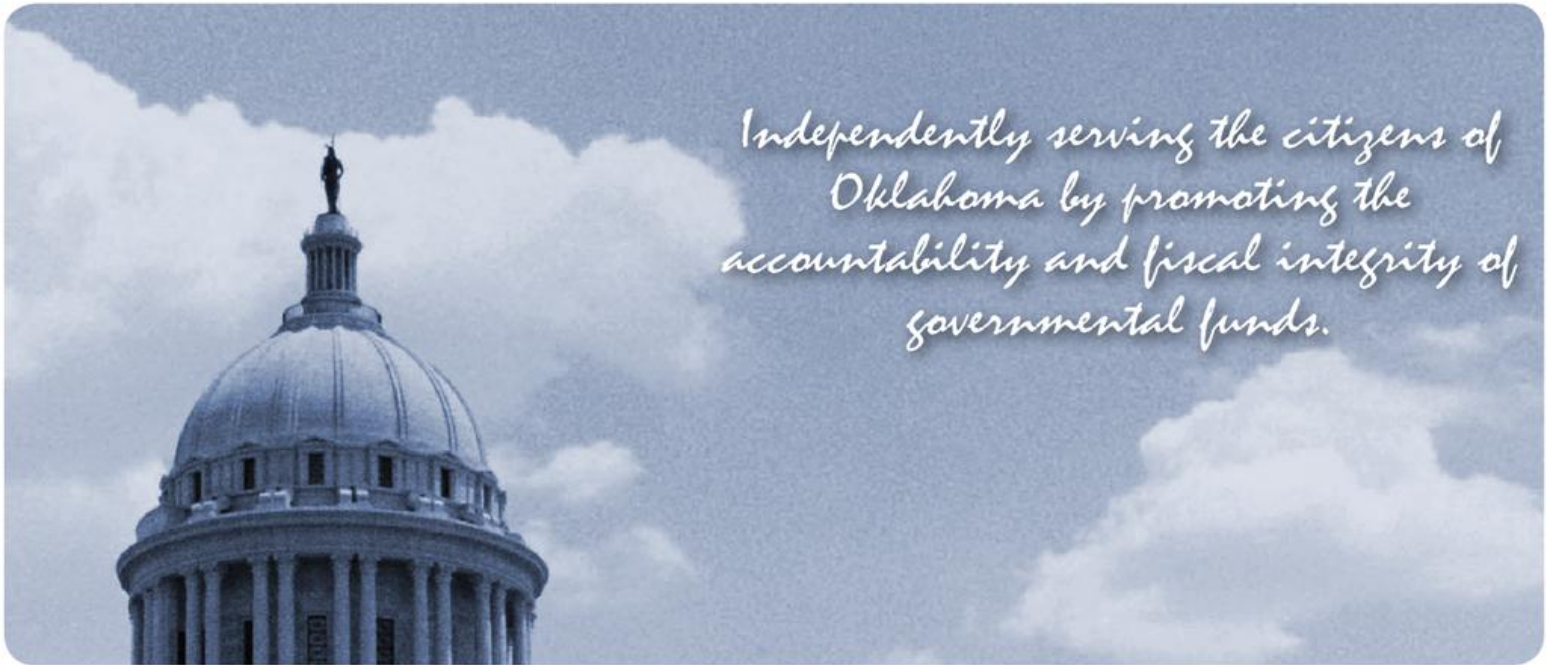


SINGLE AUDIT REPORT

# STATE OF OKLAHOMA 2013

For the fiscal year ended June 30, 2013



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

# OKLAHOMA 2013

## Single Audit Report For The Fiscal Year Ended June 30, 2013

Prepared by  
Office of the State Auditor and Inspector

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



# Oklahoma State Auditor & Inspector

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

March 28, 2014

**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, 2013. The audit was conducted in accordance with the requirements of the Single Audit Act Amendments of 1996 and the provisions of the Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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

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

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



# Oklahoma State Auditor & Inspector

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## **INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the State of Oklahoma's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the State of Oklahoma's major federal programs for the year ended June 30, 2013. The State of Oklahoma's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. We did not audit compliance with those requirements that are applicable to the major federal programs administered by the Department of Commerce, the Department of Wildlife Conservation, Insurance Department, or the Department of Environmental Quality, all of which were audited in accordance with the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All of the federal programs for the above referenced agencies represent 1.40% 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, 2013. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

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

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

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

Our responsibility is to express an opinion on compliance for each of the State of Oklahoma's major federal programs based on our audit and the reports of other auditors of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the State of Oklahoma's compliance.



***Basis for Qualified Opinion on Formula Grants for Rural Areas and Improving Teacher Quality State Grants***

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>
2013-009	20.509	Formula Grants for Rural Areas	Reporting
2013-010	20.509	Formula Grants for Rural Areas	Reporting
2013-014	20.509	Formula Grants for Rural Areas	Subrecipient Monitoring
2013-041	84.367	Improving Teacher Quality State Grants	Reporting
2013-046	84.367	Improving Teacher Quality State Grants	Reporting
2013-062	84.367	Improving Teacher Quality State Grants	Cash Management

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

***Qualified Opinion on Formula Grants for Rural Areas and Improving Teacher Quality State Grants***

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Formula Grants for Rural Areas and Improving Teacher Quality State Grants for the year ended June 30, 2013.

***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, 2013.

***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items:

2013-006	2013-007	2013-008	2013-011	2013-012
2013-013	2013-017	2013-020	2013-022	2013-023
2013-026	2013-028	2013-030	2013-031	2013-032
2013-033	2013-034	2013-036	2013-039	2013-040
2013-042	2013-043	2013-044	2013-045	2013-046 *
2013-047	2013-048	2013-049	2013-050	2013-053
2013-056	2013-058	2013-059	2013-060	2013-062 *
2013-063				

\* Findings 2013-046 and 2013-062 apply to multiple CFDA's in addition to the qualification noted above.

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

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

## Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items (see list below) to be material weaknesses.

2013-007	2013-009	2013-010	2013-014	2013-041
2013-046	2013-048	2013-056	2013-062	

*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.

2013-001	2013-003	2013-004	2013-005	2013-006
2013-008	2013-011	2013-012	2013-013	2013-017
2013-020	2013-022	2013-026	2013-027	2013-028
2013-029	2013-030	2013-031	2013-032	2013-033
2013-034	2013-036	2013-039	2013-040	2013-042
2013-047	2013-049	2013-050	2013-051	2013-053
2013-058	2013-059	2013-060	2013-063	

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose. This report is also a public document pursuant to the Oklahoma Open Records Act (51 O.S. § 24A.1 et seq.), and shall be open to any person for inspection and copying.

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the State of Oklahoma's basic financial statements. We issued our report thereon dated December 31, 2013, which contained unmodified opinions on those financial statements. Our report also included emphasis paragraphs on the unfunded actuarial accrued liability of the Teachers' Retirement System, the net deficit of the Multiple Injury Trust Fund, and the adopted provisions of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

A handwritten signature in blue ink, appearing to read "Gary A. Jones", with a stylized flourish at the end.

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

March 28, 2014 except for our report on the Schedule of Expenditures  
of Federal Awards, for which the date is December 31, 2013

