began, and were also made outside the audit period. Therefore, no determinations on the corrections were made.

**FINDING NO:** 2016-035 (Repeat 2015-033)

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program (MAP)

**FEDERAL AWARD NUMBER:** 1605OK5MAP

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$562,150

**Criteria:** 2 CFR §200.303(a) states in part, “The non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.” The Medicaid.gov website at <https://www.medicaid.gov/medicaid/financing-and-reimbursement/state-expenditure-reporting/index.html> states, “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.”

## Schedule of Findings And Questioned Costs

**Condition and Context:** Administrative costs were allocated incorrectly, which carried forward to the administrative costs reported on the corresponding CMS-64 Report. We tested the cost allocations for two quarters in state fiscal year 2016 and noted:

- In the QE 9/30/15 cost allocations:
  - 1) The expenditures for pool 702, 530/531, and 209 allocations did not tie to supporting documentation. As a result, the allocations are incorrect and the re-grouped OHCA Fund 200 total does not tie to the allocation OHCA Fund 200 totals (check figure). This was not detected during review.
  - 2) Allocations on the OHCA Expenditure Worksheet were not re-classified correctly. The Excel formula used to pull Family Planning and Pre-Admission Screening and Resident Review (PASARR) allocations to the re-classification targeted the wrong cell, which caused Family Planning and PASARR to be omitted from the re-classification.
  - 3) Contract amounts on the OHCA Expenditure Worksheet do not tie to supporting documentation, which ties to system documentation.
  - 4) Allocated costs on the OHCA Expenditure Worksheet do not tie to allocations on Cost Allocation Worksheet.
- In the QE 12/31/15 cost allocations:
  - 1) The Hewlett Packard (HP) Enterprise Services Claims results (allocation statistics) used to calculate the allocations for Pool 552, 533, and 534 were incorrect. Therefore, pool 702 allocation statistics, based on the amounts allocated in pools 552, 533 and 534, were also incorrect. This was not detected during review.
  - 2) Allocations on the OHCA Expenditure Worksheet were not re-classified correctly. The Excel formula used to pull Family Planning and PASAAR allocations to the re-classification targeted the wrong cell, which caused Family Planning and PASAAR to be omitted from the re-classification.
  - 3) Contract amounts on the OHCA Expenditure Worksheet do not tie to supporting documentation, which ties to system documentation.
  - 4) Allocated costs on the OHCA Expenditure Worksheet do not tie to allocations on Cost Allocation Worksheet.

**Cause:** The built-in check figures to prevent or detect errors in the spreadsheets used to allocate costs were not used and errors were not detected during the review.

**Effect:** Total administrative expenditures in the subsequent cost allocation calculations were misstated causing the CMS 64 Reports to be misstated as follows:

- QE 9/30/15 CMS 64 Report - The allocated administrative costs reported were overstated \$2,635,358. See program breakdown in the table below:

CMS 64.10 Line #		Overstated/(Understated)
FAMILY PLANNING	Line 1-B	(546)
NURSE AID TRNG	Line 9-B	(53,299)
Enroll Brkers	Line 18-B	230,684
OHCA Other	Line 49-B	2,458,519

- QE 12/31/15 CMS 64 Report - The allocated administrative costs reported were understated \$2,073,209. See program breakdown in the table below:

CMS 64.10 Line #		Overstated/(Understated)
In-House MMIS	Line 4A-B	(266,736)
Pvt Sec MMIS	Line 4B-B	(116,274)
DD Pvt Sec MMIS PVT	Line 28B-B	(36,065)
MMIS Pvt	Line 28F (B)	223,473
OHCA SPMP	Line 3A-B	(238,921)

## Schedule of Findings And Questioned Costs

FAMILY PLANNING	Line 1-B	3
PASARR	Line 10-B	59
NURSE AID TRNG	Line 9-B	(26,998)
Enroll Brkers	Line 18-B	(502,185)
OHCA Other	Line 49-B	(1,109,565 )

**Recommendation:** We recommend the Authority utilize the check figures built into the cost allocation spreadsheets to prevent or detect errors. We further recommend the Authority review the current procedures in place to determine where any additional breakdowns in the internal control processes occurred and implement the necessary procedures to ensure compliance with Federal reporting requirements for accurate reporting of administrative costs on the CMS-64 Report in the future.

**Views of Responsible Official(s)**

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** 4/30/2017

**Corrective Action Planned:** The Oklahoma Health Care Authority concurs with the finding, except for the questioned costs. Please refer to the corrective action plan on page 57.

**Auditor Response:** The Authority indicated in its corrective action plan that some of the questioned costs had been corrected in subsequent periods. These corrections occurred after audit documentation was received and our review began, and were also made outside the audit period. Therefore, no determinations on the corrections were made.

### OKLAHOMA STATE DEPARTMENT OF HEALTH

**FINDING NO:** 2016-046

**FEDERAL AGENCY:** United States Department of Agriculture

**CFDA NO:** 93.268

**FEDERAL PROGRAM NAME:** Immunization Cooperative Agreements

**FEDERAL AWARD NUMBER:** 5H23IP000766-03

**FEDERAL AWARD YEAR:** 2015

**CONTROL CATEGORY:** Period of Performance & Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** *2 CFR §200.343 Closeout (a)* states, “The non-Federal entity must submit, no later than 90 calendar days after the end date of the period of performance, all financial, performance, and other reports as required by the terms and conditions of the Federal award. The Federal awarding agency or pass-through entity may approve extensions when requested by the non-Federal entity.”

*2 CFR §200.343 Closeout (b)* states, Unless the federal awarding agency authorizes an extension, a non-Federal entity must liquidate all obligations incurred under the Federal award not later than 90 calendar days after the end date of the period of performance as specified in the terms and conditions of the Federal award.

*2 CFR § 200.303 – Internal Controls* states, “The non-Federal entity must: “(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award.

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

**Condition and Context:** The Department failed to ensure that during the CD5 grant period, the timing and amount of Federal funds drawn on the Federal Fiscal Year (FFY) 2015 Immunization Cooperative Agreements grant (CFDA



## Schedule of Findings And Questioned Costs

#93.268) was reflective of the actual related cash expenditures to be recorded due largely to failure to record program income timely. In addition, the Department failed to submit the required annual FFR 425 report by the 3/30/16 deadline. See schedule below:

<i>Immunization Cooperative Agreements Grant CFDA (# 93.268) Grant # 5H23IP000766-03</i>			<b>Difference</b>
<i>Grant Budget Period - 1/1/15 to 12/31/15</i>	<b>Draws: Revefile CD5</b>	<b>Obligations: Grace R20</b>	<b>(Amount Over/(Under) Drawn</b>
<b>End of Budget Period (12/31/15)</b>	3,605,734.26	3,710,519.45	(104,785.19)
<b>End of Liquidation Period (3/30/16)</b>	4,056,782.19	4,059,189.19	(2,407.00)
<b>As of Original CD5 FFR 425 Report Dated 6/10/16</b>	4,432,888.58	3,853,502.14	579,386.44
<b>As of CD5 FFR 425 Report Certification Date (12/22/16)</b>	4,403,243.00	3,853,502.11	549,740.89
<b>Dec 15 &amp; Jan 16 Amount recorded after CD5</b>			
<b>FFR 425 Report Certification Date</b>	(620,384.00)	(68,783.39)	(551,600.61)
<b>Total CD5 as of 3/20/17</b>	3,782,859.00	3,782,859.93	<b>(0.93)</b>

**Cause:** Management has not implemented adequate controls to ensure that program income is recorded in a timely manner so the program income can be used to reduce the amount of expenditures that need to be drawn.

**Effect:** When all program income/adjustments are not being reported timely (by the liquidation period for the grant); program staff has to delay reporting on the FFR 425 report (3/30/16 deadline) so adjustments can be made to reduce the draw amount/expenditures by the amount of the program income/adjustments. The result was a net (\$244,277.61) in adjustments or reductions in draws and a net (\$274,470.47) in expense adjustments that were made after the liquidation or period of performance (3/30/16) for the CD5 grant.

**Recommendation:** We recommend management implement processes and procedures to ensure that 1) Federal expenditure obligations are liquidated within the appropriate time frame; and 2) Federal expenditure/draw amounts are reported accurately and in a timely manner by ensuring that all program income/adjustments are also recorded timely. In addition, we recommend management submit all future FFR 425 Reports as of 90 days after the end of the budget period even if subsequent revisions will most likely need to be made.

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

**Contact Person:** Gunnar McFadden

**Anticipated Completion Date:** June 2017

**Corrective Action Planned:** The Oklahoma State Department of Health concurs with the finding. Please refer to the corrective action plan on page 58.

### **OKLAHOMA DEPARTMENT OF HUMAN SERVICES**

**FINDING NO:** 2016-009 (Repeat 2015-028)

**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:** 1501OKCCDF and 1601OKCCDF

## Schedule of Findings And Questioned Costs

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**FEDERAL AWARD YEAR:** 2015 and 2016

**CONTROL CATEGORY:** Health and Safety Requirements

**QUESTIONED COSTS:** \$0

**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 340:110-1-9 (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 personnel sheets and compliance with background investigations per OAC 340:110-1-8.1;
- (3) personnel professional development 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, (when) 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 checklists, enters the information from the monitoring checklists onto the licensing database, provides copies of the monitoring summary to the program’s owner/operator and files the original in the program’s file in the local Oklahoma Department of Human Services (OKDHS) office.”

An effective internal control system provides for proper record retention to ensure that all information and transactions are accurately recorded and retained.

**Condition and Context:** We noted the following for a sample of 60 of 1,931 daycare centers and homes:

- 1 center (1.67%) where the health inspector or fire inspector visits were not up to date
- 11 centers/homes (18.33%) where we could not determine that monitoring checklists were adequately documented in relation to compliance with the health and safety requirements
- 4 centers/homes (6.67%) were not monitored in accordance with their Monitoring Frequency Plan.

In addition, we noted the monitoring visit tracking methods are not consistent amongst workers and/or locations. We are unable to show that the system generated tracking mechanism is being incorporated into the tracking process at times.

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

**Effect:** The agency may not be in compliance with the above stated requirements. 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

## Schedule of Findings And Questioned Costs

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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 and the retention of these real time documents be emphasized to all staff.

**Views of Responsible Official(s)**

**Contact Person:** Lesli Blazer

**Anticipated Completion Date:** July 30, 2017

**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 59.

**FINDING NO:** 2016-013 (Repeat 2015-014)

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

**CFDA NO:** 93.558

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

**FEDERAL AWARD NUMBER:** G1601OKTANF

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$0

**Criteria:** Each State shall 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 DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed. Automated data exchange information is also available within the DHS 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 and Context:** We performed testwork on the SFY 2016 G1DX Exception and Clearance Reports. We noted the following clearance discrepancies:

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	2,981	30,208	9.87%
IEV	2,241	15,466	14.49%
OWG	2,318	27,452	8.44%
SDX	8,288	88,391	9.38%
SNH	6,168	52,839	11.67%
UIB	998	9,402	10.61%
<b>TOTAL</b>	22,994	223,758	10.28%

## Schedule of Findings And Questioned Costs

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

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 59.

**FINDING NO:** 2016-014 (Repeat 2015-019)

**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:** G1601OKTANF

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$ 0

**Criteria:** Each State shall 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."

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b) (2) (D) (ii) (I) states in part, "The worker to whom the case is assigned and his or her supervisor are responsible for determining which sections listed in (i) through (viii) of this Instruction to Staff are appropriate for a specific case and maintaining those sections in the working and history records. In the working record, this section contains the most recent application and review forms and all documents that support eligibility decisions made since the last review including all forms, correspondence, and copies of verification required for determining eligibility for the programs for which the client has applied or is receiving benefits."

**Condition and Context:** When testing 60 of 12,138 cases, we noted three cases in which no income verification documentation was found in the case file 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.

## Schedule of Findings And Questioned Costs

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

**Contact Person:** Paulette Bushers

**Anticipated Completion Date:** May 1, 2017

**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 59.

**Auditor Response:** For the one disputed case, based on review of the DHS system the application was approved on 7/31/15 and was effective on 7/10/15 and according to the BN screen the recipient received benefits for the period of July 2015 through February 2016. It appears an interview did take place on 7/31/15 and the application was approved. Consequently, support that the ACES screens were reviewed by the worker to determine eligibility is required and was not documented in the file.

**FINDING NO:** 2016-017 (Repeat 2015-017)

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

**CFDA NO:** 93.558

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

**FEDERAL AWARD NUMBER:** G1601OKTANF

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$ 5,574

**Criteria:** 45 CFR § 206.10(a)(1)(ii) states in part, “The agency shall require a written application, signed under a penalty of perjury, on a form prescribed by the State agency, from the applicant himself, or his authorized representative, or, where the applicant is incompetent or incapacitated, someone acting responsibly for him...”

OAC 340:65-3-1(a) states in part, “The process of determining eligibility includes the applicant filing a signed 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, “Benefit renewal interview requirements vary depending on the program. A face-to-face interview is required for the TANF program.”

OAC 340:65-3-8(b)(2) states in part, “A benefit renewal must be completed at 12-month intervals, unless an earlier renewal date is warranted, with a TANF recipient.”

An effective internal control system provides for proper record retention to ensure that all information and transactions are accurately recorded and retained.

**Condition and Context:** In a sample of 60 of 12,138 TANF cases, we noted three cases (5%) where no documentation of a TANF eligibility redetermination was present in the case file for benefits paid during SFY 2016. (Questioned Costs \$5,574)

**Cause:** Internal controls are not adequate to ensure redeterminations are performed in a timely manner and properly documented.

## Schedule of Findings And Questioned Costs

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**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 them for TANF recipients as required. Also, we recommend the Department ensure that redetermination documentation is maintained in the case records.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Bushers

**Anticipated Completion Date:** May 30, 2017

**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 59.

**FINDING NO:** 2016-021

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

**CFDA NO:** 93.778 and 93.558

**FEDERAL PROGRAM NAME:** Medicaid and TANF

**FEDERAL AWARD NUMBER:** Various

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$547,031

**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)(A) states, "The Finance Division coordinates the preparation, revision, and accumulation of all administrative costs of the cost allocation plan.

OKDHS:2-11-60(1)(C) 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 and Context:** For a total of 92 allocation schedules sampled for the quarters ending 3/31/2016 and 6/30/2016, three schedules (3.26%) did not agree with supporting documentation.

**Cause:** An input error was made while preparing each of the three allocation schedules.

**Effect:** Costs charged to the Medicaid and Temporary Assistance to Needy Families (TANF) programs were inaccurate. See program breakdown in the table below:

CFDA#	Program	Overstated/(Understated)
93.778	Medicaid	\$ 422,813
93.558	TANF	\$ 124,218
Total		\$ 547,031

**Recommendation:** We recommend the Department follow established procedures to ensure allocation data is entered accurately on the cost allocation schedules. Additionally, we recommend a correction be made as soon as possible to correct the allocation schedule amounts recorded for the Medicaid and TANF programs.

**Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** 3/31/2017

## Schedule of Findings And Questioned Costs

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**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 60.

**FINDING NO:** 2016-024

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1605OK5MAP

**FEDERAL AWARD YEAR:** 2016

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

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Part 200, Subpart E, § 430 states in part...(i) *Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.);

OKDHS:2-11-60(1)(A) states, "The Finance Division coordinates the preparation, revision, and accumulation of all administrative costs of the cost allocation plan."

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

**Condition and Context:** Per DHS management, the Agency distributed Certificates of Direct Costs semi-annually to those employees working solely on a single program. For a population of 45 employees solely charged to the Medicaid Assistance program, we noted the following:

- Certification for 17 (37.78%) employees was received by DHS upon auditor's request.
- Certifications for 28 (62.22%) of employees was not received in a reasonable timeframe following the certification period (i.e. within three months following the end of the certification period).

Further, we noted the current Certificates of Direct Costs policy is based on A-87 requirements which, are no longer applicable and have been replaced by 2 CFR Part 200 requirements.

**Cause:** Internal controls have not been updated to reflect the changes made in 2 CFR Part 200. Additionally, the certifications tables were not reviewed in a timely manner.

**Effect:** Direct payroll expenditures charged to the Medicaid Assistance program may not be accurate, allowable, and properly allocated.

**Recommendation:** We recommend the Department establish and implement internal controls to ensure Certificates of Direct Costs are received in a timely manner to ensure the correct payroll costs are charged to the program. In addition, we recommend the agency update their policies to reflect 2 CFR Part 200 guidelines.

**Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** December 1, 2017

## Schedule of Findings And Questioned Costs

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**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 60.

**FINDING NO:** 2016-025 (Repeat 2015-015)

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

**CFDA NO:** 93.558

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

**FEDERAL AWARD NUMBER:** G1601OKTANF

**FEDERAL AWARD YEAR:** 2016

**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 and Context:** For our sample of 5 of the 18 IEVS data exchange jobs, we noted 1 (20%) of the jobs was not run as scheduled for the month of June 2016. See below:

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
FT077M	IRS	Monthly	June 2016

**Cause:** Lack of adequate internal controls in maintaining the IEVS process on the FT077M job.

**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:** Helen Goulden

**Anticipated Completion Date:** July 26<sup>th</sup>, 2016

**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 60.

**FINDING NO:** 2016-026 (Repeat 2015-010)

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2015G992201 (Cooling); 2016G992201 (Heating)

**FEDERAL AWARD YEAR:** 2015 and 2016

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

**QUESTIONED COSTS:** \$435

**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



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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 340:20-1-12(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.”

Per Instructions to Staff for OAC 340:20-1-12(2), “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.”

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

**Condition and Context:** For a sample of 60 of 77,244 LIHEAP benefit payments we noted:

- One instances (1.67%) where the name on the supporting energy bill did not match the name on the case. (Questioned Costs: \$130)
- One instance (1.67%) where the application indicates one in the household; however, the energy bill is in the roommates name indicating two in the household and the client is not responsible for the energy bill. (Questioned Costs: \$55)
- One instance (1.67%) where we could not determine the zero income amount was verified at the time of application and the client has no other open benefits. (Questioned Costs: \$250)

**Cause:** Internal controls are not adequate to ensure case records are appropriately documented to support the eligibility determinations.

**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 design and implement internal controls to ensure 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 adequately documenting eligibility determinations.

**Views of Responsible Official(s)**

**Contact Person:** Casey Letran

**Anticipated Completion Date:** September 1, 2017

**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 60.

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**FINDING NO:** 2016-028  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.575 and 93.596  
**FEDERAL PROGRAM NAME:** Child Care Development Fund  
**FEDERAL AWARD NUMBER:** 1601OKCCDF  
**FEDERAL AWARD YEAR:** 2016  
**CONTROL CATEGORY:** Allowable Costs/Cost Principles  
**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Part 200, Subpart E, § 430 states in part....(i) Standards for Documentation of Personnel Expenses  
(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.);

OKDHS:2-11-60(1)(A) states, "The Finance Division coordinates the preparation, revision, and accumulation of all administrative costs of the cost allocation plan."

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

**Condition and Context:** Per DHS management, the Agency distributed Certificates of Direct Costs semi-annually to those employees working solely on a single program. For a sample of 22 of 23 employees solely charged to the Child Care Development Fund program, we noted the following:

- Certifications for 3 (13.64%) employees were not received by DHS upon auditor's request.
- Certifications for 19 (86.36%) employees were not received in a reasonable timeframe following the certification period (i.e. within three months following the end of the certification period).

Further, we noted the current Certificates of Direct Costs policy is based on A-87 requirements which, are no longer applicable and have been replaced by 2 CFR Part 200 requirements.

**Cause:** Internal controls have not been updated to reflect the changes made in 2 CFR Part 200. Additionally, the certifications tables were not reviewed in a timely manner.

**Effect:** Direct payroll expenditures charged to the Child Care Development Fund program may not be accurate, allowable, and properly allocated.

**Recommendation:** We recommend the Department establish and implement internal controls to ensure Certificates of Direct Costs are received in a timely manner to ensure the correct payroll costs are charged to the program. In addition, we recommend the agency update their policies to reflect 2 CFR Part 200 guidelines.

**Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** December 1, 2017

**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 61.

## Schedule of Findings And Questioned Costs

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**FINDING NO:** 2016-033

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2015G992201 (Cooling); 2016G992201 (Heating)

**FEDERAL AWARD YEAR:** 2015 and 2016

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

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Part 200, Subpart E, § 430 states in part....(i) *Standards for Documentation of Personnel Expenses*

(1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.);

OKDHS:2-11-60(1)(A) states, "The Finance Division coordinates the preparation, revision, and accumulation of all administrative costs of the cost allocation plan."

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

**Condition and Context:** Per DHS management, the Agency distributed Certificates of Direct Costs semi-annually to those employees working solely on a single program. For a population of 21 employees solely charged to the Low-Income Home Energy Assistance Grant program, we noted the following:

- Certifications for 5 (23.81%) employees were received by DHS upon auditor's request.
- Certifications for 16 (76.19%) employees were not received in a reasonable timeframe following the certification period (i.e. within three months following the end of the certification period).

Further, we noted the current Certificates of Direct Costs policy is based on A-87 requirements which, are no longer applicable and have been replaced by 2 CFR Part 200 requirements.

**Cause:** Internal controls have not been updated to reflect the changes made in 2 CFR Part 200. Additionally, the certifications tables were not reviewed in a timely manner.

**Effect:** Direct payroll expenditures charged to the Low-Income Home Energy Assistance Grant program may not be accurate, allowable, and properly allocated.

**Recommendation:** We recommend the Department establish and implement internal controls to ensure Certificates of Direct Costs are received in a timely manner to ensure the correct payroll costs are charged to the program. In addition, we recommend the agency update their policies to reflect 2 CFR Part 200 guidelines.

**Views of Responsible Official(s)**

**Contact Person:** Deena Brown

**Anticipated Completion Date:** December 1, 2017

**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 61.

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**FINDING NO:** 2016-036  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.667  
**FEDERAL PROGRAM NAME:** Social Services Block Grant  
**FEDERAL AWARD NUMBER:** 1601OKSOSR  
**FEDERAL AWARD YEAR:** 2016  
**CONTROL CATEGORY:** Allowable Costs/Cost Principles  
**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR § 96.30 *Subpart C* (a) states, “Fiscal control and accounting procedures. Except where otherwise required by Federal law or regulations, 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.”

OKDHS:2-11-60(1)(A) states, “The Finance Division coordinates the preparation, revision, and accumulation of all administrative costs of the cost allocation plan.”

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

**Condition and Context:** Per DHS management, the Agency distributed Certificates of Direct Costs semi-annually to those employees working solely on a single program. For a population of 11 employees solely charged to the Social Services Block Grant program, we noted the following:

- Certification for 1 (9%) employee was received by DHS upon auditor’s request
- Certifications for 10 (91%) employees were not received in a reasonable timeframe following the certification period (i.e. within three months following the end of the certification period).

Further, we noted the current Certificates of Direct Costs policy is based on A-87 requirements which, are no longer applicable and have been replaced by 2 CFR Part 200 requirements. While SSBG is not subject to 2 CFR Part 200, funds are handled in the same manner regardless of whether the program is subject to Uniform Grant Guidance or 45 CFR § 96.30.

**Cause:** Internal controls have not been updated to reflect the changes made in 2 CFR Part 200. Additionally, the certifications tables were not reviewed in a timely manner.

**Effect:** Direct payroll expenditures charged to the Social Services Block Grant program may not be accurate, allowable, and properly allocated.

**Recommendation:** We recommend the Department establish and implement internal controls to ensure Certificates of Direct Costs are received in a timely manner to ensure the correct payroll costs are charged to the program. In addition, we recommend the agency update their policies to reflect 2 CFR Part 200 guidelines.

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

**Contact Person:** Deena Brown

**Anticipated Completion Date:** December 1, 2017

**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 62.

**FINDING NO:** 2016-040  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.568  
**FEDERAL PROGRAM NAME:** Low Income Home Energy Assistance Program  
**FEDERAL AWARD NUMBER:** 2015G992201

## Schedule of Findings And Questioned Costs

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**FEDERAL AWARD YEAR:** 2015  
**CONTROL CATEGORY:** Reporting  
**QUESTIONED COSTS:** \$0

**Criteria:** The instructions for the *LIHEAP Household Report for FFY 2015–Long Form* (Reporting Period) state, “Household data are for the reporting period for FY 2015 (October 1, 2014 - September 30, 2015). Grantees may operate their programs on a different program year (e.g., starting January 1 or July 1). However, complete household data still need to be reported for the reporting period of FY 2015”.

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

**Condition and Context:** Household totals related to cooling assistance reported in sections I through VI of the FFY 2015 Household Report could not be supported with underlying data for the period October 1, 2014 through September 30, 2015.

**Cause:** The agency used the FFY 14 cooling data to complete the FFY 15 Household Report. Additionally, internal controls were inadequate to ensure an appropriate review occurs prior to submission.

**Effect:** The FFY2015 LIHEAP Household Report is not accurate.

**Recommendation:** We recommend that OKDHS implement procedures to ensure the data from the correct year is used to complete the LIHEAP Household Report each year. Additionally, we recommend the Department revise the FFY2015 Household Report to reflect the correct cooling assistance counts. Further, we recommend OKDHS review the current review process of this report to ensure all fields are checked against supporting documentation and the correct year’s information was used prior to submission.

**Views of Responsible Official(s)**

**Contact Person:** Casey Letran

**Anticipated Completion Date:** June 30, 2017

**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 63.

**FINDING NO:** 2016-041 (Repeat 2015-004)  
**FEDERAL AGENCY:** Department of Health and Human Services  
**CFDA NO:** 93.568  
**FEDERAL PROGRAM NAME:** Low-Income Home Energy Assistance Program  
**FEDERAL AWARD NUMBER:** 2015G992201 (Cooling); 2016G992201 (Heating)  
**FEDERAL AWARD YEAR:** 2015 and 2016  
**CONTROL CATEGORY:** Activities Allowed or Unallowed; Eligibility  
**QUESTIONED COSTS:** \$665

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

**Condition and Context:** In a sample of 60 of 1,228 duplicated household addresses, 6 households (10%) appear to have received multiple payments of a given benefit type (heating or cooling).

**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:** Casey Killion-Letran

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**Anticipated Completion Date:** 03/24/2017

**Corrective Action Planned:** The Department of Human Services partially concurs with the finding. Please refer to the corrective action plan on page 63.

**FINDING NO:** 2016-042 (Repeat 2015-005)

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2015G992201(Cooling), 2016G992201 (Heating)

**FEDERAL AWARD YEAR:** 2015 (Cooling), 2016(Heating)

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

**QUESTIONED COSTS:** \$1,460

**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 and Context:** 8 of the 233 LIHEAP benefit payments paid to OKDHS employees during SFY16 appear to be inappropriate because the employee’s gross income is greater than the allowable income level per Appendix C-7.

**Cause:** The income reported at the time of authorization was less than the 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 LIHEAP program supervisor to ensure the applicant is truly eligible.

**Views of Responsible Official(s)**

**Contact Person:** Casey Letran

**Anticipated Completion Date:** September 1, 2017

**Corrective Action Planned:** The Department of Human Services concurs with the finding. Please refer to the corrective action plan on page 63.

### OKLAHOMA DEPARTMENT OF REHABILITATION SERVICES

**FINDING NO:** 2016-010 (Repeat 2015-043)

**FEDERAL AGENCY:** Social Security Administration

**CFDA NO:** 96.001 and 96.006

**FEDERAL PROGRAM NAME:** Social Security – Disability Insurance; Supplemental Security Income

**FEDERAL AWARD NUMBER:** 1504OKDI00; 1604OKDI00

**FEDERAL AWARD YEAR:** 2015; 2016

**CONTROL CATEGORY:** Special Tests and Provisions – Consultative Examination Process (New Providers)

**QUESTIONED COSTS:** \$0

**Criteria:** According to Program Operations Manual System (POMS) DI 39569, section C.1.a. – New CE (Consultative Examination) Providers, “Prior to using the services of any CE provider (including CE providers who are also treating sources): 1. check the System of Award Management (SAM), 2. verify medical licenses, credentials, and certifications with state medical boards, psychology boards, and other state professional certifications bodies, 3. annotate the provider file with the: date and name of the DDS [Disability Determination Services] employee verifying the license and the source of verification (e.g., state licensing agency webpage, SAM

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database); or name of the individual who provided the credential verification, 4. obtain a signed License and Credentials Certification from the CE provider and retain it in a file.”

According to POMS DI 39545.075 *Management of the Consultative Examination (CE) Process*, “Each State agency is responsible for comprehensive oversight management of its CE process and for ensuring accuracy, integrity, and economy of the CE process.” In addition, “DDSs at a minimum must provide procedures for... Performing medical license verifications to ensure only qualified providers perform CEs for disability determination services.”

**Condition and Context:** We were unable to obtain documentation to verify that DDS had performed medical license and SAM checks prior to using the services of the prospective provider.