**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	Agency	Expenditures/Expenses	
			Agency	State
U.S. Department of Agriculture				
Direct Programs:				
Plant and Animal Disease, Pest Control, and Animal Care	10.025	Department of Agriculture	\$ 1,080,436	
	10.025	Department of Wildlife Conservation	1,839	\$ 1,082,275
Inspection Grading and Standardization	10.162	Department of Agriculture		297,049
Market Protection and Promotion	10.163	Department of Agriculture		76,252
Specialty Crop Block Grant Program - Farm Bill	10.170	Department of Agriculture		373,320
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	Department of Agriculture		1,582,616
Supplemental Nutrition Assistance Program	10.551	Department of Human Services	952,909,791	✖
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Department of Human Services	43,141,025	✖ 996,050,816
School Breakfast Program	10.553	Department of Education	55,049,436	✖
National School Lunch Program	10.555	Department of Education	150,314,872	✖
	✖ 10.555	Department of Human Services	10,135,100	✖
Special Milk Program for Children	10.556	Department of Education	31,333	✖
Summer Food Service Program for Children	10.559	Department of Education	3,329,294	✖
	✖ 10.559	Department of Human Services	14,835	✖ 218,874,870
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	State Department of Health		85,734,248
Child and Adult Care Food Program	10.558	Department of Education	56,900,482	
	✖ 10.558	Department of Human Services	204,190	✖ 57,104,672
State Administrative Expenses for Child Nutrition	10.560	Department of Education	2,767,459	
	10.560	Department of Human Services	469,648	3,237,107
Commodity Supplemental Food Program	10.565	Department of Human Services	960,007	✖
Emergency Food Assistance Program (Administrative Costs)	10.568	Department of Human Services	432,179	✖
Emergency Food Assistance Program (Food Commodities)	✖ 10.569	Department of Human Services	5,797,556	✖ 7,189,742
Senior Farmers Market Nutrition Program	10.576	Department of Human Services		46,418
WIC Grants to States (WGS)	10.578	State Department of Health		195,644
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants	10.580	Department of Human Services		9,940
Fresh Fruit and Vegetable Program	10.582	Department of Education		2,536,910
Forestry Research	10.652	Department of Agriculture		401,474
Cooperative Forestry Assistance	10.664	Department of Agriculture		1,703,091
Forest Legacy Program	10.676	Department of Agriculture		1,862
Soil and Water Conservation	10.902	Conservation Commission	5,405,772	
	10.902	Department of Wildlife Conservation	31,000	5,436,772
Environmental Quality Incentives Program	10.912	Department of Agriculture	54,417	
	10.912	Department of Wildlife Conservation	26,178	80,595
Wildlife Habitat Incentive Program	10.914	Department of Wildlife Conservation		23,138
ARRA - Watershed Rehabilitation Program	10.916	Conservation Commission		1,820,656
Conservation Security Program	10.921	Department of Agriculture		66,000
Subtotal				1,383,925,467
U.S. Department of Commerce				
Direct Programs:				
Public Safety Interoperable Communications Grant Program	11.555	Department of Public Safety		624
ARRA-Broadband Technology Opportunities Program (BTOP)	11.557	Department of Libraries	664,987	
	11.557	Office of Management and Enterprise Services	34,221,084	34,886,071
ARRA - State Broadband Data and Development Grant Program	11.558	Office of Management and Enterprise Services		708,482
Subtotal				35,595,177
U.S. Department of Defense				
Direct Programs:				
Procurement Technical Assistance For Business Firms	12.002	Department of Career & Technology Education		683,526
Cost Reimbursement Contract - State Memorandum of Agreement Program for the Reimbursement of Technical Services	12.113	Department of Environmental Quality		9,111
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401	Oklahoma Military Department		34,232,124
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404	Oklahoma Military Department		3,813,564
Troops to Teachers	-	Department of Education		105,495
Subtotal			\$	38,843,820
U.S. Drug Enforcement Administration				
Direct Programs:				
Other Federal Assistance - Marijuana Eradication Suppression Program	-	Bureau of Narcotics & Dangerous Drugs Control		297,078
Subtotal			\$	297,078
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii--ARRA - Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Department of Commerce	18,966,387	✖
Emergency Solutions Grant Program	14.255	Department of Commerce	1,423,024	✖ 20,389,411
Shelter Plus Care	14.231	Department of Commerce		1,107,146
ARRA - Homelessness Prevention and Rapid Re-Housing Program	14.238	Mental Health and Substance Abuse Services		223,069
	14.257	Department of Commerce		513,105
Subtotal			\$	22,232,731

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses Agency	State
U.S. Department of the Interior				
Direct Programs:				
Forestry on Indian Lands	15.035	Department of Agriculture		250,074
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	Department of Mines		1,072,664
Abandoned Mine Land Reclamation (AMLR) Program Water SMART (Sustaining and Manage America's Resources for Tomorrow)	15.252	Conservation Commission		2,489,856
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.507	Water Resources Board		59,409
Recreation Resources Management	15.427	State Auditor and Inspector		397,191
	15.524	Department of Agriculture		94,396
Sport Fish Restoration Program	15.605	Department of Wildlife Conservation	7,628,375	✖
Wildlife Restoration and Basic Hunter Education	15.611	Department of Wildlife Conservation	6,837,255	✖
				14,465,630
Cooperative Endangered Species Conservation Fund	15.615	Department of Wildlife Conservation		162,319
Enhanced Hunter Education and Safety Program	15.626	Department of Wildlife Conservation		183,686
Partners for Fish and Wildlife	15.631	Conservation Commission	97,731	
	15.631	Department of Wildlife Conservation	86,588	184,319
Landowner Incentive Program	15.633	Department of Wildlife Conservation		84,762
State Wildlife Grants	15.634	Department of Wildlife Conservation		340,436
Research Grants (Generic)	15.650	Department of Wildlife Conservation		90,559
Cooperative Landscape Conservation	15.669	Department of Wildlife Conservation		138,895
U.S. Geological Survey Research and Data Collection	15.808	Water Resources Board		54,678
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society		812,790
Outdoor Recreation - Acquisition, Development and Planning	15.916	Department of Tourism and Recreation		347,500
Cost Reimbursement Contracts:				
McGee Creek Project	-	Department of Wildlife Conservation		132,539
Subtotal				\$ 21,361,703
U.S. Department of Justice				
Direct Programs:				
Sexual Assault Services Formula Program	16.017	District Attorneys Council		229,952
Juvenile Accountability Block Grants	16.523	Office of Juvenile Affairs		320,900
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Office of Juvenile Affairs		448,678
Missing Children's Assistance	16.543	State Bureau of Investigation		317,050
Title V - Delinquency Prevention Program	16.548	Office of Juvenile Affairs		73,003
State Justice Statistics Program for Statistical Analysis Centers	16.550	State Bureau of Investigation		62,699
ARRA - National Criminal History Improvement Program (NCHIP)	16.554	District Attorneys Council		82,094
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560	State Bureau of Investigation		213,050
Crime Victim Assistance	16.575	District Attorneys Council		4,613,397
Crime Victim Compensation	16.576	District Attorneys Council		1,745,918
Crime Victim Assistance/Discretionary Grants	16.582	Attorney General	(41,943)	
	16.582	District Attorneys Council	158,137	116,194
Drug Court Discretionary Grant Program	16.585	Mental Health and Substance Abuse Services		673,924
ARRA - Violence Against Women Formula Grants	16.588	District Attorneys Council		1,535,565
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	District Attorneys Council		310,967
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	Attorney General	89,017	
	16.590	District Attorneys Council	108,918	197,935
Residential Substance Abuse Treatment for State Prisoners	16.593	District Attorneys Council		494,747
State Criminal Alien Assistance Program	16.606	Department of Corrections		711,696
Project Safe Neighborhoods	16.609	District Attorneys Council		111,611
Public Safety Partnership and Community Policing Grants	16.710	Department of Public Safety		686,963
Enforcing Underage Drinking Laws Program	16.727	Mental Health and Substance Abuse Services		254,690
Edward Byrne Memorial Justice Assistance Grant Program	16.738	District Attorneys Council	3,861,221	✖
	16.738	Mental Health and Substance Abuse Services	377	✖
ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	District Attorneys Council	2,012,860	✖
				5,874,458
Statewide Automated Victim Information Notification (SAVIN) Program	16.740	Attorney General		294,843
DNA Backlog Reduction Program	16.741	State Bureau of Investigation		1,013,222
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	District Attorneys Council		146,897
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Mental Health and Substance Abuse Services		131,242
Convicted Offender and/or Arrestee DNA Backlog Reduction Program	16.748	State Bureau of Investigation	134,449	
	16.748	Indigent Defense System	59,789	194,238
Economic High-Tech and Cyber Crime Prevention	16.752	Department of Public Safety		150,000
Support for Adam Walsh Act Implementation Grant Program	16.750	Department of Corrections		192,078
Harold Rogers Prescription Drug Monitoring Program	16.754	Bureau of Narcotics & Dangerous Drugs Control		12,349
ARRA - Internet Crimes Against Children Task Force Program (ICAC)	16.800	State Bureau of Investigation		57,054
ARRA - State Victim Assistance Formula Grant Program	16.801	District Attorneys Council		15,500
Second Chance Act Prisoner Reentry Initiative	16.812	Department of Corrections	730,016	
	16.812	Office of Juvenile Affairs	273,380	1,003,396
John R. Justice Prosecutors and Defenders Incentive Act	16.816	District Attorneys Council		169,517
Cost Reimbursement Contracts:				
High Intensity Drug Trafficking Area	-	Bureau of Narcotics & Dangerous Drugs Control		33,175
Subtotal				\$ 22,489,002