Within a sample of 6 of 22 New CE Providers we noted the following:

- 3 (50%) did not have a SAM check prior to using their services
- 2 (33.3%) did not have a their license checked with the medical board prior to using their services

**Cause:** The Department has not implemented adequate internal controls to ensure that staff perform and retain documentation of the required medical license and SAM checks for prospective providers.

**Effect:** Failure to properly perform/maintain documentation of the required medical license and SAM checks prevents the agency from ensuring that only licensed providers or providers that are not suspended/debarred are being utilized.

**Recommendation:** We recommend management review current internal controls and develop and implement a procedure to ensure that prior to using the services of a new provider, a verification of licenses and check of the System of Award Management is completed and the documentation is retained.

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

**Contact Person:** Brian Nickles

**Anticipated Completion Date:** May 2016

**Corrective Action Planned:** The Department of Rehabilitation Services concurs with the finding. Please refer to the corrective action plan on page 64.

**FINDING NO:** 2016-011 (Repeat 2015-029)

**FEDERAL AGENCY:** United States Department of Education

**CFDA NO:** 84.126

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

**FEDERAL AWARD NUMBER:** H12A-140053, H126A-150053, H126A-160053

**FEDERAL AWARD YEAR:** 2014, 2015, 2016

**CONTROL CATEGORY:** Part E – Eligibility; Part N – Special Tests and Provisions – Completion of Individualized Plan for Employment (IPEs)

**QUESTIONED COSTS:** \$0

**Criteria:** According to the Department of Rehabilitation Services’ (DRS) policy as outlined in the Oklahoma Administrative Code:

- 612:10-7-20 – Case Recording: “A case record will be established and maintained on each individual who applies for and/or receives vocational rehabilitation services. Narrative recordings of activities are mandatory at application, at eligibility, the development of the plan, program/financial reviews, and case closure. An action in any case is not considered effective until all required approvals have been obtained in accordance with Department policy. Documentation must be factual and conform to ethical and professional standards.”
- 612:10-7-22.1 – Application: (d) “While the client is in this status, the counselor will secure sufficient information to make a determination of eligibility and priority group assignment, determine ineligibility for vocational rehabilitation services, or to make a decision to conduct a Trial Work Experience or an Extended Evaluation. The VR Professional will determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days from the date of application.”

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- 612:10-7-24.2 – Assessment for determining eligibility: (b) “The counselor will determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days after the individual has submitted an application for services. This time period may be extended only when unforeseen and exceptional circumstances beyond the control of the Department preclude completing the determination of eligibility within the 60 days and the individual agrees a specific extension of time is warranted as documented on the Need for Extension of Time to Determine Eligibility form; or a trial work period or an extended evaluation is needed to determine the individual's ability to benefit from VR services.”
- 612:10-7-51 – Individualized Plan for Employment: (a) (2) “For cases in an open priority group, the IPE must be completed and signed as soon as possible, consistent with the needs of the individual, but not more than 90 calendar days following the eligibility determination, unless the individual or the authorized representative and the VR or VRBVI counselor jointly agree to an extension of time of a specific duration. The 90-day time frame for development of the IPE will be applied from the date a closed priority group is reopened.”

Section 102(a)(6)(A) & (B) of The Rehabilitation Act of 1973 states, “The designated State unit shall determine whether an individual is eligible for vocational rehabilitation services under this title within a reasonable period of time, not to exceed 60 days, after the individual has submitted an application for the services unless—(A) exceptional and unforeseen circumstances beyond the control of the designated State unit preclude making an eligibility determination within 60 days and the designated State unit and the individual agree to a specific extension of time; or (B) the designated State unit is exploring an individual’s abilities, capabilities, and capacity to perform in work situations under paragraph (2)(B).”

According to The Workforce Innovation and Opportunity Act (WIOA), Title IV, Subpart B, Section 413(b)(4)(B), which amends The Rehabilitation Act of 1973, “The individualized plan for employment shall be developed as soon as possible, but not later than a deadline of 90 days after the date of the determination of eligibility described in paragraph (1), unless the designated State unit and the eligible individual agree to an extension of that deadline to a specific date by which the individualized plan for employment shall be completed.”

2 CFR Part 200, Subpart A § 200.61 states, “*Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.”

**Condition and Context:** For a sample of 72 out of 6,743 client case files, we noted:

- Twelve instances (16.67%) where the IPE was completed over 90 days past the eligibility determination and no signed extension was observed in the file, and
- Eight instances (11.11%) where the eligibility determination was over 60 days past the application date and no signed extension was observed in the file.

**Cause:** The agency has not implemented adequate internal controls to ensure the following agency policies and Federal requirements were adhered to for eligibility determinations and IPE development:

- The eligibility is determined within 60 days of the application date,
- The IPE’s are completed or the case is closed within 90 days of the eligibility determination date, and
- The appropriate supporting documentation is maintained.

**Effect:** Failure to adhere to agency policies and procedures as well as Federal requirements could result in untimely eligibility determinations and IPE development. Failure to ensure timely eligibility determinations and IPE development could result in unnecessary delays in providing the necessary services to clients.

**Recommendation:** We recommend management review current internal controls and policies and procedures to determine where the breakdown in controls occurred and make necessary improvements to ensure compliance with Federal requirements for eligibility determinations and IPE development to ensure appropriate documentation is maintained for the client files.



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

**Contact Person:** Mark Kinnison

**Anticipated Completion Date:** September 30, 2017

**Corrective Action Planned:** The Department of Rehabilitation Services concurs with the finding. Please refer to the corrective action plan on page 64.

**FINDING NO:** 2016-016 (Repeat 2015-041)

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

**CFDA NO:** 84.126

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

**FEDERAL AWARD NUMBER:** H126A-140053, H126A-150053, H126A-160053

**FEDERAL AWARD YEAR:** 2014, 2015, and 2016

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

**QUESTIONED COSTS:** \$2,924

**Criteria:** Per 2 CFR Part 200, Subpart E, § 403, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: (c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity” and “(g) Be adequately documented.”

Per 2 CFR Part 200, Subpart D, § 303, “The non-Federal entity must: (a) establish and maintain internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award....”

According to the Department of Rehabilitation Services (DRS) policy as outlined in the Oklahoma Administrative Code:

- 612:10-7-20 – Case Recording: “A case record will be established and maintained on each individual who applies for and/or receives vocational rehabilitation services. Narrative recordings of activities are mandatory at application, at eligibility, the development of the plan, program/financial reviews, and case closure. An action in any case is not considered effective until all required approvals have been obtained in accordance with Department policy. Documentation must be factual and conform to ethical and professional standards.”
- 612:10-7-51(e)(2)(A) - **Content of the Individualized Plan for Employment:** “The Individualized Plan for Employment must include: (2) a description of the specific VR services that are: (A) needed to achieve the employment outcome including as appropriate, the provision of assistive technology services and devices, and personal assistance services, including training in the management of such services;”

**Condition and Context:** For a sample of 72 of 28,397 direct client services claims, we noted:

- Two instances (2.78%) where the services provided were not on the clients’ Individual Plan for Employment (IPE) at the time of the claim. (Questioned Costs: \$1,696)
- Two instances (2.78%) where the applicable IPEs did not have the appropriate supervisor approvals. (Questioned Costs: \$0)
- Five instances (6.94%) where the case files did not include the appropriate support for the claims. (Questioned Costs: \$1,228)

**Cause:** The agency has not implemented adequate internal controls to ensure the following agency policies and Federal requirements were adhered to for activities allowed and allowable costs:

- The service category for the claim is part of the client’s IPE prior to approving payment;
- The IPE is appropriately approved by supervisor, when supervisory approval is required; and
- The appropriate supporting documentation is maintained.

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**Effect:** It appears claims were paid for services not previously agreed to with the client, as well as, claims paid without adequate supporting documentation for the claim amount. This could result in the Department having to reimburse the Federal grantor for the undocumented costs.

**Recommendation:** We recommend management investigate these claims to determine whether the claims were improperly reimbursed and, if so, take appropriate action to recoup these funds. In addition, we recommend management review current internal controls and policies and procedures to determine where the breakdown in controls occurred and make necessary improvements to ensure compliance with agency and Federal requirements pertaining to client service claims and to ensure appropriate documentation is maintained for the client files.

**Views of Responsible Official(s)**

**Contact Person:** Mark Kinnison

**Anticipated Completion Date:** September 30, 2017

**Corrective Action Planned:** The Department of Rehabilitation Services concurs with the finding. Please refer to the corrective action plan on page 64.

**FINDING NO:** 2016-023 (Repeat 2015-031)

**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-140053, H126A-150053, H126A-160053

**FEDERAL AWARD YEAR:** 2014, 2015, 2016

**CONTROL CATEGORY:** Part L - Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR Part 200, Subpart A § 200.61 states, “*Internal controls* means a process, implemented by a non-Federal entity, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of reporting for internal and external use; and
- (c) Compliance with applicable laws and regulations.”

With regard to the key line items identified in Office of Management and Budget (OMB) Compliance Supplement, the Policy Directive (PD) 14-01 instructions for completion of the Annual Vocational Rehabilitation Program Case Service Report (RSA-911) state the following:

**5. Date of Application** – “Record the date (year, month, and day) that the agency received a completed and signed application form from the applicant. The date should be verifiable by date stamp.”

**49. Date of Individualized Plan for Employment (IPE)** – “Record the date (year, month, and day) on which the first IPE for the individual became effective. For purposes of this data element, assume that the IPE is effective on the date on which both the agency and individual reach agreement. If the two signatures bear two different dates, the later date should govern. “

**Condition and Context:** For a sample of 45 of 8,153 closed client case files, we noted:

- Six instances (13.33%) where the application date in the system does not match the supporting documentation in the case file.
- Two instances (4.44%) where the case file did not include a copy of the signed IPE form to confirm the plan date in the system.
- Seven instances (15.56%) where the IPE date in the system does not match the supporting documentation in the file.
- One instance (2.22%) where the case file did not include a copy of the signed IPE form and the supporting documentation in the file did not indicate an IPE was ever developed.

## Schedule of Findings And Questioned Costs

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**Cause:** The Department has not implemented adequate internal controls to ensure application dates and IPE completion dates are appropriately entered into the AWARE system and that appropriate supporting documentation is maintained.

**Effect:** Failure to adhere to agency policies and procedures as well as failure to maintain adequate supporting documentation could result in inaccurate reporting on the RSA-911 report.

**Recommendation:** We recommend management review the current internal controls and policies and procedures to determine where improvements can be made to ensure compliance with Federal requirements for reporting application dates and IPE completion dates on the RSA-911 report and to ensure adequate documentation is maintained to support the results. We further recommend management make necessary corrections to the FFY 2015 RSA-911 report.

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

**Contact Person:** Mark Kinnison

**Anticipated Completion Date:** September 30, 2017

**Corrective Action Planned:** The Department of Rehabilitation Services concurs with the finding. Please refer to the corrective action plan on page 65.

**FINDING NO:** 2016-031 (Repeat 2015-032)

**FEDERAL AGENCY:** Social Security Administration

**CFDA NO:** 96.001 and 96.006

**FEDERAL PROGRAM NAME:** Social Security – Disability Insurance; Supplemental Security Income

**FEDERAL AWARD NUMBER:** 1504OKDI00; 1604OKDI00

**FEDERAL AWARD YEAR:** 2015; 2016

**CONTROL CATEGORY:** Special Tests and Provisions – Consultative Examination Process (Active Providers)

**QUESTIONED COSTS:** \$0

**Criteria:** According to Program Operations Manual System (POMS) DI 39569.300, section C.1.b., the agency must “Conduct license checks of CE providers. . . including providers who perform CEs near and across the borders of neighboring States, specifically. . . 2. Conduct periodic licensure reviews prior to renewal dates to ensure licenses are active. 3. Review the [System of Award Management] SAM for each CE provider at least annually. . . 5. Annotate the provider file with the: date and name of the DDS [Disability Determination Services] employee verifying the license and the source of the verification (e.g., state licensing agency webpage, SAM database), or date and name of the individual who provided the credential verification.”

According to POMS DI 39545.075 *Management of the Consultative Examination (CE) Process*, “Each State agency is responsible for comprehensive oversight management of its CE process and for ensuring accuracy, integrity, and economy of the CE process.” In addition, “DDSs at a minimum must provide procedures for... Performing medical license verifications to ensure only qualified providers perform CEs for disability determination services.”

**Condition and Context:** For our sample of 30 of 156 active CE providers, we noted 4 instances (13.33%) where the CE provider's file did not have an annual license verification included, did not have an annual LEIE/SAM verification included, and did not have adequate documentation of a periodic review included.

**Cause:** The Department has not implemented adequate internal controls to ensure that staff perform and document the required periodic medical license verification and SAM checks for active providers.

**Effect:** Failure to verify licensure could result in contracting with a CE provider with a lapsed license/certification or no license/certification. Failure to verify the SAM could result in contracting with a CE provider that is suspended and debarred.

**Recommendation:** We recommend management review current internal controls in place to determine where improvements can be made to ensure that verification of active CE provider's medical licenses and suspension and

## **Schedule of Findings And Questioned Costs**

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debarment status on SAM is performed and documented appropriately, the appropriate certifications are obtained timely, and documentation is maintained in the case file.

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

***Contact Person:*** Brian Nickles

***Anticipated Completion Date:*** May 2016

***Corrective Action Planned:*** The Department of Rehabilitation Services concurs with the finding. Please refer to the corrective action plan on page 65.