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
U.S. Department of Labor				
Direct Programs:				
Labor Force Statistics	17.002	Employment Security Commission		1,090,584
Compensation and Working Conditions	17.005	Department of Labor		145,759
Employment Service/Wagner-Peyser Funded Activities	17.207	Employment Security Commission	13,216,031	✖
Disabled Veterans' Outreach Program (DVOP)	17.801	Employment Security Commission	675,913	✖
Local Veterans' Employment Representative Program	17.804	Employment Security Commission	1,585,281	✖
				15,477,225
Unemployment Insurance	17.225	Employment Security Commission	407,577,032	
ARRA-Unemployment Insurance	17.225	Employment Security Commission	1,359,804	408,936,836
Senior Community Service Employment Program	17.235	Employment Security Commission		1,255,877
Trade Adjustment Assistance	17.245	Employment Security Commission		1,817,499
WIA Adult Program	17.258	Department of Commerce	6,111,195	✖
WIA Youth Activities	17.259	Department of Commerce	6,135,324	✖
WIA Dislocated Worker Formula Grants	17.278	Department of Commerce	5,376,229	✖
				17,622,748
WIA Dislocated Workers	17.260	Department of Commerce		218,032
WIA Pilots, Demonstrations, and Research Projects	17.261	Department of Commerce		23,567
Workforce Investment Act (WIA) National Emergency Grants	17.277	Department of Commerce		349,945
H-1B Job Training Grants	17.268	Department of Commerce		551,679
Work Opportunity Tax Credit Program (WOTC)	17.271	Employment Security Commission		193,197
Temporary Labor Certification for Foreign Workers	17.273	Employment Security Commission		138,196
ARRA - Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	Department of Commerce		2,323,178
Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants	17.280	Employment Security Commission		1,240
Consultation Agreements	17.504	Department of Labor		1,232,754
Mine Health and Safety Grants	17.600	Department of Mines		107,800
Subtotal				\$ 451,486,116
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	Oklahoma Aeronautics Commission	48,266	
	20.106	Oklahoma Space Industry Dev. Authority	34,816	83,082
Highway Research and Development Program	20.200	Department of Transportation		2,129,773
Highway Planning and Construction	20.205	Department of Transportation	536,004,916	✖
ARRA - Highway Planning and Construction	20.205	Department of Transportation	564,386	✖
Recreational Trails Program	20.219	Department of Tourism and Recreation	1,805,266	✖
				538,374,568
Highway Training and Education	20.215	Department of Transportation		346,886
National Motor Carrier Safety	20.218	Department of Public Safety		2,056,624
Commercial Driver's License Program Improvement Grant	20.232	Department of Public Safety		430,515
Safety Data Improvement Program	20.234	Department of Public Safety		177,346
High Speed Rail Corridors and Intercity Passenger Rail Service - Capital Assistance Grants	20.319	Department of Transportation		1,247,107
Federal Transit - Capital Investment Grants	20.500	Department of Transportation		2,286,371
Metropolitan Transportation Planning	20.505	Department of Transportation		1,928,894
Formula Grants for Rural Areas	20.509	Department of Transportation		11,474,882
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Department of Human Services	1,881,018	✖
Job Access and Reverse Commute Program	20.516	Department of Transportation	1,690,158	✖
New Freedom Program	20.521	Department of Transportation	766,521	✖
				4,337,697
State and Community Highway Safety	20.600	Department of Public Safety	3,270,983	✖
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Department of Public Safety	2,192,763	✖
Safety Belt Performance Grants	20.609	Department of Public Safety	49,500	✖
State Traffic Safety Information System Improvement Grants	20.610	Department of Public Safety	303,681	✖
Incentive Grant Program to Increase Motorcyclist Safety	20.612	Department of Public Safety	86,730	✖
				5,903,657
E911 Grant Program	20.615	Department of Public Safety		438,382
Cost Reimbursement Contract - Pipeline Safety Program State Base Grant	20.700	Corporation Commission		1,185,327
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Department of Emergency Management		221,885
ARRA - Surface Transportation - Discretionary Grants for Capital Investment	20.932	Department of Transportation		15,440,181
National Infrastructure Investments	20.933	Department of Transportation		5,655,606
Subtotal				\$ 593,718,783
U.S. Department of the Treasury				
Direct Programs:				
State Small Business Credit Initiative	-	Department of Commerce		2,605,263
				\$ 2,605,263
General Services Administration				
Direct Programs:				
Donation of Federal Surplus Personal Property	✖ 39.003	Office of Management and Enterprise Services-DCAM		3,393,128
Election Reform Payments	39.011	State Election Board		89,875
Subtotal				\$ 3,483,003
National Foundation on the Arts and the Humanities				
Direct Programs:				
Promotion of the Arts - Partnership Agreements	45.025	State Arts Council		720,800
Promotion of the Humanities - Division of Preservation and Access	45.149	Historical Society		176,401
Grants to States	45.310	Department of Libraries		2,380,400
National Leadership Grants	45.312	Department of Commerce	333,168	
	45.312	Department of Libraries	58,600	391,768



Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Laura Bush 21st Century Librarian Program	45.313	Department of Libraries		264,498
Subtotal			\$	3,933,867
<b>U.S. Small Business Administration</b>				
Direct Programs:				
State Trade and Export Promotion Pilot Grant Program	59.061	Department of Commerce		662,884
Subtotal			\$	662,884
<b>U.S. Department of Veterans Affairs</b>				
Direct Programs:				
Grants to States for Construction of State Home Facilities	64.005	Department of Veterans Affairs		3,487,910
Veterans State Nursing Home Care	64.015	Department of Veterans Affairs		66,956,357
All-Volunteer Force Educational Assistance	64.124	Department of Veterans Affairs		331,550
Subtotal			\$	70,775,817
<b>U.S. Environmental Protection Agency</b>				
Direct Programs:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	Department of Environmental Quality		470,073
State Clean Diesel Grant Program	66.040	Department of Environmental Quality		214,759
Congressionally Mandated Projects	66.202	Water Resources Board		12,132
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	Water Resources Board		3,039,103
State Underground Water Source Protection	66.433	Corporation Commission		243,862
Urban Waters Small Grants	66.440	Water Resources Board		12,068
Water Quality Management Planning	66.454	Water Resources Board		118,472
Capitalization Grants for Clean Water State Revolving Funds	66.458	Water Resources Board	11,629,000	
ARRA - Capitalization Grants for Clean Water State Revolving Funds	66.458	Water Resources Board	2,384,010	14,013,010
Nonpoint Source Implementation Grants	66.460	Water Resources Board		3,683,571
Regional Wetland Program Development Grants	66.461	Water Resources Board		389,923
Capitalization Grants for Drinking Water State Revolving Fund	66.468	Department of Environmental Quality		14,467,962
Performance Partnership Grants	66.605	Department of Environmental Quality		5,011,928
Environmental Information Exchange Network Grant Program and Related Assistance	66.608	Department of Environmental Quality		324,600
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	Department of Agriculture		552,294
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	Department of Labor		271,604
Pollution Prevention Grants Program	66.708	Department of Agriculture	8,189	
	66.708	Department of Environmental Quality	32,072	40,261
Multi-Media Capacity Building Grants for States and Tribes	66.709	Corporation Commission		33,534
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	Department of Environmental Quality		1,213,102
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	Corporation Commission		628,702
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	Corporation Commission		1,400,518
State and Tribal Response Program Grants	66.817	Department of Environmental Quality	405,050	
	66.817	Corporation Commission	203,359	608,409
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality	(53,521)	
ARRA - Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality	141,630	88,109
Subtotal			\$	46,837,996
<b>U.S. Department of Energy</b>				
Direct Programs:				
State Energy Program	81.041	Department of Commerce	517,692	
ARRA - State Energy Program	81.041	Department of Commerce	5,139,878	5,657,570
Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	1,491,207	
ARRA - Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	4,077,964	5,569,171
Renewable Energy Research and Development	81.087	Department of Commerce		2,361
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	Corporation Commission	285,834	
	81.122	Department of Commerce	75,671	
	81.122	Department of Wildlife Conservation	100,552	462,057
ARRA - Energy Efficient Appliance Rebate Program (EEARP)	81.127	Department of Commerce		(2,975)
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	Department of Commerce		2,908,993
Subtotal			\$	14,597,177
<b>U.S. Department of Education</b>				
Direct Programs:				
Adult Education - Basic Grants to States	84.002	Department of Education		5,699,880
Title I Grants to Local Educational Agencies	84.010	Department of Education	164,103,815	
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	Department of Education	1,312	164,105,127
Migrant Education - Coordination Program	84.144	Department of Education		40,045
Migrant Education - State Grant Program	84.011	Department of Education		1,946,069
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Department of Education		323,477
Special Education - Grants to States	84.027	Department of Education	144,400,626	
Special Education - Preschool Grants	84.173	Department of Education	3,458,974	147,859,600