**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 Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Agriculture</b>					
Direct and Pass Through Programs:					
Plant and Animal Disease, Pest Control, and Animal Care	10.025		Department of Agriculture	\$ 939,901	
Wildlife Services	10.028		Department of Wildlife Conservation	20,000	
Conservation Reserve Program	10.069		Department of Agriculture	115	
Voluntary Public Access and Habitat Incentive	10.093		Department of Wildlife Conservation	21,315	
Inspection Grading and Standardization	10.162		Department of Agriculture	1,444	
Market Protection and Promotion	10.163		Department of Agriculture	27,182	
Specialty Crop Block Grant Program - Farm Bill	10.170		Department of Agriculture	366,235	361,428
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		Department of Agriculture	1,190,545	
Professional Standards for School Nutrition Employees	10.547		Department of Education	19,100	
Supplemental Nutrition Assistance Program	10.551		Department of Human Services	880,815,464	
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Department of Human Services	42,441,095	5,821,245
				SNAP Cluster Total	923,256,559
School Breakfast Program	10.553		Department of Education	60,486,005	60,513,056
National School Lunch Program	10.555		Department of Education	168,895,889	168,989,892
	10.555		Department of Human Services	20,537,118	1,994,885
				Program Total	189,433,007
Special Milk Program for Children	10.556		Department of Education	4,834	4,834
Summer Food Service Program for Children	10.559		Department of Education	4,819,302	5,241,920
	10.559		Department of Human Services	25,048	
				Child Nutrition Cluster Total	254,768,196
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557		State Department of Health	81,037,537	6,149,386
Child and Adult Care Food Program	10.558		Department of Education	60,020,610	59,586,862
	10.558		Department of Human Services	205,637	
				Program Total	60,226,247
State Administrative Expenses for Child Nutrition	10.560		Department of Education	5,184,229	903,795
	10.560		Department of Human Services	697,264	
				Program Total	5,881,493
Commodity Supplemental Food Program	10.565		Department of Human Services	1,143,677	283,058
Emergency Food Assistance Program (Administrative Costs)	10.568		Department of Human Services	533,347	436,845
Emergency Food Assistance Program (Food Commodities)	10.569		Department of Human Services	6,898,056	
				Food Distribution Cluster Total	8,575,080
Senior Farmers Market Nutrition Program	10.576		Department of Human Services	79,237	
WIC Grants to States (WGS)	10.578		State Department of Health	1,200,590	
Child Nutrition Discretionary Grants Limited Availability	10.579		Department of Education	361,060	
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580		Department of Human Services	18,538	
Fresh Fruit and Vegetable Program	10.582		Department of Education	2,681,933	2,684,503
Forestry Research	10.652		Department of Agriculture	268,121	
Cooperative Forestry Assistance	10.664		Department of Agriculture	2,112,861	
Forest Legacy Program	10.676		Department of Agriculture	418	
Soil and Water Conservation	10.902		Conservation Commission	310,883	
	10.902		Department of Wildlife Conservation	35,000	
				Program Total	345,883
Environmental Quality Incentives Program	10.912		Department of Agriculture	30,379	
	10.912		Department of Wildlife Conservation	1,555	
				Program Total	31,934
Watershed Rehabilitation Program	10.916		Conservation Commission	973,473	
U.S. Department of Agriculture-Subtotal				\$ 1,344,404,997	\$ 312,971,709
<b>U.S. Department of Commerce</b>					
Direct and Pass Through Programs:					
Economic Adjustment Assistance	11.307		Department of Commerce	185,870	
State and Local Implementation Grant Program	11.549		Office of Management and Enterprise Services	472,138	
U.S. Department of Commerce-Subtotal				\$ 658,008	\$ -
<b>U.S. Department of Defense</b>					
Direct and Pass Through Programs:					
Procurement Technical Assistance For Business Firms	12.002		Department of Career & Technology Education	671,195	211,406
Cost Reimbursement Contract - State Memorandum of Agreement					
Program for the Reimbursement of Technical Services	12.113		Department of Environmental Quality	106,278	
Cost Reimbursement Contract - Military Construction, National Guard	12.400		Oklahoma Military Department	6,476,838	
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401		Oklahoma Military Department	28,671,019	
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404		Oklahoma Military Department	3,960,058	
Troops to Teachers	12.UNK		Department of Education	78,998	
U.S. Department of Defense-Subtotal				\$ 39,964,386	\$ 211,406
<b>U.S. Drug Enforcement Administration</b>					
Direct and Pass Through Programs:					
Other Federal Assistance - Marijuana Eradication Suppression Program	99.UNK		Bureau of Narcotics & Dangerous Drugs Control	146,375	
U.S. Drug Enforcement Administration-Subtotal				\$ 146,375	\$ -
<b>U.S. Department of Housing and Urban Development</b>					
Direct and Pass Through Programs:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		Department of Commerce	16,315,413	15,822,117
Emergency Solutions Grant Program	14.231		Department of Commerce	1,649,462	1,585,230
Shelter Plus Care	14.238		Mental Health and Substance Abuse Services	246,823	
Continuum Care Program	14.267		Mental Health and Substance Abuse Services	2,102	
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		Department of Commerce	20,218,261	19,298,326
U.S. Department of Housing and Urban Development-Subtotal				\$ 38,432,061	\$ 36,705,673

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of the Interior</b>					
Direct and Pass Through Programs:					
Road Maintenance - Indian Roads	15.033	77345494	Department of Transportation	7,525	
	15.033		Pass-through: Chickasaw Nation to Dept of Transportation	60,000	
			Program Total	67,525	-
Forestry on Indian Lands	15.035		Department of Agriculture	20,106	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		Department of Mines	1,058,704	
Abandoned Mine Land Reclamation (AMLR) Program	15.252		Conservation Commission	2,945,483	
Cost Reimbursement Contract - Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427		State Auditor and Inspector	399,364	
Recreation Resources Management	15.524		Department of Agriculture	143,517	
Fish and Wildlife Management Assistance	15.608		Department of Wildlife Conservation	34,604	
Sport Fish Restoration	15.605		Department of Wildlife Conservation	8,454,460	1,696,124
Wildlife Restoration and Basic Hunter Education	15.611		Department of Wildlife Conservation	8,186,621	922,791
			Fish and Wildlife Cluster Total	16,641,081	2,618,915
Cooperative Endangered Species Conservation Fund	15.615		Department of Wildlife Conservation	129,066	78,093
Clean Vessels Act Program	15.616		Department of Environmental Quality	13,595	
Enhanced Hunter Education and Safety Program	15.626		Department of Wildlife Conservation	143,205	
Partners for Fish and Wildlife	15.631		Conservation Commission	89,717	
	15.631		Department of Wildlife Conservation	397,164	
			Program Total	486,881	-
Landowner Incentive	15.633		Department of Wildlife Conservation	420,962	
State Wildlife Grants	15.634		Department of Wildlife Conservation	554,113	361,229
Research Grants (Generic)	15.650		Department of Wildlife Conservation	1,744	
U.S. Geological Survey Research and Data Collection	15.808		Water Resources Board	20,392	
Historic Preservation Fund Grants-In-Aid	15.904		Historical Society	696,203	100,810
Outdoor Recreation - Acquisition, Development and Planning	15.916		Department of Tourism and Recreation	625,622	625,622
National Ground-Water Monitoring Network	15.980		Water Resources Board	14,192	
Cost Reimbursement Contract - McGee Creek Project	15.UNK		Department of Wildlife Conservation	185,020	
U.S. Department of the Interior-Subtotal				\$ 24,601,379	\$ 3,784,669
<b>U.S. Department of Justice</b>					
Direct and Pass Through Programs:					
Sexual Assault Services Formula Program	16.017		District Attorneys Council	613,942	332,528
Juvenile Accountability Block Grants	16.523		Office of Juvenile Affairs	416,346	
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540		Office of Juvenile Affairs	321,303	
Missing Children's Assistance	16.543		State Bureau of Investigation	316,754	
State Justice Statistics Program for Statistical Analysis Centers	16.550		State Bureau of Investigation	67,596	
National Criminal History Improvement Program (NCHIP)	16.554		District Attorneys Council	170,685	87,019
	16.554		State Bureau of Investigation	256,417	
			Program Total	427,102	87,019
Crime Victim Assistance	16.575		District Attorneys Council	21,092,055	9,948,565
	16.575		Board of Medicolegal Investigations	27,870	
	16.575		Attorney General	99,320	
	16.575		State Bureau of Investigation	44,429	
			Program Total	21,263,674	9,948,565
Crime Victim Compensation	16.576		District Attorneys Council	1,678,165	
Crime Victim Assistance/Discretionary Grants	16.582		District Attorneys Council	12,642	
Drug Court Discretionary Grant Program	16.585		Mental Health and Substance Abuse Services	636,116	15,000
Violence Against Women Formula Grants	16.588		District Attorneys Council	2,424,737	969,377
	16.588		Attorney General	180,895	
	16.588		Department of Corrections	89,457	
			Program Total	2,695,089	969,377
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		District Attorneys Council	267,312	
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		District Attorneys Council	57,246	
Residential Substance Abuse Treatment for State Prisoners	16.593		District Attorneys Council	160,486	
	16.593		Department of Corrections	(4,136)	
			Program Total	156,350	-
State Criminal Alien Assistance Program	16.606		Department of Corrections	548,902	
Project Safe Neighborhoods	16.609		District Attorneys Council		
Public Safety Partnership and Community Policing Grants	16.710		Bureau of Narcotics & Dangerous Drugs Control	109,185	
PREA Program: Demonstration Projects to Establish "Zero Tolerance" C	16.735		Office of Juvenile Affairs	9,346	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		District Attorneys Council	3,176,499	433,071
	16.738		Department of Corrections	60,498	
	16.738		Office of Juvenile Affairs	7,803	
			Program Total	3,244,800	433,071
DNA Backlog Reduction Program	16.741		State Bureau of Investigation	258,065	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		District Attorneys Council	47,799	23,487
	16.742		State Bureau of Investigation	44,493	
	16.742		Board of Medicolegal Investigations	2,923	
			Program Total	95,215	23,487
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		Mental Health and Substance Abuse Services	79,833	
	16.745		Department of Corrections	7,948	
			Program Total	87,781	-
Edward Byrne Memorial Competitive Grant Program	16.751		District Attorneys Council	231,658	
	16.751		Department of Corrections	42,624	
			Program Total	274,282	-
Harold Rogers Prescription Drug Monitoring Program	16.754		Bureau of Narcotics & Dangerous Drugs Control	97,168	



Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Second Chance Act Reentry Initiative	16.812		Department of Corrections	512,247	
John R. Justice Prosecutors and Defenders Incentive Act	16.816		District Attorneys Council	34,430	
Vision 21	16.826		District Attorneys Council	52,468	
Justice Reinvestment Initiative	16.827		Mental Health and Substance Abuse Services	29,949	
U.S. Department of Justice-Subtotal				<u>\$ 34,283,475</u>	<u>\$ 11,809,047</u>
<b>U.S. Department of Labor</b>					
Direct and Pass Through Programs:					
Labor Force Statistics	17.002		Employment Security Commission	921,344	
Compensation and Working Conditions	17.005		Department of Labor	37,963	
Employment Service/Wagner-Peyser Funded Activities	17.207		Employment Security Commission	12,834,810	⊗
Disabled Veterans' Outreach Program (DVOP)	17.801		Employment Security Commission	1,188,465	⊗
Local Veterans' Employment Representative Program	17.804		Employment Security Commission	745,891	⊗
			Employment Service Cluster Total	<u>14,769,166</u>	<u>⊗ -</u>
Unemployment Insurance	17.225		Employment Security Commission	422,895,896	
Senior Community Service Employment Program	17.235		Department of Human Services	1,233,015	1,131,789
Trade Adjustment Assistance	17.245		Employment Security Commission	1,564,710	
WIA/WIOA Adult Program	17.258		Department of Commerce	191,186	⊗ 173,670
WIA/WIOA Youth Activities	17.259		Department of Commerce	311,913	⊗ 189,550
WIA/WIOA Dislocated Worker Formula Grants	17.278		Department of Commerce	195,258	⊗ 148,551
			WIA/WIO Cluster Total	<u>698,357</u>	<u>⊗ 511,771</u>
Incentive Grants - WIA Section 503	17.267		Department of Commerce	102,963	102,963
	17.267	P1258221455A40	Pass-through: Oklahoma State Univ to Dept of Career & Technology Education	368,028	
			Program Total	<u>470,991</u>	<u>102,963</u>
Work Opportunity Tax Credit Program (WOTC)	17.271		Employment Security Commission	308,560	
Temporary Labor Certification for Foreign Workers	17.273		Employment Security Commission	103,406	
Consultation Agreements	17.504		Department of Labor	1,385,834	
Mine Health and Safety Grants	17.600		Department of Mines	125,017	
U.S. Department of Labor-Subtotal				<u>\$ 444,514,259</u>	<u>\$ 1,746,523</u>
<b>U.S. Department of Transportation</b>					
Direct and Pass Through Programs:					
Airport Improvement Program	20.106		Oklahoma Aeronautics Commission	29,340	
Highway Research and Development Program	20.200		Department of Transportation	1,036,571	109
Highway Planning and Construction	20.205		Department of Transportation	643,468,218	⊗ 5,201,228
Recreational Trails Program	20.219		Department of Tourism and Recreation	1,315,823	⊗ 1,180,827
			Highway Planning and Construction Cluster Total	<u>644,784,041</u>	<u>⊗ 6,382,055</u>
Highway Training and Education	20.215		Department of Transportation	378,177	125,641
Motor Carrier Safety Assistance	20.218		Department of Public Safety	6,981,342	
Motor Carrier Safety Assistance High Priority Activities					
Grants and Cooperative Agreements	20.237		Department of Transportation	595,937	
High Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319		Department of Transportation	170,437	
Federal Transit - Capital Investment Grants	20.500		Department of Transportation	733,618	863,218
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		Department of Transportation	817,463	1,038,369
Formula Grants for Rural Areas	20.509		Department of Transportation	13,992,306	14,533,558
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		Department of Human Services	2,052,321	⊗ 1,821,862
New Freedom Program	20.521		Department of Transportation	61,524	⊗ 61,524
			Transit Services Programs Cluster Total	<u>2,113,845</u>	<u>⊗ 1,883,386</u>
State and Community Highway Safety	20.600		Department of Public Safety	3,977,565	⊗ 42,837
	20.600		District Attorneys Council	110,758	⊗
National Priority Safety Programs	20.616		Department of Public Safety	3,340,965	⊗ 360,071
	20.616		State Bureau of Investigation	159,589	⊗
	20.616		Mental Health and Substance Abuse Services	162,909	⊗
	20.616		ABLE Commission	18,697	⊗
			Highway Safety Cluster Total	<u>7,770,483</u>	<u>⊗ 402,908</u>
Minimum Penalties for Repeat Offender for Driving While Intoxicated	20.608		Department of Public Safety	208,061	44,270
Cost Reimbursement Contract - National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614		Department of Public Safety	63,675	
Cost Reimbursement Contract - Pipeline Safety Program					
State Based Grant	20.700		Corporation Commission	1,361,234	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		Department of Emergency Management	256,169	256,169
FAA Runway Joint Sealant Project	20.UNK		Space Industry Development Authority	358,791	
U.S. Department of Transportation- Subtotal				<u>\$ 681,651,490</u>	<u>\$ 25,529,683</u>
<b>U.S. Department of the Treasury</b>					
Direct and Pass Through Programs:					
State Small Business Credit Initiative	21.UNK		Department of Commerce	41,899	41,899
U.S. Department of the Treasury-Subtotal				<u>\$ 41,899</u>	<u>\$ 41,899</u>
<b>General Services Administration</b>					
Direct and Pass Through Programs:					
Donation of Federal Surplus Personal Property	⌘ 39.003		Office of Management and Enterprise Services-DCAM	2,869,782	
General Services Administration-Subtotal				<u>\$ 2,869,782</u>	<u>\$ -</u>
<b>National Foundation on the Arts and the Humanities</b>					
Direct and Pass Through Programs:					
Promotion of the Arts - Partnership Agreements	45.025		State Arts Council	649,167	649,167
Promotion of the Humanities - Division of Preservation and Access	45.149		Historical Society	207,237	
Grants to States	45.310		Department of Libraries	1,997,916	482,089
National Foundation on the Arts and the Humanities-Subtotal				<u>\$ 2,854,320</u>	<u>\$ 1,131,256</u>
<b>National Science Foundation</b>					
Direct and Pass Through Programs:					
Education and Human Resources	47.076	142120335594814	Pass-through: University of Tulsa to Dept of Career & Technology Education	30,963	
Office of International Science and Engineering	47.079	EPSCoR-2013-14	Pass-through: Oklahoma State Univ to Dept of Career & Technology Education	128,977	
Office of Cyberinfrastructure	47.080	EPSCoR-2013-14/	Pass-through: Oklahoma State Univ to Dept of Career & Technology Education	76,007	
National Science Foundation-Subtotal		PSCoR-2015-14		<u>\$ 235,947</u>	<u>\$ -</u>