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Career and Technical Education -- Basic Grants to States	84.048	Department of Career & Technology Education		15,880,987
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Department of Rehabilitation Services		39,010,278
Rehabilitation Services - Client Assistance Program	84.161	Office of Disability Concerns		133,493
Independent Living - State Grants	84.169	Department of Rehabilitation Services		317,789
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	Department of Rehabilitation Services		390,178
Special Education - Grants for Infants and Families	84.181	Department of Education		5,313,511
Safe and Drug-Free Schools and Communities - State Grants	84.186	Department of Education		7,928
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		769,430
Even Start - State Educational Agencies	84.213	Department of Education		24,811
Tech Prep Education	84.243	Department of Career & Technology Education		189,641
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	Department of Rehabilitation Services		45,636
Twenty-First Century Community Learning Centers	84.287	Department of Education		12,241,996
Education Technology State Grants	84.318	Department of Education		127,835
Special Education - State Personnel Development	84.323	Department of Education		816,653
Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	84.331	Department of Corrections		(1,281)
Rural Education	84.358	Department of Education		3,289,056
English Language Acquisition State Grants	84.365	Department of Education		5,606,312
Mathematics and Science Partnerships	84.366	Department of Education		1,794,295
Improving Teacher Quality State Grants	84.367	Department of Education		24,354,497
Grants for State Assessments and Related Activities	84.369	Department of Education		9,736,047
Striving Readers	84.371	Department of Education		90,055
Statewide Data Systems	84.372	Department of Education		78,580
School Improvement Grants	84.377	Department of Education	4,469,618	☹
ARRA - School Improvement Grants, Recovery Act	84.388	Department of Education	11,133,139	☹
ARRA - Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act	84.390	Department of Rehabilitation Services		177,286
ARRA - Special Education - Grants to States, Recovery Act	84.391	Department of Education		7,240
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	Department of Education		171
ARRA - Independent Living States Grants, Recovery Act	84.398	Department of Rehabilitation Services		4,487
ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act	84.399	Department of Rehabilitation Services		1,653
ARRA - Education Jobs Fund	84.410	Office of the Governor		6,139,414
Subtotal				\$ 462,424,933
<b>National Archives and Records Administration</b>				
Direct Programs:				
National Historical Publications and Records Grants	89.003	Department of Libraries		71,853
Help America Vote Act Requirements Payments	90.401	State Election Board		2,788,385
Subtotal				\$ 2,860,238
<b>U.S. Department of Health and Human Services</b>				
Direct Programs:				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	Department of Human Services		65,730
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	Department of Human Services		187,753
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Department of Human Services		246,518
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Department of Human Services	4,561,894	☹
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Department of Human Services	7,507,537	☹
Nutrition Services Incentive Program	93.053	Department of Human Services	2,044,917	☹
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	Department of Human Services	181,223	
	93.048	Oklahoma Insurance Department	234,135	415,358
National Family Caregiver Support, Title III, Part E	93.052	Department of Human Services		1,430,970
Public Health Emergency Preparedness	93.069	State Department of Health		7,257,110
Environmental Public Health and Emergency Response	93.070	State Department of Health		419,170
Lifespan Respite Care Program	93.072	Department of Human Services		48,228
Systems Interoperability - Health and Human Services	93.075	Department of Human Services		494,543
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Department of Human Services		852,968
Enhance Safety of Children Affected by Substance Abuse	93.087	Mental Health and Substance Abuse Services		336,922
Emergency System for Advance Registration of Volunteer Health Professionals	93.089	State Department of Health		108,931
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	State Department of Health		550,617
Food and Drug Administration - Research	93.103	Department of Agriculture		96,652
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	Mental Health and Substance Abuse Services		1,192,591
Maternal and Child Health Federal Consolidated Programs	93.110	State Department of Health		245,289
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	State Department of Health		738,667
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	State Department of Health		128,528
ARRA - State Primary Care Offices	93.414	State Department of Health		11,596
Injury Prevention and Control Research and				

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
State and Community Based Programs	93.136	State Department of Health		893,723
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Mental Health and Substance Abuse Services		391,360
Family Planning - Services	93.217	State Department of Health		3,938,349
Affordable Care Act (ACA) Abstinence Education Program	93.235	State Department of Health		449,218
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Mental Health and Substance Abuse Services		8,442,770
Universal Newborn Hearing Screening	93.251	State Department of Health		272,325
Immunization Cooperative Agreements	✧ 93.268	State Department of Health		60,232,062 ✱
Adult Viral Hepatitis Prevention and Control Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.270	State Department of Health		93,898
	93.283	State Department of Health		4,733,742
State Partnership Grant Program to Improve Minority Health	93.296	State Department of Health		135,788
Affordable Care Act (ACA) - Maternal, Infant and Early Childhood Home Visiting Program	93.505	State Department of Health		2,009,335
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		55,061
PPHF 2012 National Public Health Improvement Initiative	93.507	State Department of Health		290,648
Affordable Care Act - Aging and Disability Resource Center	93.517	Department of Human Services		86,118
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	Department of Human Services		53,061
Affordable Care Act (ACA) - Consumer Assistance Program Grants Centers for Disease Control and Prevention - Affordable Care Act (ACA) - Communities Putting Prevention to Work	93.519	Oklahoma Insurance Department		194,743
	93.520	State Department of Health		76,248
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		461,282
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	Health Care Authority		160,956
PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds	93.539	State Department of Health		129,100
The Patient Protection and Affordable Care Act of 2010 (ACA)	93.541	State Department of Health		385,567
The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program	93.544	State Department of Health		205,241
Transitional Living for Homeless Youth	93.550	Department of Human Services		334,820
Promoting Safe and Stable Families	93.556	Department of Human Services		5,300,361
Temporary Assistance for Needy Families	93.558	Department of Human Services		96,181,146 ✱
Child Support Enforcement	93.563	Department of Human Services		43,647,645
Child Support Enforcement Research	93.564	Department of Human Services		63,329
Refugee and Entrant Assistance - State Administered Programs	93.566	Department of Human Services		990,076
Low-Income Home Energy Assistance	93.568	Department of Human Services		36,015,770 ✱
Community Services Block Grant	93.569	Department of Commerce		6,604,902
Child Care and Development Block Grant	93.575	Department of Human Services	60,153,819 ✱	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Department of Human Services	<u>49,376,005 ✱</u>	109,529,824
State Court Improvement Program	93.586	Supreme Court		483,271
Community-Based Child Abuse Prevention Grants	93.590	State Department of Health		795,022
Grants to States for Access and Visitation Programs	93.597	Department of Human Services		88,239
Chafee Education and Training Vouchers Program (ETV)	93.599	Department of Human Services		866,123
Adoption Incentive Payments	93.603	Department of Human Services		466,975
Family Connection Grants	93.605	Department of Human Services		134,990
Head Start	93.600	Department of Commerce		165,585
The Affordable Care Act - Medicaid Adult Quality Grants	93.609	Health Care Authority		174,227
Strong Start for Mothers and Newborns	93.611	Health Care Authority		15,646
Voting Access for Individuals with Disabilities - Grants for States	93.617	State Election Board		31,453
Developmental Disabilities Basic Support and Advocacy Grants	93.630	Department of Human Services		1,073,077
Children's Justice Grants to States	93.643	Department of Human Services		310,073
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Department of Human Services		1,278,050
Adoption Opportunities	93.652	Department of Human Services		525,868
Foster Care - Title IV-E	93.658	Department of Human Services	35,330,407	
ARRA - Foster Care - Title IV-E	93.658	Department of Human Services	<u>(8,176)</u>	35,322,231
Adoption Assistance	93.659	Department of Human Services	35,207,321	
ARRA - Adoption Assistance	93.659	Department of Human Services	<u>2</u>	35,207,323
Social Services Block Grant	93.667	Department of Human Services		34,566,380 ✱
Child Abuse and Neglect State Grants	93.669	Department of Human Services		391,802
Family Violence Prevention and Services/Grants for Battered Women's Shelters - Grants to States and Indian Tribes	93.671	Attorney General		2,369,574
Chafee Foster Care Independence Program	93.674	Department of Human Services		2,749,370
ARRA-Community Services Block Grant	93.710	Department of Commerce		(18,001)
ARRA - Immunization	93.712	State Department of Health		96,681
ARRA - Preventing Healthcare-Associated Infections	93.717	State Department of Health		(11)
ARRA - State Grants to Promote Health Information Technology	93.719	Health Care Authority		1,432,318
ARRA - Prevention and Wellness - State, Territories and Pacific Islands	93.723	State Department of Health		112,282
ARRA - Prevention and Wellness - Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)	93.724	State Department of Health		49,187
ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program	93.725	Department of Human Services	71,694	
	93.725	State Department of Health	<u>20,360</u>	92,054
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs - financed by 2012 Prevention and Public Health Funds (PPHF-2012)	93.734	Department of Human Services		57,349