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Veterans Affairs</b>					
Direct and Pass Through Programs:					
National Cemeteries	64.201		Department of Transportation	309,197	
Grants to States for Construction of State Home Facilities	64.005		Department of Veterans Affairs	5,710,986	
Veterans State Nursing Home Care	64.015		Department of Veterans Affairs	98,308,205	
All-Volunteer Force Educational Assistance	64.124		Department of Veterans Affairs	437,221	
U.S. Department of Veterans Affairs-Subtotal				<u>\$ 104,765,609</u>	<u>\$ -</u>
<b>U.S. Environmental Protection Agency</b>					
Direct and Pass Through Programs:					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		Department of Environmental Quality	481,874	
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	OK292PT2928126215	Pass-through: Secretary of Energy & Environ. to Dept of Environmental Quality	3,224,335	
	66.419	OK292PT6458129316	Pass-through: Secretary of Energy & Environ. to Conservation Commission	45,607	
	66.419	100F53301/F84201	Pass-through: Secretary of Energy & Environ. to Water Resources Board	301,442	
			Program Total	<u>3,571,384</u>	<u>-</u>
State Underground Water Source Protection	66.433		Corporation Commission	257,273	
Water Quality Management Planning	66.454	C6-40000051-53	Pass-through: Secretary of Energy & Environ. to Water Resources Board	105,853	
Capitalization Grants for Clean Water State Revolving Funds	66.458		Water Resources Board	10,328,961	
	66.458		Conservation Commission	195,159	
			Program Total	<u>10,524,120</u>	<u>-</u>
Nonpoint Source Implementation Grants	66.460	OK292PT6458128915	Pass-through: Secretary of Energy & Environ. to Conservation Commission	2,406,349	
Regional Wetland Program Development Grants	66.461	OK292PT6458125114	Pass-through: Secretary of Energy & Environ. to Conservation Commission	103,228	
	66.461	CD00F74001	Pass-through: Secretary of Energy & Environ. to Water Resources Board	55,467	
			Program Total	<u>158,695</u>	<u>-</u>
Capitalization Grants for Drinking Water					
State Revolving Fund	66.468		Department of Environmental Quality	18,083,180	
Performance Partnership Grants	66.605		Department of Environmental Quality	4,402,390	
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	582-15-52533	Pass-through: Texas Commission on Environ. Quality to Water Resources Board	31,534	
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		Department of Agriculture	377,744	
Toxic Substances Compliance Monitoring					
Cooperative Agreements	66.701		Department of Labor	229,508	
Pollution Prevention Grants Program	66.708		Department of Environmental Quality	649	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		Department of Environmental Quality	6,130,647	
Underground Storage Tank Prevention, Detection and Compliance Program	66.804		Corporation Commission	459,000	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		Corporation Commission	945,780	
State and Tribal Response Program Grants	66.817		Department of Environmental Quality	558,129	
	66.817		Corporation Commission	168,852	
			Program Total	<u>726,981</u>	<u>-</u>
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		Department of Environmental Quality	28,406	
U.S. Environmental Protection Agency-Subtotal				<u>\$ 48,921,367</u>	<u>\$ -</u>
<b>U.S. Department of Energy</b>					
Direct and Pass Through Programs:					
State Energy Program	81.041		Department of Commerce	1,047,330	488,499
Weatherization Assistance for Low-Income Persons	81.042		Department of Commerce	2,126,111	1,956,654
Conservation Research and Development	81.086		Department of Labor	40,000	
U.S. Department of Energy-Subtotal				<u>\$ 3,213,441</u>	<u>\$ 2,445,153</u>
<b>U.S. Department of Education</b>					
Direct and Pass Through Programs:					
Adult Education - Basic Grants to States	84.002		Department of Corrections	292,044	
	84.002		Department of Career & Technology Education	7,844,839	6,766,511
			Program Total	<u>8,136,883</u>	<u>6,766,511</u>
Title I Grants to Local Educational Agencies	84.010		Department of Education	162,124,160	157,675,739
	84.010		Office of Juvenile Affairs	51,688	
			Program Total	<u>162,175,848</u>	<u>157,675,739</u>
Migrant Education - Coordination Program	84.144		Department of Education	54,691	
Migrant Education - State Grant Program	84.011		Department of Education	1,549,643	1,455,987
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Department of Education	93,697	
	84.013		Department of Corrections	158,153	
	84.013		Office of Juvenile Affairs	120,397	
			Program Total	<u>372,247</u>	<u>-</u>
Special Education - Grants to States	84.027		Department of Education	145,208,749	134,610,248
Special Education - Preschool Grants	84.173		Department of Education	3,318,258	3,205,962
			Special Education (IDEA) Cluster Total	<u>148,527,007</u>	<u>137,816,210</u>
Career and Technical Education -- Basic Grants to States	84.048		Department of Career & Technology Education	13,547,864	11,258,779
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126		Department of Rehabilitation Services	49,163,970	
Rehabilitation Services - Client Assistance Program	84.161		Office of Disability Concerns	127,243	
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177		Department of Rehabilitation Services	351,740	
Special Education - Grants for Infants and Families	84.181		Department of Education	276,249	
	84.181		State Department of Health	1,513,278	
			Program Total	<u>1,789,527</u>	<u>-</u>
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	675,321	623,592
Twenty-First Century Community Learning Centers	84.287		Department of Education	11,923,229	10,056,687
Special Education - State Personnel Development	84.323		Department of Education	765,362	-
Rural Education	84.358		Department of Education	3,534,320	3,359,349
English Language Acquisition State Grants	84.365		Department of Education	4,598,200	4,673,157
Mathematics and Science Partnerships	84.366		Department of Education	890,628	779,556

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Supporting Effective Instruction State Grant (formerly Improving Teacher Quality State Grants)	84.367		Department of Education	21,855,945	26,077,400
	84.367		Office of Juvenile Affairs	8,250	
			Program Total	21,864,195	26,077,400
Grants for State Assessments and Related Activities	84.369		Department of Education	5,695,722	
Statewide Longitudinal Data Systems	84.372		Department of Education	1,352,537	
Performance Partnership Pilots for Disconnected Youth	84.420		Department of Human Services	90,758	47,937
School Improvement Grants	84.377		Department of Education	3,793,590	4,109,652
U.S. Department of Education-Subtotal				\$ 441,280,525	\$ 364,700,556
<b>National Archives and Records Administration</b>					
Direct and Pass Through Programs:					
National Historical Publications and Records Grants	89.003		Department of Libraries	12,314	922
Help America Vote Act Requirements Payments	90.401		State Election Board	1,186,466	
National Archives and Records Administration-Subtotal				\$ 1,198,780	\$ 922
<b>U.S. Department of Health and Human Services</b>					
Direct and Pass Through 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	54,433	
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042		Department of Human Services	183,765	
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043		Department of Human Services	239,047	194,431
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044		Department of Human Services	4,017,227	3,751,361
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045		Department of Human Services	7,660,519	7,301,281
Nutrition Services Incentive Program	93.053		Department of Human Services	2,246,082	2,187,258
			Aging Cluster Total	13,923,828	13,239,900
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048		Department of Human Services	390,423	133,869
	93.048		Oklahoma Insurance Department	265,466	
			Program Total	655,889	133,869
National Family Caregiver Support, Title III, Part E	93.052		Department of Human Services	1,600,466	1,384,524
Laboratory Leadership, Workforce Training and Management Development, Improving Public Health Laboratory Infrastructure	93.065		State Department of Health	37,495	
Environmental Public Health and Emergency Response	93.070		State Department of Health	(3,447)	
Medicare Enrollment Assistance Program	93.071		Oklahoma Insurance Department	271,920	
	93.071		Department of Human Services	128,416	
			Program Total	400,336	-
Lifespan Respite Care Program	93.072		Department of Human Services	136,193	
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		State Department of Health	10,109,751	2,264,649
Systems Interoperability - Health and Human Services	93.075		Department of Human Services		
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		State Department of Health	56,897	
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		Department of Human Services	345,648	468,975
Enhance Safety of Children Affected by Substance Abuse	93.087		Mental Health and Substance Abuse Services	476,305	25,654
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		State Department of Health	610,240	572,044
Food and Drug Administration - Research	93.103		Department of Agriculture	741,328	
Maternal and Child Health Federal Consolidated Programs	93.110		State Department of Health	219,144	
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		State Department of Health	711,466	43,719
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		State Department of Health	174,005	
State Health Insurance Assistance Program	93.324		Oklahoma Insurance Department	624,703	
Injury Prevention and Control Research and State and Community Based Programs	93.136		State Department of Health	1,209,793	131,521
	93.136		Bureau of Narcotics and Dangerous Drugs Control	334,773	
			Program Total	1,544,566	131,521
Projects for Assistance in Transition from Homelessness (PATH)	93.150		Mental Health and Substance Abuse Services	548,185	
Family Planning - Services	93.217		State Department of Health	3,622,528	1,160,199
Affordable Care Act (ACA) Abstinence Education Program	93.235		State Department of Health	715,612	213,216
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243		State Department of Health	890,510	37,200
	93.243		Mental Health and Substance Abuse Services	7,861,854	235,004
	93.243		Department of Human Services	110,000	
			Program Total	8,862,364	272,204
Universal Newborn Hearing Screening	93.251		State Department of Health	303,855	
Immunization Cooperative Agreements	93.268		State Department of Health	59,801,590	452,645
Adult Viral Hepatitis Prevention and Control	93.270		State Department of Health	110,316	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283		State Department of Health	2,225,268	191,715
National Public Health Improvement Initiative	93.292		State Department of Health	48,098	
State Partnership Grant Program to Improve Minority Health	93.296		State Department of Health	31,602	
National State Based Tobacco Control Programs	93.305		State Department of Health	1,071,527	453,400
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		State Department of Health	567,498	
Behavioral Risk Factor Surveillance System	93.336		State Department of Health	194,140	
ACL Independent Living State Grants	93.369		Department of Rehabilitation Services	304,651	
Affordable Care Act (ACA) - Maternal, Infant and Early Childhood Home Visiting Program	93.505		State Department of Health	7,107,365	3,317,362
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	975,916	
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	615,555	
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	49,170	20,194