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Children's Health Insurance Program	93.767	Health Care Authority		130,777,092
Medicare - Hospital Insurance	93.773	State Department of Health		600,000
State Medicaid Fraud Control Units	93.775	Attorney General	1,442,198	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	Health Care Authority	5,072,136	
	93.777	State Department of Health	6,118,452	
Medical Assistance Program	93.778	Health Care Authority	3,053,022,597	
ARRA-Medical Assistance Program	93.778	Health Care Authority	40,404,599	3,106,059,982
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	Oklahoma Insurance Department		827,102
Money Follows the Person Rebalancing Demonstration	93.791	Health Care Authority		3,470,148
Medicaid Transformation Grants	93.793	Health Care Authority		277,487
National Bioterrorism Hospital Preparedness Program	93.889	State Department of Health		3,703,159
HIV Care Formula Grants	93.917	State Department of Health		7,054,688
Cooperative Agreements to Support Comprehensive School Health Programs To Prevent the Spread of HIV and Other Important Health Problems	93.938	Department of Education		87,828
HIV Prevention Activities - Health Department Based	93.940	State Department of Health		2,076,216
Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	State Department of Health		444,159
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	State Department of Health		149,870
Block Grants for Community Mental Health Services	93.958	Mental Health and Substance Abuse Services		4,531,134
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Mental Health and Substance Abuse Services		18,860,493
Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.977	State Department of Health		1,245,276
Preventive Health and Health Services Block Grant	93.991	State Department of Health		676,186
Maternal and Child Health Services Block Grant to the States	93.994	State Department of Health		4,030,933
Other Federal Assistance - X-Ray Inspections	-	State Department of Health		37,929
Cost Reimbursement Contracts: State Outcome Measurement & Management System	-	Mental Health and Substance Abuse Services		79,934
Subtotal				<u>\$ 3,815,127,711</u>
<b>Corporation for National and Community Service</b>				
Direct Programs:				
Learn and Serve America - Higher Education	94.005	Department of Education		64
Foster Grandparent Program	94.011	Department of Human Services		393,161
Volunteers in Service to America	94.013	Department of Education		57
Subtotal				<u>\$ 393,282</u>
<b>Social Security Administration</b>				
Direct Programs:				
Social Security - Disability Insurance	96.001	Department of Rehabilitation Services		38,069,356
Social Security - Research and Demonstration	96.007	Department of Rehabilitation Services		(691,174)
Subtotal				<u>\$ 37,378,182</u>
<b>U.S. Department of Homeland Security</b>				
Direct Programs:				
Non-Profit Security Program	97.008	Department of Public Safety		5,777,675
Boating Safety Financial Assistance	97.012	Department of Public Safety		1,579,028
Emergency Management Institute (EMI) - Independent Study Program	97.027	Department of Emergency Management		253,000
Disaster Grants - Public Assistance (Presidentially Declared Disasters )	97.036	Department of Emergency Management		10,941,937
Hazard Mitigation Grant	97.039	Department of Emergency Management		8,778,188
National Dam Safety Program	97.041	Water Resources Board		214,340
Emergency Management Performance Grants	97.042	Department of Emergency Management		4,980,071
Fire Management Assistance Grant	97.046	Department of Emergency Management		393,036
Pre-Disaster Mitigation	97.047	Department of Emergency Management		294,050
Emergency Operations Center	97.052	Department of Public Safety		87,927
Citizens - Community Resilience Innovation Challenge	97.053	Department of Public Safety		252,349
Interoperable Emergency Communications	97.055	Department of Public Safety		259,823
Port Security Grant Program	97.056	Department of Public Safety		634,295
Metropolitan Medical Response System	97.071	Department of Public Safety		584,232
State Homeland Security Program (SHSP)	97.073	Department of Public Safety		6,310,732
Buffer Zone Protection Program (BZPP)	97.078	Department of Public Safety		156,532
Earthquake Consortium	97.082	Department of Emergency Management		41,641
Repetitive Flood Claims	97.092	Department of Emergency Management		713,279
Subtotal				<u>\$ 42,252,135</u>
<b>Total Federal Assistance</b>				<u><u>\$ 7,073,282,365</u></u>
⌘ Noncash Assistance ❖ Partially Noncash Assistance ⌘ Tested as a major program as defined by OMB Circular A-133 ♦ Program audited as a major program by auditor other than the principal auditor ⌘ Programs defined as a cluster by OMB Circular A-133				

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

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

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

### **For the Fiscal Year Ended June 30, 2013**

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

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

##### **A. Reporting Entity**

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

##### **B. Basis of Presentation**

The Schedule presents expenditures and expenses for the fiscal year ended June 30, 2013. The Schedule reports total federal award expenditures and expenses for each federal program as identified in the *Catalog of Federal Domestic Assistance (CFDA)*. Federal awards without identified CFDA numbers have been identified as "Other Federal Assistance".

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

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

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

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



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

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### **C. Basis of Accounting**

The accompanying Schedule, in general, reports expenditures of the primary government in accordance with Generally Accepted Accounting Principles (GAAP). GAAP requires that governmental funds report revenue and expenditures using the modified accrual basis of accounting as described in the Comprehensive Annual Financial Report. The modified accrual basis of accounting recognizes expenditures and expenses when liquidated with current resources. The Wildlife Conservation Commission, Insurance Department, and Department of Environmental Quality, governmental funds, 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 \$263,984,609. The federal portion of UI funds amounted to \$144,098,975 and additional funds of \$1,323,079 were provided by the American Recovery and Reinvestment Act (ARRA).

### **Note 3. Federally Funded Loan Programs**

The Water Resources Board (WRB) administers the Oklahoma Clean Water Facility Construction Revolving Loan Account Program. The program had loans outstanding of \$441,684,544 at June 30, 2013. A federal grant from the U.S. Environmental Protection Agency provides approximately 80% of the program's loan funding. State matching funds make up the remaining 20%.

The Oklahoma Department of Environmental Quality (ODEQ) administers the Oklahoma Drinking Water State Revolving Fund Program. The program had loans outstanding of \$483,766,811 at June 30, 2013. The Oklahoma Drinking Water State Revolving Fund Program utilizes Federal Capitalization grants, from the U.S. Environmental Protection Agency under CFDA 66.468, required state matching funds equal to 20% of federal funds received, and interest income for drinking water loan assistance. Included in the schedule of federal expenditures are funds withdrawn for loans, state matching funds used for loans and program operating costs. During fiscal year 2013, the ODEQ withdrew federal funds in the amount of \$9,059,103. Of these funds, no funds were used for disbursements on loans originated.

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

During fiscal year 2013, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$19,193,952 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA 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 \$952,000 were in suspense at June 30, 2013, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

## Notes to the Schedule of Expenditures of Federal Awards

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

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce  
Oklahoma Department of Wildlife  
Department of Environmental Quality  
Insurance Department

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

### Note 6. Department of Education Grant Transfers

The Department of Education made the following transferability payments between programs for the fiscal year 2013:

		Improving Teacher Quality State Grants (CFDA 84.367)
		<hr/>
<b><u>Transferred To:</u></b>		
Title I Grants to Local Educational Agencies (CFDA 84.010)	\$	2,792,062.40
	\$	116,749.02
Educational Technology State Grants (CFDA 84.318)	\$	<hr/> 2,908,811.42

### Note 7. Department of Transportation Federal Soft Match Provision

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

The Department utilized \$122,629,336 of the soft match provision for projects billed during fiscal year 2013. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration (FHWA) for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to FHWA.

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## **Schedule of Findings and Questioned Costs**

## **Schedule of Findings and Questioned Costs**

## Schedule of Findings

### Summary of Auditor's Results

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#### ***Financial Statements***

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

Internal control over financial reporting:

Material weakness(es) identified? ..... yes

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

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

For fiscal year 2013, the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards*, and related finding, was issued with the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the year ended June 30, 2013, dated December 31, 2013.

#### ***Federal Awards***

Internal control over major programs:

Material weakness(es) identified? ..... yes

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

Type of auditor's report issued on compliance for major programs: Unqualified for all major programs except for 20.509 –Formula Grants for Rural Areas (non-ARRA) and 84.367 - Improving Teacher Quality State Grants which were qualified.

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

Dollar threshold used to distinguish between  
type A and type B programs: .....\$21,219,847

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

## Schedule of Findings

### Summary of Auditor's Results

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#### Identification of Major Programs:

	<u>Program and CFDA Number</u>	<u>State Agency</u>
Child Nutrition Cluster	10.553 School Breakfast Program	Department of Education
	10.555 National School Lunch Program	
	10.555 National School Lunch Program	Department of Human Services
	10.556 Special Milk Program for Children	Department of Education
	10.559 Summer Food Service Program for Children	
	10.559 Summer Food Service Program for Children	Department of Human Services
	10.557 Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health
	10.558 Child and Adult Care Food Program	Department of Education
CDBG Cluster	10.558 Child and Adult Care Food Program	Department of Human Services
	11.557 ARRA - Broadband Technology Opportunities Program (BTOP)	Office of Management and Enterprise Systems
	11.557 ARRA - Broadband Technology Opportunities Program (BTOP)	Department of Libraries
	14.228 Community Development Block Grants	Department of Commerce
	14.255 ARRA-Community Development Block Grants	
	14.231 Emergency Solutions Grant Program	Department of Commerce
	14.257 ARRA – Homelessness Prevention	Department of Commerce
Fish and Wildlife Cluster	15.605 Sport Fish Restoration Program	Department of Wildlife
	15.611 Wildlife Restoration and Basic Hunter Education	
	17.225 Unemployment Insurance	Employment Security Commission
	17.225 ARRA - Unemployment Insurance	
Highway Planning & Construction Cluster	17.275 ARRA – Program of Competitive Grants for Worker Training and Placement	Department of Commerce
	20.205 Highway Planning and Construction	Department of Transportation
	20.205 ARRA - Highway Planning and Construction	
	20.219 Recreational Trails Program	Department of Tourism & Recreation
	20.509 Formula Grants for Rural Areas	Department of Transportation
	20.932 ARRA - Surface Transportation Discretionary Grants for Capital Investment	Department of Transportation
	66.468 Capitalization Grants for Drinking Water State Revolving Fund	Department of Environmental Quality

## Schedule of Findings

### Summary of Auditor's Results

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	<u>Program and CFDA Number</u>	<u>State Agency</u>
	81.041 State Energy Program	Department of Commerce
	81.041 ARRA - State Energy Program	
	81.042 Weatherization Assistance for Low-Income Persons	Department of Commerce
	81.042 ARRA - Weatherization Assistance for Low-Income Persons	
	81.128 ARRA – Energy Efficiency and Conservation Block Grant Program(EECBG)	Department of Commerce
Title I, Part A Cluster	84.010 Title I Grants to Local Educational Agencies	Department of Education
	84.389 ARRA - Title I Grants to Local Educational Agencies, Recovery Act	
Special Education Cluster (IDEA)	84.027 Special Education - Grants to States	Department of Education
	84.173 Special Education - Preschool Grants	
	84.126 Rehabilitation Services - Vocational Rehabilitation Grants to States	Department of Rehabilitation Services
	84.367 Improving Teacher Quality State Grants	Department of Education
	93.268 Immunization Cooperative Agreements	Department of Health
	93.558 Temporary Assistance for Needy Families	Department of Human Services
	93.568 Low Income Home Energy Assistance	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 (Title XVIII) Medicare	Health Care Authority & Department of Health
	93.778 Medical Assistance Program	Health Care Authority
	93.778 ARRA - Medical Assistance Program	
	93.779 Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	Insurance Department



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# Schedule of Findings Federal Award Findings And Questioned Costs

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Note: Findings are presented alphabetically by state agency.

## Department of Education

**FINDING NO:** 2013-041

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

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

**CFDA NO:** 84.367

**FEDERAL PROGRAM NAME:** Improving Teacher Quality State Grants

**FEDERAL AWARD NUMBER:** S367A120035-12A

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, states “The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall: (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.”

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 proper review and approval.

**Condition:** Expenditures reported for CFDA #84.367 were understated in the amount of \$4,987,671 on the Schedule of Expenditures of Federal Awards.

**Cause:** The data comprising the amounts stated on the Schedule of Expenditures of Federal Awards was incorrect, which was caused by a miscoding of the computer program that built the expenditure data file. This resulted in \$7,540,344 in CFDA #84.367 expenditures being claimed as CFDA #84.010 expenditures.

Furthermore, due to a misunderstanding about the way transfers are accounted for in a new computer application, the amount transferred out of CFDA #84.367 was calculated incorrectly. This resulted in an overstatement of the Schedule of Expenditures of Federal Awards by \$2,552,672.

**Effect:** The net effect of these two errors caused the cash basis expenditures for CFDA #84.367 to be understated by \$4,987,671 on the Schedule of Expenditures of Federal Awards.

**Recommendation:** We recommend that the Department resubmit their Schedule of Expenditures of Federal Awards to the Office of Management and Enterprise Systems increasing cash basis expenditures by \$4,987,671.

In addition, we recommend that the Department design and implement controls to detect misstatements in expenditure data due to miscoding or other errors through a reconciliation of mainframe data file to the subrecipient claims reimbursement system (GMS). Furthermore, we recommend continued training of agency personnel to understand the way expenditure and transferability data is captured and accounted for in the new computer application.

**Views of Responsible Official(s)**

**Contact Person:** Mathangi Shankar, Director of Financial Services

## Schedule of Findings

### Federal Award Findings

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**Anticipated Completion Date:** 03/21/2014

**Corrective Action Planned:** The Department has made all the correcting entries necessary to clear the understatement of expenditures in CFDA #84.367. The Schedule of Federal Expenditures has been revised and will be resubmitted to OMES by 3/21/2014. The Department has also implemented new procedures to reconcile expenditures on a weekly basis. A worksheet is prepared to reconcile by program code school payment expenditures recorded in the mainframe to the GMS. Any variances identified will be promptly corrected. Department personnel also worked with GMS consultants to get the transferability report from the system. The system tracks the allocation and payment for transferability. Department personnel and the OMES programmer who works with school payments have been trained on the recording and reporting of expenditures in the mainframe and GMS.

**FINDING NO:** 2013-046 (Repeat)

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

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

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

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

**FEDERAL AWARD NUMBER:** S010A120036-12A, S367A120035, H027A120051, H173A120084, 60K300349, 60K300329

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$0

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

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

2 CFR § 170.200 – *Requirements for program announcements, regulations, and application instruction* states, “(a) Each agency that makes awards of Federal financial assistance subject to the Transparency Act must include the requirements described in paragraph (b) of this section in each program announcement, regulation, or other issuance containing instructions for applicants: (1) Under which awards may be made that are subject to Transparency Act reporting requirements; and (2) That either: (i) Is issued on or after the effective date of this part; or (ii) Has application or plan due dates after October 1, 2010. (b) The program announcement, regulation, or other issuance must require each entity that applies and does not have an exception under § 170.110(b) to ensure they have the necessary processes and systems in place to comply with the reporting requirements, should they receive funding.”

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

2 CFR § 170 Appendix A.I.a.2 – *When and Where to Report* states, “(i.) You must report each obligating action described in paragraph a.1. of this award term to <http://www.ftrs.gov>. (ii.) For subaward information, report no later than the end of the month following the month in which the obligation was made.

## Schedule of Findings

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

**Condition:** The Department has not submitted any subaward information to USAspending.gov for the federal award numbers listed above for state fiscal year 2013.

**Cause:** The Department had not designed and implemented an effective internal control structure to prevent noncompliance with the Federal Funding Accountability and Transparency Act related to 2 CFR § 170 Appendix A.I.a.2.

**Effect:** The Department’s subrecipients (Local Educational Authorities and School Food Authorities) did not appear on USAspending.gov. Further, the Department of Education was not in compliance with the Federal Funding Accountability and Transparency Act of 2006.