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Promoting Safe and Stable Families	93.556		Department of Human Services	4,135,380	289,849
Temporary Assistance for Needy Families	93.558		Department of Human Services	117,584,425	1,770,091
Child Support Enforcement	93.563		Department of Human Services	46,881,043	1,984,973
Child Support Enforcement Research	93.564		Department of Human Services	(32,773)	
Refugee and Entrant Assistance - State Administered Programs	93.566		Department of Human Services	1,753,444	819,657
Low-Income Home Energy Assistance	93.568		Department of Human Services	25,749,025	
	93.568		Department of Commerce	1,659,910	1,610,865
			Program Total	27,408,935	1,610,865
Community Services Block Grant	93.569		Department of Commerce	8,001,393	7,629,154
Child Care and Development Block Grant	93.575		Department of Human Services	67,004,141	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		Department of Human Services	42,717,994	
			CCDF Cluster Total	109,722,135	-
State Court Improvement Program	93.586		Supreme Court	503,301	
Community-Based Child Abuse Prevention Grants	93.590		State Department of Health	586,979	294,969
Grants to States for Access and Visitation Programs	93.597		Department of Human Services	110,205	
Chafee Education and Training Vouchers Program (ETV)	93.599		Department of Human Services	801,520	
Adoption and Legal Guardianship Incentive Payments	93.603		Department of Human Services	585,000	
Family Connection Grants	93.605		Department of Human Services		
Head Start	93.600		Department of Commerce	165,407	165,407
The Affordable Care Act - Medicaid Adult Quality Grants	93.609		Health Care Authority	202,543	
Strong Start for Mothers and Newborns	93.611		Health Care Authority	146,110	
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624		State Department of Health	1,626,552	
Developmental Disabilities Basic Support and Advocacy Grants	93.630		Department of Human Services	665,469	
Children's Justice Grants to States	93.643		Department of Human Services	217,042	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		Department of Human Services	1,301,672	
Adoption Opportunities	93.652		Department of Human Services	582,140	
Foster Care - Title IV-E	93.658		Department of Human Services	60,782,356	2,044,178
	93.658		Office of Juvenile Affairs	335,624	
			Program Total	61,117,980	2,044,178
Adoption Assistance	93.659		Department of Human Services	54,887,664	29,908
Social Services Block Grant	93.667		Department of Human Services	33,615,950	
Child Abuse and Neglect State Grants	93.669		Department of Human Services	52,913	
Child Abuse and Neglect Discretionary Activities	93.670		Department of Human Services	131,114	
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		Attorney General	1,335,874	1,291,982
Chafee Foster Care Independence Program	93.674		Department of Human Services	3,332,569	
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	136,330	
State Public Health Approaches for Ensuring Quiltline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	93.735		State Department of Health	317,892	435
	93.735		Mental Health and Substance Abuse Services	9,665	
			Program Total	327,557	435
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753		State Department of Health	245,009	
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757		State Department of Health	1,349,392	
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758		State Department of Health	1,515,518	89,517
PPHF- Cooperative Agreements to Implement the National Strategy for Suicide Prevention (Short Title: National Strategy Grants)	93.764		Mental Health and Substance Abuse Services	375,168	
Children's Health Insurance Program	93.767		Health Care Authority	206,986,869	
Medicare - Hospital Insurance	93.773		State Department of Health	558,020	
State Medicaid Fraud Control Units	93.775		Attorney General	1,865,477	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health	16,857,190	
Medical Assistance Program	93.778		Office of Juvenile Affairs	183,817	
	93.778		Health Care Authority	2,907,703,635	
	93.778		Department of Human Services	53,147,713	
	93.778		State Department of Health	4,117,207	
	93.778		Mental Health and Substance Abuse Services	2,194,816	
			Program Total	2,967,347,188	-
			Medicaid Cluster Total	2,986,069,855	-
Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority	4,356,930	
	93.791		Department of Human Services	72,764	
				4,429,694	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		Health Care Authority	8,130,969	
Domestic Ebola Supplement to the Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.815		State Department of Health	61,721	
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		State Department of Health	554,857	
Section 223 Demonstration Programs to Improve Community Mental Health Services	93.829		Mental Health and Substance Abuse Services	279,978	
Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	93.988		State Department of Health	30,990	
HIV Care Formula Grants	93.917		State Department of Health	(3,685,515)	805,079
HIV Prevention Activities - Health Department Based	93.940		State Department of Health	1,528,672	503,806
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944		State Department of Health	310,306	1,052,801
Assistance Programs for Chronic Disease Prevention and Control	93.945		State Department of Health	11,655	
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		State Department of Health	133,325	
Block Grants for Community Mental Health Services	93.958		Mental Health and Substance Abuse Services	4,937,218	16,100
Block Grants for Prevention and Treatment of Substance Abuse	93.959		Mental Health and Substance Abuse Services	15,624,092	98,404
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977		State Department of Health	1,200,694	
Maternal and Child Health Services Block Grant to the States	93.994		State Department of Health	1,602,894	
	93.994		Department of Human Services	2,321,291	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Cost Reimbursement Contract - Behavioral Health Services					
Information System State Agreement	93.UNK		Mental Health and Substance Abuse Services	99,955	(5,530)
U.S. Department of Health and Human Services-Subtotal				<u>\$ 3,832,455,843</u>	<u>\$ 45,037,396</u>
<b>Executive Office of the President</b>					
High Intensity Drug Trafficking Area	95.001		Bureau of Narcotics & Dangerous Drugs Control	41,911	
Executive Office of the President-Subtotal				<u>\$ 41,911</u>	<u>\$ -</u>
<b>Social Security Administration</b>					
Direct and Pass Through Programs:					
Social Security - Disability Insurance	96.001		Department of Rehabilitation Services	43,836,395	⊗
Supplemental Security Income	96.006		Department of Rehabilitation Services	-	⊗
Social Security Administration-Subtotal			Disability Insurance/SSI Cluster Total	<u>\$ 43,836,395</u>	<u>\$ -</u>
<b>U.S. Department of Homeland Security</b>					
Direct and Pass Through Programs:					
Boating Safety Financial Assistance	97.012		Department of Public Safety	1,602,709	
Community Assistance Program State Support Services					
Element (CAP-SSSE)	97.023		Department of Emergency Management	346,216	
Crisis Counseling	97.032		Mental Health and Substance Abuse Services	615,417	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Department of Emergency Management	68,852,182	⊗ 67,598,991
Hazard Mitigation Grant	97.039		Department of Emergency Management	5,504,619	
National Dam Safety Program	97.041		Water Resources Board	280,626	
Emergency Management Performance Grants	97.042		Department of Emergency Management	5,806,284	
Assistance to Firefighters	97.044		Department of Corrections		
Cooperating Technical Partners	97.045		Water Resources Board	373,079	
	97.045		Department of Emergency Management	(54,306)	
			Program Total	<u>318,773</u>	<u>-</u>
Pre-Disaster Mitigation	97.047		Department of Emergency Management	801,205	
Emergency Operations Center	97.052		Department of Public Safety	843,655	806,644
State Homeland Security Program (SHSP)	97.073		Department of Public Safety	3,056,723	2,926,998
	97.073		State Bureau of Investigation	477,660	
	97.073		Office of Management and Enterprise Services	35,636	
	97.073		Conservation Commission	63,315	
			Program Total	<u>3,633,334</u>	<u>2,926,998</u>
U.S. Department of Homeland Security-Subtotal				<u>\$ 88,605,020</u>	<u>\$ 71,332,633</u>
<b>Total Federal Assistance</b>				<u>\$ 7,179,077,224</u>	<u>\$ 877,442,995</u>
⌘ Noncash Assistance ⌘ Partially Noncash Assistance ⊗ Tested as a major program as defined by 2 CFR §200.518 ⬠ Program audited as a major program by independent auditor ⊗ Programs defined as a cluster by OMB Compliance Supplement UNK Unknown					

**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, 2016

## **Note 1. Summary of Significant Accounting Policies**

The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of the State of Oklahoma for the year ended June 30, 2016. The information in this schedule is presented in conformity with the requirements set forth in Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### **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 Uniform Guidance, and have not been included in the Schedule. The Uniform Guidance allows non-Federal entities to meet the audit requirements of the compliance supplement 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, 2016. 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 "Unknown" (UNK).

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 Uniform Guidance.



## 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, Department of Environmental Quality, Water Resources Board, and the Oklahoma Insurance Department use 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 \$379,698,879. The federal portion of UI funds amounted to \$43,496,561.

### Note 3. Cost Recovery of Federal Program Expenditures

During fiscal year 2016, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$21,406,459 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 \$2,334,000 were in suspense at June 30, 2016 and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

### Note 4. Indirect Cost Rate

Per Uniform Guidance 2 CFR § 200.510(b)(6), agencies are required to disclose whether or not they elect to use the 10 percent de minimis cost rate that 2 CFR§ 200.414(f) allows for nonfederal entities that have never received a negotiated indirect cost rate. Below is a table indicating whether the agency has elected to use the 10 percent de minimis cost rate or not:

<u>Yes</u>	<u>No</u>
Oklahoma State Bureau of Investigation	Military Department
Department of Public Safety	ABLE Commission
Veterans Affairs Department	Attorney General
	State Arts Council
	Oklahoma Aeronautics Commission
	Office of Management and Enterprise Services
	Department of Mines
	Oklahoma Commission on Children and Youth
	Department of Corrections
	Oklahoma Corporation Commission
	District Attorney's Council
	Election Board
	State Auditor & Inspector
	Oklahoma Dept of Emergency Management
	Disability Concerns

## Notes to the Schedule of Expenditures of Federal Awards

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Transportation Department  
Oklahoma Space Industry Dev Authority  
Oklahoma Historical Society  
Office of Juvenile Affairs  
Labor Department  
Department of Libraries  
Narcotics/Dangerous Drugs Control  
Physician Manpower Training Commission  
J.D. McCarty Center  
Supreme Court  
Oklahoma Tax Commission  
Oklahoma Health Care Authority  
Department of Human Services

### **Note 5. Audits Provided by Auditors Other Than Principal Auditor**

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce  
Oklahoma Department of Wildlife  
Oklahoma Water Resources Board  
Department of Environmental Quality  
Oklahoma 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 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 \$13,775,935.39 of the soft match provision for projects billed during fiscal year 2016. 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.

## **Corrective Action Plan**

## **Corrective Action Plan**



STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT

OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT (OEM)  
STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2016

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-001	97.036 Disaster Grants – Public Assistance	DR4064 has Z PW's assigned for additional management costs which increased the management cost percentage eligible. This disaster is in the process of closeout, once reconciliations are complete, final reports will be filed. Project Z worksheets totaled \$284,506.53. This is a legacy disaster and does not have individual smart link accounts. All management costs are drawn from one funding account through the Payment Management System. Oklahoma Emergency Management is preparing to implement a new grants management program. This program will provide edit reviews and restrictions with how management costs will be processed. OEM will be updating all policies and procedures to incorporate the best business practices to ensure compliance for all the variables unique to each disaster.	09-30-2017	Sandy Henry
2016-002	97.036 Disaster Grants – Public Assistance	Oklahoma Emergency Management has FEMA approved Administrative Plans for every disaster it services. The Oklahoma State Public Assistance Plans are submitted for approval and must meet all 44 CFR 206.207 (b) requirements and now the 2 CFR 200. Oklahoma Emergency Management believes that compliance was met in all requirements in administering and making advances following the approved guidelines. Policies and Procedures are in place and will continue to be refined to support the recommendations noted.	09-30-2017	Sandy Henry
2016-003	97.036 Disaster Grants – Public Assistance	Oklahoma Emergency Management implemented a number of procedures and controls to ensure that sub-grantees are tracked confirming compliance with the audit requirements of OMB Circular A-133 policy. Letters were emailed October, 2016 to all applicants outlining all the requirements of single audit compliance. Starting in FY2016, Single Audit A-133 details are listed on every payment notice sent outlining single audit obligation for all federal funds received. In October, 2016 an email address was established <a href="mailto:single.audit@oem.ok.gov">single.audit@oem.ok.gov</a> for all applicants to respond and file all audit documents as well as ask any questions concerning status of audit.	09-30-2017	Sandy Henry



STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT

		<p>Outreach with documentation to support is available for review. Approximately 40 audits were collected as of January 2017. Those audits are being reviewed and OEM will be addressing compliance issues and collecting corrective action plans as needed. Electric Cooperatives along with all outstanding large projects were the focus for implementation with the new grants management software. Additional reporting and blast broadcasts will be available to provide even more notification and tracking for compliance.</p> <p>All documentation is archived in Box, and all contact and outreach made is documented for dates, contacted applicant, times, numbers, emails etc. to support compliance.</p> <p>Additionally, the Applicant agreement required for DR4274 and forward also details compliance requirements.</p> <p>Oklahoma Emergency Management has made progress correcting the weakness addressed and will continue making further strides to ensure continued compliance.</p>		
2016-012	97.036 Disaster Grants – Public Assistance	<p>Oklahoma Emergency Management will review and update all policies and procedures/internal controls to ensure all reporting for SF-425 and SF425A are calculated in accordance with the instructions for each report and agree to the accounting records. The department does have many unique situations that must fit into this process namely adjustments with grants, de-obligations and the many unique circumstances that happen with city, county and public applicant budget constraints. The automation of the FEMA data with the new grants management software will have a significant impact on the accuracy of all reporting.</p>	09-30-2017	Sandy Henry
2016-044	97.036 Disaster Grants – Public Assistance	<p>Oklahoma Emergency Management is reconciling and making progress in closing legacy disasters. This reconciliation process has detailed reporting to substantiate the costs for all disasters...the draw balances however were made using estimates early on and the final draws have not been dollar for dollar postings. There have been "catch up" draws to support costs for legacy disasters.</p> <p>Disasters from DR4222 and forward are listed individually and allow postings to be specific for each project. OEM is developing updated policies and procedures to include the recommendations made.</p>	09-30-2017	Sandy Henry
2016-045	97.036 Disaster Grants – Public Assistance	<p>Oklahoma Emergency Management follows established procedures to ensure each large project closeout is complete with a project certification report prior to final payments and all are adequately supported. Further documentation will be gathered to support the incident of the questioned costs. With the automation and integration of the grants management software that is being currently implemented, will provide timely updates from FEMA for any de-obligations that would occur prior to making payments. OEM supports the recommendation made and will continue to offer error free payment processing.</p>	06-30-2017	Sandy Henry



# Oklahoma Employment Security Commission



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**OKLAHOMA EMPLOYMENT SECURITY COMMISSION  
STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2016**

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
16-290-010IT	CAFR – Enterprise Fund I/T Internal Control	OESC agrees with this finding. We have begun to work with Office of Management and Enterprise Services to resolve the issue.	<i>December 31, 2016</i>	Greg Lewis and Riley Shaul



STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY

OKLAHOMA HEALTH CARE AUTHORITY  
STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2016

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
16-807-018	CAFR – Accounts Payable/ Expenditures	The Oklahoma Health Care Authority will continue our standard process of reviewing the SSAE 16 report and following up with the service organization to ensure that effective corrective actions are designed and implemented to address noted deficiencies. In regards to the deficiencies noted above, corrective actions have been designed and the OHCA is currently monitoring the implementation of those actions.	June 30, 2017	Josh Richards
2016-004	93.767 Children's Health Insurance Program  93.778 Medical Assistance Program	The Oklahoma Health Care Authority will continue our standard process of reviewing the SSAE 16 report and following up with the service organization to ensure that effective corrective actions are designed and implemented to address noted deficiencies. In regards to the deficiencies noted above, corrective actions have been designed and the OHCA is currently monitoring the implementation of those actions.	June 30, 2017	Josh Richards
2016-006	93.778 Medical Assistance Program	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.	June 30, 2017	Josh Richards
2016-007	93.767 Children's Health Insurance Program	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.	June 30, 2017	Josh Richards
2016-008	93.778 Medical Assistance Program	OHCA will continue to monitor member eligibility and implement any identified system changes or internal controls to ensure appropriate eligibility determinations. OHCA will reimburse the federal share.	June 30, 2017	Josh Richards
2016-015	93.767 Children's	OHCA agrees errors were made in the calculations however we do not agree with the auditor's questioned costs. Some	April 30, 2017	Susan Crooke





STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY

	Health Insurance Program	<p>of the errors used in calculating the questioned costs were already identified and corrected in subsequent quarters.</p> <p>The appropriate prior period adjustments will be made on the CMS 64 Report quarter ending 3/31/2017. New cost allocation software was implemented on 7/1/2016 eliminating the need for the complex cost allocation spreadsheet used during this audit period which was prone to errors and difficult to review.</p>		
2016-035	93.778 Medical Assistance Program	<p>OHCA agrees errors were made in the calculations however we do not agree with the auditor's questioned costs. Some of the errors used in calculating the questioned costs were already identified and corrected in subsequent quarters.</p> <p>The appropriate prior period adjustments will be made on the CMS 64 Report quarter ending 3/31/2017. New cost allocation software was implemented on 7/1/2016 eliminating the need for the complex cost allocation spreadsheet used during this audit period which was prone to errors and difficult to review.</p>	April 30, 2017	Susan Crooke