**Recommendation:** We recommend that the Department provide training to all personnel involved in the FSRS submission of subaward data. In addition, we recommend the Department develop controls whereby all program parties have an understanding of what constitutes an obligation date for their particular grant listed above so they can ensure timely FFATA submission. Lastly, we recommend that the Department design and implement procedures to ensure the following:

- All subawards that are required to be submitted to FSRS are present
- Subaward data is accurate
- Subaward information has been submitted within the required time frames
- The amounts of the subaward are fairly stated in accordance to FFATA requirements

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

**Contact Person:** Anita Eccard, Director of Financial Planning, Special Education Services

Rene Axtell, Assistant Superintendent, Special Education Services

**Anticipated Completion Date:** August 2014

**Corrective Action Planned:**

**Special Education (IDEA, Part B and Preschool:** OSDE, Special Education Services (SES) concurs with the finding, regarding lack of compliance with required time frames for submission of the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting. Although, the Oklahoma State Department of education (OSDE) attempted multiple, unsuccessful submissions of the FFATA report, the first submission was made outside the allowable time frame of more than 30 days after the end of the month following the month in which the obligation was made. The OSDE has implemented the following procedures to ensure timely FFATA reporting: (1) Upon receipt of the obligation of Individuals with Disabilities Education Act (IDEA) funds, the SES division will make reportable information available to the Information Technology (IT) department; (2) The IT department will work with the Office of Management and Enterprise Systems (OMES) to make the first submission of claim information from subrecipients in proper format within 30 days after the end of the month following receipt of the obligations of IDEA funds.

Regarding the FFATA reporting, the initial submission was unsuccessful as were the multiple attempts that followed throughout the year. Many school districts that were originally rejected continue to show invalid addresses for reporting purposes. The reason is because the address assigned to the school districts by the postal office isn’t attached to a Congressional district, as required for FFATA reporting purposes. Documented address changes or updates made by affected school districts have not improved the results for accurate submissions. The OSDE and local education agencies (LEA) do not have the ability to correct the FFATA submission problems. The OSDE has sought continual guidance from the State Auditor and the Office of Special Education Programs (OSEP); however, suggestions to contact SAM.gov for assistance did not produce any solution. The OSEP informed the OSDE that they would check into the matter, but no solutions have been found. The inability to submit a successful FFATA report is a common occurrence across the nation.

## Schedule of Findings

### Federal Award Findings

### And Questioned Costs

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#### **Child Nutrition Programs:**

**Contact Person:** Joanie Hildenbrand, Executive Director of Child Nutrition Program

**Anticipated Completion Date:** April 2014

**Corrective Action Planned:** During the 2012 State Audit (conducted in FY 2013), it was brought to the attention of Child Nutrition that all claims paid in excess of \$25,000 per month must be reported to the Federal Funding Accountability and Transparency Act (FFATA) Subaward Reporting System. The Child Nutrition office was notified of this reporting in a memo two different times, in November 2010 and July 2011, by the United States Department of Agriculture. However, the memo indicated that this reporting was for federal *grants*. Since Child Nutrition Programs (CNPs) are *entitlement programs* and not *grants*, Child Nutrition was unaware that this memo was a concern. There was nothing in the memo that indicated the reporting was to be done for all Child Nutrition Programs and the United States Department of Agriculture never mentioned the requirement in conference calls or training sessions after the memo was distributed. After learning that Child Nutrition *was* included in this mandate, the research began and a meeting was scheduled with the Office of Management and Enterprise Services (OMES) to try and understand the process. It was during this meeting on October 1, 2012, that Dawn Williams stated that as long as she had the figures, she could report them to FFATA. Since Child Nutrition had the DUNS numbers, it was thought that this information would be easy to collect and Dawn would be able to do the reporting of all claims paid for all Child Nutrition Programs from October 1, 2010 through present. Child Nutrition tried to send Dawn this information but the FFATA system rejected it. It was later found that the reason for the reject was because the DUNS numbers had not been registered and therefore they were invalid.

Once the DUNS numbers were corrected and registration expiration dates were collected, computer programming changes began. From July 2013 through the present, both Child Nutrition eClaims systems have been in the process of being updated to provide the FFATA reporting data elements so that the reporting can be done at the end of every month.

Now that the computer programming enhancements are drawing to completion, in April 2014 or before, reporting of all Child Nutrition claims equaling \$25,000 or more will be reported *together* for July 2013 through March 2014. From then on, during the last week of each month, the FFATA figures will be pulled from the eClaims Systems and reported to FFATA on a monthly basis.

#### **Federal Programs:**

**Contact Person:** Gloria Bayouth, Executive Director, Title I, II, VI, & X

Kay Townsend, Financial Analyst, Title I, II, VI, & X

**Anticipated Completion Date:** December 2014

The anticipated date of completion is December 31, 2014 based on timely approval and development of the enhancement request. There are several factors that will affect the completion date: 1) based on the order of current enhancements scheduled this year 2) the availability of funds in the 2014 and 2015 Federal Programs budget 3) allowing time for MTW (GMS vendor) to write up specifications (which includes the cost for the enhancement and to test the enhancement) and 4) MTW's timeline to SDE to have this enhancement completed.

**Corrective Action Planned:** As a result of the State Audit Finding, the Federal Programs office will submit to the Data Governance Team a *High Impact Level* enhancement request to GMS that will, after each allocation is released to the LEA, automatically download files containing LEA allocations that exceed \$25,000. These files will be downloaded in a format that will allow the Reporting Specialist to submit more efficiently. The Reporting Specialist will coordinate with the Title I, Special Education and Child Nutrition departments to provide training to at least two employees from each department on how to file FFATA submissions.

**FINDING NO:** 2013-047

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

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

**CFDA NO:** 84.027, 84.173

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

## Schedule of Findings

### Federal Award Findings

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**FEDERAL AWARD NUMBER:** H027A120051, H173A120084

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** 34 CFR §300.643 *Annual report of children served—certification.*

The SEA must include in its report a certification signed by an authorized official of the agency that the information provided under §300.640 is an accurate and unduplicated count of children with disabilities receiving special education and related services on the dates in question.

34 CFR § 300.645 *Annual report of children served—other responsibilities of the SEA.*

In addition to meeting the other requirements of §300.640 through §300.644, the SEA must—

- (c) Obtain certification from each agency and institution that an unduplicated and accurate count has been made;
- (d) Aggregate the data from the count obtained from each agency and institution, and prepare the reports required under §300.640 through 300.644; and
- (e) Ensure that documentation is maintained that enables the State and the Secretary to audit the accuracy of the count.

**Condition:** Based on review of final duplicate child count report, it appears there is evidence that students are identified to ensure staff is reviewing for duplicates and correcting duplicate counts. However, based on testwork performed using our data extraction software to check for student duplicates from the submitted Child Count Report; we found 14 true duplicate students that were identified but not corrected in the Child Count Report.

**Cause:** The Department did not correct all duplicate students due to oversight when submitting the Child Count Report.

**Effect:** The Department is not in compliance with 34 CFR § 300.643 and 34 CFR § 300.645.

**Recommendation:** We recommend the Department implement policies and procedures to identify and eliminate duplicates prior to submitting the Child Count Report ensuring certification of the child count is correct.

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

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

**Anticipated Completion Date:** 10/21/2013 (This process was put in place for Child Count 2013)

**Corrective Action Planned:** We concur with the finding noted above. The Department will implement procedures to ensure it has adequate procedures in place to ensure that all duplicate children are found and eliminated from the count of children with disabilities. Please see the procedures below:

1. OMES runs the duplicate report in the Special Education Child Count System.
2. OSDE-SES compares the report to the WAVE list of students who are marked IDEA.
3. OSDE-SES compares the WAVE and Child Count Reports to solve district counts of students.
4. With the remaining list, OSDE-SES runs a search for duplicates with the following fields:
  - a. Date of Birth (DOB)
  - b. Student Testing Number (STN)
  - c. DOB and STN
5. With the remaining list, OSDE-SES runs a search for duplicates with the following fields: gender, race, grade, disability, site, and district. Then any given combination of each field as needed to further eliminate duplicates.
6. Any remaining duplicates will then be taken back to the WAVE to be resolved with the district

## Schedule of Findings

### Federal Award Findings

### And Questioned Costs

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7. If the duplicate cannot be resolved at this point with the WAVE a phone call to districts will be made to ensure the correct district is counting the student.
8. Any student not marked as being on an IEP in the WAVE will have to be corrected by the district.

**FINDING NO:** 2013-048

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

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

**CFDA NO:** 84.010

**FEDERAL PROGRAM NAME:** Title I Grants to Local Educational Agencies

**FEDERAL AWARD NUMBER:** S010A120036-12A

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, states “The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. At a minimum, the schedule shall: (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.”