Oklahoma State Department of Health  
Creating a State of Health

OKLAHOMA STATE DEPARTMENT OF HEALTH (OSDH)  
STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2016

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-046	CFDA # 93.268 Immunization Cooperative Agreements	OSDH Financial Service will review current process and implement procedures to account for programs that produce program income. This will allow Financial Services to withdraw a level of federal funds needed for remaining expenditures that are offset by any known program income. Submission of the Immunization Federal Financial Report (FFR) 425 was submitted late. Financial Services has implemented validation processes to assist with completing the reporting requirements within the 90-day liquidation timeframe. Additionally, through staff training we have emphasized the importance of timely submissions, and as needed, any subsequent revised FFRs.	June 2017	Gunnar McFadden, Grants and Reporting Officer

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**OKLAHOMA DEPARTMENT OF HUMAN SERVICES  
STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2016**

<b>Finding Number</b>	<b>Subject Heading (Financial) or CFDA no. and program name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-009	93.575 and 93.596 Child Care and Development Fund Cluster	The attestation statement has now been added to the family child care home monitoring forms. DHS staff will also provide additional training emphasizing proper monitoring and documentation policy and procedures. In addition, DHS staff will meet with child care supervisors in April to discuss and determine a standardized method of tracking.	July 30, 2017	Lesli Blazer
2016-013	93.558 Temporary Assistance for Needy Families	In SFY2016, AFS experienced a 20% reduction in the number of staff. During this time, we experienced a reduction in our timeliness on clearing IEVS discrepancies. In an effort to ensure the discrepancies are cleared in a timely manner, DHS Adult and Family Services Division has developed plans to centralize the function of clearing the IEVS discrepancies. This will allow targeted staff to prioritize these tasks and respond to the discrepancies within the specified time frame.	June 30, 2017	Helen Goulden
2016-014	93.558 Temporary Assistance for Needy Families	Do not concur. Based on review of the file documentation, we do not concur with the finding for one of the three cases noted.  Concur. AFS will notify the appropriate County Director and Deputy Director of this error. AFS will also continue to stress the importance of existing policy and procedures. A Back-to-Basics training will be held, for appropriate staff, with a focus on reviewing and uploading ACES into the case file for all TANF applications & TANF reviews and a focus on the imaging process and procedures to ensure all appropriate documentation is properly imaged into the case file.	May 1, 2017	Paulette Bushers
2016-017	93.558 Temporary Assistance for Needy Families	The appropriate County Directors and Deputy Directors will be notified of the errors. In addition, a Back-to-Basics training will be conducted in the counties with errors. The training will focus on reviewing the proper forms that must be completed and uploaded into the case record on both eligibility determinations and redeterminations. Furthermore, emphasis will also be placed on policy and procedure regarding all TANF eligibility determinations and redeterminations must be completed with a face-to-face interview rather than by telephone.	May 30, 2017	Paulette Bushers



2016-021	93.778 Medical Assistance Program 93.558 Temporary Assistance for Needy Families	Data input errors will be corrected with cost allocation adjustments scheduled to be made in the quarter ending March 31, 2017. Copies of the adjustments are attached, and final adjustment records from the cost allocation system will be provided to the State Auditors once the corrections are keyed into the system in April 2017.	March 31, 2017	Deena Brown
2016-024	93.778 Medical Assistance Program	<p>The Department agrees with the statement that a number of sampled certifications were received from Department staff upon request by the State Auditors. However, it is the Department's opinion all responses to direct cost certifications, including those addressed in the finding, are a true and accurate depiction of efforts during the semi-annual certification periods. Additionally, we do not concur with the definition of timely completion being limited to three months following the end of the certification period, as stated in the condition to the finding. Subsequent communications between DHS Finance and audit management have brought about revised proposals of a more reasonable threshold of nine (9) months following the end of the certification period.</p> <p>The Department will immediately begin implementing necessary changes to its current practice of obtaining certifications from staff and/or supervisors. These changes will include, but are not limited to, amending existing policies and procedures documented in the Department's Public Assistance Cost Allocation Plan (PACAP), updating DHS internal policy, and consideration of other methods for evidencing the proper allocation, and allowability, of personnel costs. Once implemented, the changes will result in stronger internal controls over direct personnel cost documentation, establishment of a reasonable deadline for obtaining certifications, timely follow-up on outstanding certifications, and compliance with personnel compensation documentation requirements of 2 CFR §200.430(i) <i>Standards for Documentation of Personnel Expenses</i>, and 45 CFR §96.30 Subpart C—Financial Management, as applicable. The Department will also amend its PACAP, to accurately reference relevant, and applicable, sections of 2 CFR §200 Subpart E—Cost Principles, and 45 CFR §96.30 Subpart C—Financial Management.</p>	December 1, 2017	Deena Brown
2016-025	93.558 Temporary Assistance for Needy Families	DHS staff was aware of the delay in reporting the June 2016 IRS data. Steps have been taken to prevent delays in the future. The June 2016 data was sent to the IRS on the July 2016 transmission of data and was accepted.	July 26, 2016	Helen Goulden
2016-026	93.568 Low Income Home Energy Assistance Program	AFS LIHEAP policy allows staff to either obtain a utility bill or obtain verification from the energy supplier. AFS LIHEAP has an existing system that verifies all utility information provided to staff by recipients. AFS does not concur with either instance related to the utility bill. The verification includes details to insure staff that the applicant is the person who will receive the benefit. The details include, but are not limited to; verifying the name	September 1, 2017	Casey Letran



		on the application matches the name on the utility household records and the number of recipients within the household. AFS LIHEAP does concur with the instance of verification of income. AFS LIHEAP will provide guidance to LIHEAP staff to ensure all income is verified at application.		
2016-028	93.575 and 93.596 Child Care and Development Fund Cluster	<p>The Department agrees with the statement that a number of sampled certifications were received from Department staff upon request by the State Auditors. However, it is the Department's opinion all responses to direct cost certifications, including those addressed in the finding, are a true and accurate depiction of efforts during the semi-annual certification periods. Additionally, we do not concur with the definition of timely completion being limited to three months following the end of the certification period, as stated in the condition to the finding. Subsequent communications between DHS Finance and audit management have brought about revised proposals of a more reasonable threshold of nine (9) months following the end of the certification period.</p> <p>The Department will immediately begin implementing necessary changes to its current practice of obtaining certifications from staff and/or supervisors. These changes will include, but are not limited to, amending existing policies and procedures documented in the Department's Public Assistance Cost Allocation Plan (PACAP), updating DHS internal policy, and consideration of other methods for evidencing the proper allocation, and allowability, of personnel costs. Once implemented, the changes will result in stronger internal controls over direct personnel cost documentation, establishment of a reasonable deadline for obtaining certifications, timely follow-up on outstanding certifications, and compliance with personnel compensation documentation requirements of 2 CFR §200.430(i) <i>Standards for Documentation of Personnel Expenses</i>, and 45 CFR §96.30 Subpart C—Financial Management, as applicable. The Department will also amend its PACAP, to accurately reference relevant, and applicable, sections of 2 CFR §200 Subpart E—Cost Principles, and 45 CFR §96.30 Subpart C—Financial Management.</p>	December 1, 2017	Deena Brown
2016-033	93.568 Low Income Home Energy Assistance Program	The Department agrees with the statement that a number of sampled certifications were received from Department staff upon request by the State Auditors. However, it is the Department's opinion all responses to direct cost certifications, including those addressed in the finding, are a true and accurate depiction of efforts during the semi-annual certification periods. Additionally, we do not concur with the definition of timely completion being limited to three months following the end of the certification period, as stated in the condition to the finding. Subsequent communications between DHS Finance and audit management have brought about revised proposals of a more reasonable threshold of nine (9) months following the end of the certification period.	December 1, 2017	Deena Brown



2016-033 Cont'd		<p>The Department will immediately begin implementing necessary changes to its current practice of obtaining certifications from staff and/or supervisors. These changes will include, but are not limited to, amending existing policies and procedures documented in the Department's Public Assistance Cost Allocation Plan (PACAP), updating DHS internal policy, and consideration of other methods for evidencing the proper allocation, and allowability, of personnel costs. Once implemented, the changes will result in stronger internal controls over direct personnel cost documentation, establishment of a reasonable deadline for obtaining certifications, timely follow-up on outstanding certifications, and compliance with personnel compensation documentation requirements of 2 CFR §200.430(i) <i>Standards for Documentation of Personnel Expenses</i>, and 45 CFR §96.30 Subpart C—Financial Management, as applicable. The Department will also amend its PACAP, to accurately reference relevant, and applicable, sections of 2 CFR §200 Subpart E—Cost Principles, and 45 CFR §96.30 Subpart C—Financial Management.</p>		
2016-036	93.667 Social Services Block Grant	<p>The Department agrees with the statement that a number of sampled certifications were received from Department staff upon request by the State Auditors. However, it is the Department's opinion all responses to direct cost certifications, including those addressed in the finding, are a true and accurate depiction of efforts during the semi-annual certification periods. Additionally, we do not concur with the definition of timely completion being limited to three months following the end of the certification period, as stated in the condition to the finding. Subsequent communications between DHS Finance and audit management have brought about revised proposals of a more reasonable threshold of nine (9) months following the end of the certification period.</p> <p>The Department will immediately begin implementing necessary changes to its current practice of obtaining certifications from staff and/or supervisors. These changes will include, but are not limited to, amending existing policies and procedures documented in the Department's Public Assistance Cost Allocation Plan (PACAP), updating DHS internal policy, and consideration of other methods for evidencing the proper allocation, and allowability, of personnel costs. Once implemented, the changes will result in stronger internal controls over direct personnel cost documentation, establishment of a reasonable deadline for obtaining certifications, timely follow-up on outstanding certifications, and compliance with personnel compensation documentation requirements of 2 CFR §200.430(i) <i>Standards for Documentation of Personnel Expenses</i>, and 45 CFR §96.30 Subpart C—Financial Management, as applicable. The Department will also amend its PACAP, to accurately reference relevant, and</p>	December 1, 2017	Deena Brown



		applicable, sections of 2 CFR §200 Subpart E—Cost Principles, and 45 CFR §96.30 Subpart C—Financial Management.		
2016-040	93.568 Low Income Home Energy Assistance Program	DHS Adult and Family Services staff will revise the FFY15 Household report to reflect the correct case numbers. Additionally, staff will review the current processes to ensure all necessary checks are in place to prevent errors in the future.	June 30, 2017	Casey Letran
2016-041	93.568 Low Income Home Energy Assistance Program	DHS has edits in place to ensure the same address cannot receive duplicate LIHEAP benefits. AFS will work with OMES/ISD to ensure our system would function properly as it requires ongoing maintenance. We will work with OU CPM staff to provide guidance of documenting instances when a duplicate payment is appropriate.	March 24, 2017	Casey Letran
2016-042	93.568 Low Income Home Energy Assistance Program	AFS LIHEAP staff met during last year's audit to discuss ways to reduce errors. The error rate between the FY15 and FY16 audit decreased by 1.17% indicating that AFS LIHEAP staff's corrective action plan has helped to reduce the error rate. AFS LIHEAP staff will continue efforts in centralizing processes, training, and reviewing current application forms to ensure policy and procedures are clear and followed.	September 1, 2017	Casey Letran



**OKLAHOMA DEPARTMENT OF REHABILITATION SERVICES  
STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2016**

<b>Finding Number</b>	<b>Subject Heading (Financial) or CFDA no. and program name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2016-010	96.001 Social Security - Disability Insurance  96.006 Supplemental Security Income	On March 29, 2016, the OK DDS provided a Response and Corrective Action Plan to the FY 15 Audit. Findings in the FY 15 Audit were similar to the current audit findings in regards to deficiencies in the retention of documentation of license checks. In our response to the FY 15 Audit we noted that we were in the process of confirming licensure and credentialing for our consultative examination providers and that process was to be completed by April 8, 2016. Additionally, we were implementing an electronic platform to house all such documents with an implementation date of May 31, 2016. Both of these processes are now in place. Additionally we put a process in place for supervisor verification prior to scheduling examinations with a new vendor. Therefore, we believe that the processes implemented in May 2016 ensure the license verification and check of the System of Award Management take place prior to using the services of a new provider, and that documentation of such verification will be retained.	May 2016	Brian Nickles
2016-011	84.126 Vocational Rehabilitation Grants to States	The case ID information has been identified so that specific individual training can be provided to correct deficiencies. The agency will also conduct group trainings to VR counselors regarding the above mentioned policies and Federal requirements.	September 30, 2017	Mark Kinnison
2016-016	84.126 Vocational Rehabilitation Grants to States	The case ID information has been identified so that specific individual training can be provided to correct deficiencies. Group training with PM's and VR Specialists will also be completed.	September 30, 2017	Mark Kinnison

*Empower Oklahomans with Disabilities*

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Interim Director Noel Tyler  
Commissioners Lynda Collins, April Danahy and Jack Tucker





# Oklahoma Department of Rehabilitation Services

Financial Services

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2016-023	84.126 Vocational Rehabilitation Grants to States	The case ID information has been identified so that specific individual training can be provided to correct deficiencies. Group training with PM's and VR Specialists will also be completed.	September 30, 2017	Mark Kinnison
2016-031	96.001 Social Security - Disability Insurance  96.006 Supplemental Security Income	On March 29, 2016, the OK DDS provided a Response and Corrective Action Plan to the FY 15 Audit. Findings in the FY 15 Audit were similar to the current audit findings in regards to deficiencies in the retention of documentation of license checks. In our response to the FY 15 Audit we noted that we were in the process of confirming licensure and credentialing for our consultative examination providers and that process was to be completed by April 8, 2016. Additionally, we were implementing an electronic platform to house all such documents with an implementation date of May 31, 2016. Both of these processes are now in place. Additionally we put a process in place for supervisor verification prior to scheduling examinations with a new vendor. Therefore, we believe that the processes implemented in May 2016 ensure the license verification and check of the System of Award Management take place prior to using the services of an active provider, and that documentation of such verification will be retained.	May 2016	Brian Nickles

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## **Summary Schedule of Prior Audit Findings**

## **Summary Schedule of Prior Audit Findings**

ALBERT ASHWOOD  
State Director



MARY FALLIN  
Governor

STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT

**CFDA No:** 97.036  
**Finding No:** 2015-012  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Not Corrected

Oklahoma Emergency Management has administrative plans approved through FEMA documenting the administrative components of each unique situation. The approved FEMA Administrative Plan allows the program to be administered following agreed upon procedures.

Advance of Funds. Under special circumstances, upon written application (i.e., *Advance of Funds Request*) from the Applicant, the PA Branch may make such advances of funds to a Sub-recipient as provided for under 2 CFR 200.302(b)(1), 200.305(b)(6), & 44 CFR 206.204(b). The total funds advanced for any SGA should not, except in special circumstances, exceed 50% of the SGA.

Refund of Advanced Funds. The Applicant will be required to refund any part of an advance that is not supported by cost documents or expended within the approved scope of the project's SGA within 30 days from the Applicant's receipt of notice of a FEMA de-obligation pertaining to the project.

Funds are monitored through the quarterly reporting for all large projects. Site visits along with various calls and emails can also be a part of the follow up. Advance funding and all quarterly reporting and monitoring are documented throughout the program information Applicant Briefing presentation and packet, Kick-Off Meeting presentation and every quarterly report applicants are required to complete.

Quarterly report information is scanned into EMMIE – Emergency Management Mission Integrated Environment (FEMA project software) on a quarterly basis for every reporting project.

**CFDA No:** 97.036  
**Finding No:** 2015-020  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Partially Corrected

Oklahoma Department of Emergency Management must maintain effective internal control over Federal awards according to 2 CFR 200.303. As of July 1, 2015, management costs are only drawn from Payment Management System with properly supported backup documentation that lists specific expenditures. Such draws will be for allowable activities and allowable costs while also verifying that costs do not exceed the management costs ceiling.



ALBERT ASHWOOD  
State Director



MARY FALLIN  
Governor

STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT

Expenditure listings may be obtained from the "Six Digit by Journal Date" report found in the Oracle PeopleSoft Accounts Payable program. Expenditures for each disaster are recorded under a unique seven digit department code. Each code has three segments: 9542223 – (1) All disaster departments begin with "95". (2) The next four digits indicate the disaster number, i.e. 4222. (3) The last digit could be "1" for Individual Assistance or Other Needs ASSISTANCE (ONA); "3" for Public Assistance (PA) or Fire Management Assistance Grants (FMAG); or "4" for Hazard Mitigation Grant Programs.

Previously Management Costs were drawn according to an estimated method followed by a complete reconciliation before the grant was closed. Beginning in May, 2015 a review process began to reconcile all Management Costs on both legacy and current disasters to be all inclusive from the beginning of open disasters this is a work in progress and will also be automated with the new grants management software program being implemented for FY2017.

**CFDA No:** 97.036

**Finding No:** 2015-024

**Program Name:** Disaster Grants - Public Assistance

**Status:** Partially Corrected

Oklahoma Emergency Management implemented a number of procedures and controls to ensure that sub-grantees are tracked to ensure compliance with the audit requirements of OMB Circular A-133 policy.

Letters were emailed in October, 2016 to all active applicants outlining all the requirements of single audit compliance. Follow up on outstanding reporting occurred in December, 2016. In addition, documentation is also included on all payment notification concerning all single audit requirements.

An email address [single.audit@oem.ok.gov](mailto:single.audit@oem.ok.gov) was established for all applicants to respond with audit documents. Outreach with documentation is available for review. Approximately 40 audits were collected and are going through review and will be addressing any compliance issues and addressing corrective action plans as needed. Electric Cooperatives along with all outstanding large projects were the focus for implementation with support with the new grants management software.

All documentation is archived in box and also documentation on all calls made is noted – dates, times and contact.

This is included as a component of the Applicant Agreement required as of DR4274 and all future disasters.

OEM feels that this finding has been corrected and will be making further strides to ensure continued compliance.



**ALBERT ASHWOOD**  
State Director



**MARY FALLIN**  
Governor

STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT

**CFDA No:** 97.036  
**Finding No:** 2015-026  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Partially Corrected

Oklahoma Emergency Management is in the process of updating and working to achieve full compliance. The newly purchased grants management software will provide a foundation to assist in the monumental task of modifying the reconciliation process. Automating the payment process, the reconciliation process and meeting the Statewide accounting system CORE needs, along with providing accurate and accountable data. This finding has been partially corrected and will continue to be improved upon. Updates to policies and procedures and additional staff training will be included in the corrective action to follow.

**CFDA No:** 97.036  
**Finding No:** 2015-037  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Corrected

**CFDA No:** 97.036  
**Finding No:** 2015-039  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Corrected



ALBERT ASHWOOD  
State Director



MARY FALLIN  
Governor

STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT

**CFDA No:** 97.036  
**Finding No:** 2015-040  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Partially Corrected

Oklahoma Emergency Management takes the compliance of all federal, state and local resources with strict and utmost attention. Internal controls are followed; trained and fiscally responsible staff executing policies procedures with oversight managing the Public Assistance Program. The modification to the Public Assistance Program, with the addition of the Sandy Act legislation, provided alternate procedures to enhance and expedite FEMA approved obligated funding to vetted and approved sub grantees.

Oklahoma Emergency Management will continue to follow established procedures when authorizing all payments to sub grantees. OEM will continue to review procedures and update using all laws, regulations, policies and procedures applicable to FEMA's Public Assistance Program. Staff will continue to ensure that the *Project Certification Report* is completed timely and all costs submitted by the sub-grantee for reimbursement are supported. In addition OEM will continue to verify DUNS numbers provided by the sub-grantee against DUN & Bradstreet ([www.dandb.com](http://www.dandb.com)) to ensure it is valid. OEM follows all procedures and best business practices to ensure that any potential insurance claim is documented prior to release of the final payment after validating closeout.

For reference the following guide information supports the actions of the Oklahoma Emergency Management Public Assistance Division. <http://www.fema.gov/public-assistance-policy-and-guidance>

**CFDA No:** 97.036  
**Finding No:** 2015-042  
**Program Name:** Disaster Grants - Public Assistance  
**Status:** Partially Corrected

Oklahoma Emergency Management believes that this is partially corrected and continues to be addressed as new procedures are being put in place with the grants management software. Interfaces of data will provide consistency and not allow items to be miscoded and have resources redirected to reconcile transactions timely.

Changes to the payment systems have also allowed additional accountability to reconcile grant balances with individual smart link accounts.





STATE OF OKLAHOMA  
OKLAHOMA HEALTH CARE AUTHORITY

**Finding No:** 2015-033

**CFDA No:** 93.778

**Program Name:** Medicaid Assistance Program

**Status:** Partially Corrected. Errors were made in the cost allocation calculations. The federal share has been returned for the prior year finding. New cost allocation software was implemented on 7/1/2016 eliminating the need for the complex cost allocation spreadsheet used during this audit period which was prone to errors and difficult to review.

**Finding No:** 2015-034

**CFDA No:** 93.767

**Program Name:** Children's Health Insurance Program

**Status:** Partially Corrected. Errors were made in the cost allocation calculations. The federal share has been returned for the prior year finding. New cost allocation software was implemented on 7/1/2016 eliminating the need for the complex cost allocation spreadsheet used during this audit period which was prone to errors and difficult to review.

**Finding No:** 12-807-008, 2013-043, 2014-026, 2015-035

**CFDA No:** 93.778

**Program Name:** Medicaid Assistance Program

**Status:** Partially Corrected. Providers did not maintain adequate medical records to support services billed. The federal share has been returned for the prior year finding. OHCA will continue its Clinical Audit and Payment Accuracy Measurement processes to ensure oversight of the program.

**Finding No:** 12-807-006, 2013-044, 2014-025, 2015-036

**CFDA No:** 93.767

**Program Name:** Children's Health Insurance Program

**Status:** Partially Corrected. Providers did not maintain adequate medical records to support services billed. The federal share has been returned for the prior year finding. OHCA will continue its Clinical Audit and Payment Accuracy Measurement processes to ensure oversight of the program.

**Finding No:** 2014-012, 2015-038

**CFDA No:** 93.778

**Program Name:** Medicaid Assistance Program

**Status:** Corrected





Oklahoma State Department of Health  
Creating a State of Health

**Finding No:** 2015-007

**CFDA No:** 10.557

**Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children

**Status:** Corrected

**Finding No:** 2015-008, 2014-010

**CFDA No:** 10.557

**Program Name:** Special Supplemental Nutrition Program for Women, Infants and Children

**Status:** Corrected

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## Department of Human Services FY16 Audit Prior Year Finding Follow-Up

**CFDA NO:** 93.568

**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, 2014-030, 2015-004

**Program Name:** Low Income Home Energy Assistance Program

**Status:** Partially Corrected

Edit was corrected during FY16 (during the FY15 audit) which caused an overlap of errors between FY's. The cases related to audit finding #2015-004 have been corrected. DHS AFS is centralizing the processing unit and will provide two extensive training sessions to staff.

**CFDA NO:** 93.568

**Finding No:** 2014-031, 2015-005

**Program Name:** Low Income Home Energy Assistance Program

**Status:** Partially Corrected

Edit was corrected during FY16 (during the FY15 audit) which caused an overlap of errors between FY's. DHS AFS is centralizing the processing unit and will provide two extensive training sessions to staff.

**CFDA NO:** 93.568

**Finding No:** 2015-006

**Program Name:** Low Income Home Energy Assistance Program

**Status:** Corrected.

**CFDA NO:** 93.658

**Finding No:** 2015-009

**Program Name:** Foster Care

**Status:** Corrected.

**CFDA NO:** 93.568

**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, 2014-022, 2015-010

**Program Name:** Low Income Home Energy Assistance Program

**Status:** Partially Corrected

The cases related to audit finding #2015-010 have been corrected. Additionally, Lync training provided to OU staff July 13, 15, 19

**CFDA NO:** 93.558

**Finding No:** 2015-013

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected.

**CFDA NO:** 93.558

**Finding No:** 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012, 12-830-001, 2013-034, 2014-020, 2015-014

**Program Name:** Temporary Assistance for Needy Families

**Status:** Partially Corrected

DHS AFS created IEVS Discrepancy Specialists to focus on timely investigation and utilization of info conveyed through the IEVS. However, during the FY16 budget cuts staff was reduced by 20% which caused a delay in the cleared of IEVS discrepancies.



**CFDA NO:** 93.558

**Finding No:** 2014-021, 2015-015

**Program Name:** Temporary Assistance for Needy Families

**Status:** Partially corrected

The information in question within audit finding #2015-015 have all been transmitted to the appropriate federal agency. DHS AFS created IEVA Discrepancy Specialists to focus on timely investigation and utilization of info conveyed through the IEVS jobs.

**CFDA NO:** 93.558

**Finding No:** 2015-016

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected.

**CFDA NO:** 93.558

**Finding No:** 07-830-013, 08-830-007, 09-830-023, 10-830-021, 11-830-008, 12-830-003, 2013-030, 2014-015, 2015-017

**Program Name:** Temporary Assistance for Needy Families

**Status:** Partially corrected

Appropriate actions have been taken for the cases noted in audit finding #2015-017. Additionally, the corrective action plans were issued to the appropriate counties during the FY16 audit period.

**CFDA NO:** 93.558

**Finding No:** 2013-031, 2014-017, 2015-018

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected.

**CFDA NO:** 93.558

**Finding No:** 11-830-010, 12-830-004, 2013-033, 2014-019, 2015-019

**Program Name:** Temporary Assistance for Needy Families

**Status:** Partially corrected

Appropriate action has been taken on the case in question regarding audit finding #2015-019. Additionally, 3 training sessions were held March 23 and 24th through Lync conference call.

**CFDA NO:** 93.558

**Finding No:** 2015-021

**Program Name:** Temporary Assistance for Needy Families

**Status:** Corrected.

**CFDA NO:** 93.575, 93.596

**Finding No:** 2014-027, 2015-028

**Program Name:** Child Care and Development Fund Cluster

**Status:** Partially corrected

DHS policy was modified on March 18<sup>th</sup>, 2015 to require an attestation to ensure compliance requirements were met. Additionally, the monitoring checklists were modified on January 1, 2016 requiring staff to indicate that compliance requirements had been met. The modification of the monitoring checklists was added during FY16 which caused an overlap of errors between FY's.

**CFDA NO:** 93.568

**Finding No:** 2014-005

**Program Name:** Low Income Home Energy Assistance Program

**Status:** No longer applicable

During FY 2016, there were no subrecipients of LIHEAP.

**CFDA NO:** 84.126

**Finding No:** 2015-029, 2014-045

**Program Name:** Vocational Rehabilitation Grants to States

**Status:** Partially Corrected

OKDRS reviewed internal policies and procedures and conducted training to enhance federal compliance. The remaining action plan will be to provide additional training to address these findings in addition to new findings as a result of the most recent audit. The reoccurring findings are a result of various factors consisting of cases that were completed prior to review, improper scanning, and new staff learning consistent case management practices. Additional training should be completed by September 30, 2017.

**CFDA NO:** 84.126

**Finding No:** 2015-030

**Program Name:** Vocational Rehabilitation Grants to States

**Status:** Corrected

**CFDA NO:** 84.126

**Finding No:** 2015-031

**Program Name:** Vocational Rehabilitation Grants to States

**Status:** Partially Corrected

OKDRS implemented case management training to ensure that application dates, eligibility determination dates, IPE completion dates and closure dates are appropriately entered into the AWARE system to enhance or improve consistent RSA-911 reporting along with appropriate case documentation. The remaining action plan will be to provide additional training to address these findings in addition to new findings as a result of the most recent audit. The reoccurring findings are a result of various factors consisting of cases that were completed prior to review, excessive caseload sizes, improper scanning, and new staff learning consistent case management practices. Additional training should be completed by September 30, 2017.

**CFDA NO:** 96.001 and 96.006

**Finding No:** 2015-032

**Program Name:** Social Security – Disability Insurance and Supplemental Security Income

**Status:** Partially Corrected

The repeat findings in FY 16 all occurred prior to the corrective action taken as a result of the FY 15 findings, which was completed by 5/31/16.

**CFDA NO:** 84.126

**Finding No:** 2015-041

**Program Name:** Vocational Rehabilitation Grants to States

**Status:** Partially Corrected

OKDRS took steps to review internal controls, policies, and procedures, and conducted training to staff to enhance compliance with federal standards. The remaining action plan will be to provide additional training to address these findings in addition to new findings as a result of the most recent audit. The reoccurring findings are a result of improper scanning, and new staff learning consistent case management practices. Additional training should be completed by September 30, 2017.

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Interim Director Noel Tyler  
Commissioners Lynda Collins, April Danahy and Jack Tucker



# Oklahoma Department of Rehabilitation Services

Financial Services

[www.okdrs.gov](http://www.okdrs.gov)

**CFDA NO:** 96.001 and 96.006

**Finding No:** 2015-043

**Program Name:** Social Security – Disability Insurance and Supplemental Security Income

**Status:** Partially Corrected

The repeat findings in FY 16 all occurred prior to the corrective action taken as a result of the FY 15 findings, which was completed by 5/31/16.

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