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 proper review and approval.

**Condition:** Expenditures reported for CFDA #84.010 were overstated in the amount of \$5,116,321 on the Schedule of Expenditures of Federal Awards.

**Cause:** The data comprising the amounts stated on the Schedule of Expenditures of Federal Awards was incorrect, which was caused by a miscoding of the computer program that built the expenditure data file. This resulted in \$7,540,344 in expenditures being coded to CFDA #84.010 that should have been recorded as CFDA #84.367 expenditures.

In addition, expenditures in the amount of \$128,649 were incorrectly charged to Project Code 531 for Title I, and were not expenditures of the program.

Lastly, we noted that transfers were analyzed incorrectly which resulted in them being understated by \$2,552,672.

**Effect:** The net effect of these errors caused the cash basis expenditures for CFDA #84.010 to overstated by \$5,116,321 on the Schedule of Expenditures of Federal Awards.

**Recommendation:** We recommend that the Department resubmit their Schedule of Expenditures of Federal Awards to the Office of Management and Enterprise Systems decreasing cash basis expenditures by \$5,116,321.

In addition, we recommend that the Department design and implement controls to detect misstatements in expenditure data due to miscoding or other errors through a reconciliation of mainframe data file to the subrecipient claims reimbursement system (GMS). Furthermore, we recommend continued training of agency personnel to understand the way expenditure and transferability data is captured and accounted for in the new computer application.

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

**Contact Person:** Mathangi Shankar, Director of Financial Services

**Anticipated Completion Date:** 03/21/2014

**Corrective Action Planned:** The Department has made all the correcting entries necessary to clear the over statement of expenditures in CFDA #84.010. The Schedule of Federal Expenditures has been revised and will be resubmitted to OMES by 3/21/2014. The Department has also implemented new procedures to reconcile expenditures on a weekly basis. A worksheet is prepared to reconcile by program code school payment expenditures recorded in the mainframe to the GMS. Any variances identified will be promptly corrected. Department staff also worked with GMS consultants to get the transferability report from the system. The system tracks the allocation and payment for transferability. Department personnel and the OMES programmer who works with school payments have been trained on the recording and reporting of expenditures in the mainframe and GMS.

**FINDING NO:** 2013-053

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

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

**CFDA NO:** 84.367

**FEDERAL PROGRAM NAME:** Improving Teacher Quality State Grants

**FEDERAL AWARD NUMBER:** S367A120035-12A

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

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

Title 34 of CFR §80.40(a) - *Monitoring and reporting program performance*. **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.”

Title 31 of the United States Code §7502(f)(2)(B) – *Audit Requirements; Exemptions* states, “Each pass-through entity shall – monitor the subrecipient’s use of Federal awards through site visits, limited scope audits, or other means.”

**Condition:** We have reviewed 21 Local Educational Agency monitoring files and have noted the following:

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

**Cause:** The Department did not have adequate internal controls in place to ensure all components of subrecipient monitoring were documented as needed.

**Effect:** The conditions indicate that the Department is not performing subrecipient monitoring in compliance with the above stated regulations.

**Recommendation:** We recommend that the Department strengthen their internal control process over subrecipient monitoring to ensure all reviews are complete, there is consistency amongst monitoring documents with regards to when the documents were reviewed, and that all reviews are properly signed off on.



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

**Contact Person:** Ramona Coats, Assistant State Superintendent, Title I, IIA, III, VI, & X

**Anticipated Completion Date:** May 2014

**Corrective Action Planned:** The Title I Consolidated Monitoring PLC Team meets quarterly to review and update the Consolidated Monitoring tool, establish the monitoring cycle, coordinate the notification of districts regarding desk and site monitoring, discuss, review and update internal control monitoring processes, and update and maintain the Sustainability Manual. This finding will be added to the agenda in May 2014, to discuss and move forward to ensure all reviews are complete, consistent, and signed.

**FINDING NO:** 2013-058 (Repeat)

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

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

**CFDA NO:** 84.367, 84.010, 84.027, 84.173

**FEDERAL PROGRAM NAME:** Improving Teacher Quality State Grants; Title I Grants to Local Educational Agencies; Special Education IDEA Part B; and Special Education IDEA Preschool

**FEDERAL AWARD NUMBER:** S367A120035, S010A120036-12A, H027A120051, H173A120084,

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** Appendix A to 2 CFR part 25-Award Term

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

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

2 CFR §25.200 *Requirements for program announcements, regulations, and application instructions.*

(a) Each agency that awards types of Federal financial assistance included in the definition of “award” in §25.305 must include the requirements described in paragraph (b) of this section in each program announcement, regulation, or other issuance containing instructions for applicants that either:

- (1) Is issued on or after the effective date of this part; or
  - (2) Has application or plan due dates after October 1, 2010.
- (b) The program announcement, regulation, or other issuance must require each entity that applies and does not have an exemption under §25.110 to:
- (3) Provide its DUNS number in each application or plan it submits to the agency.

2 CFR § 25.205 *Effect of noncompliance with a requirement to obtain a DUNS number or register in the CCR.*

(a) An agency may not make an award to an entity until the entity has complied with the requirements described in §25.200 to provide a valid DUNS number. . .

(b) At the time an agency is ready to make an award, if the intended recipient has not complied with an applicable requirement to provide a DUNS number, the agency:

- (1) May determine that the applicant is not qualified to receive an award; and
- (2) May use that determination as a basis for making an award to another applicant.

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

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

**Condition:** The Department was unable to provide documentation of sufficient action to ensure all subrecipients provided a valid DUNS number as part of its subaward application for state fiscal year 2013. The following exceptions were noted for each program:

- Title II (Improving Teacher Quality State Grants) had 10 out of 48 subrecipients tested that did not appear on SAM.gov.
- Title I had 10 out of 45 subrecipients tested that did not appear on SAM.gov.
- Special Education, IDEA B and Preschool had 8 out of 45 subrecipients tested that did not appear on SAM.gov.

**Cause:** The Department did not have adequate controls and/or procedures in place at the time of the subaward application to follow-up on subrecipients that did not appear on SAM.gov to ensure subrecipient compliance with the DUNS number requirement.

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

**Recommendation:** We recommend that the Department continue to develop a monitoring system to ensure its subrecipients of federal awards have a valid DUNS number as part of its subaward application or, if not, before the award.

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

#### **Special Education**

**Contact Person:** Rene Axtell, Assistant Superintendent, Special Education Services  
Anita Eccard, Director of Financial Planning, Special Education Services

**Anticipated Completion Date:** Completed July 2013

**Corrective Action Planned:** OSDE, Special Education Services (SES) concurs with the finding noted above, regarding the 8 subrecipients tested that did not appear on the SAM.gov web site. Although OSDE-SES collected DUNS information from districts early in FY2013, it was an insufficient process. On July 1, 2013, SES implemented a new procedure that prevented payment of federal funds to a subrecipient whose DUNS registration was expired, as follows: (1) The subrecipient enters the current DUNS number and expiration date into the online grants management system (GMS); (2) The GMS has an edit check that prevents payment to a subrecipient if the claim is requested after the DUNS registration has expired; and (3) If the DUNS registration date is current in the GMS, the assigned Compliance, Data, and Finance (CDF) specialist manually types the DUNS number into the SAM.gov search field to confirm that the number is current. This is a time consuming process, but the SAM.gov authorities will not allow the GMS to have access for automated confirmation.

#### **Federal Programs**

**Contact Person:** Ramona Coats, Assistant Superintendent, Federal Programs  
Gloria Bayouth, Executive Director, Title I, II, VI, & X

**Anticipated Completion Date:** Completed July 2013

**Corrective Action Planned:** Controls have been put in place to ensure LEA DUNS numbers are registered and current and the SEA is in compliance with this requirement. This year, 2013-2014, the LEA will have to upload the Entity Overview Record from [www.sam.gov](http://www.sam.gov) on the DUNS Number tab in the Consolidated Workbook. In addition, the DUNS number and date is linked to the Expenditure/Payment Summary link. It requires an LEA whose DUNS date has expired to enter a new expiration date into the designated field. This information must be

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entered before the district can submit a Summary Expenditure Report. The Title I office will also provide necessary training to staff to ensure compliance with this requirement.

**FINDING NO:** 2013-059 (Repeat)

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

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

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

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

**FEDERAL AWARD NUMBER:** 6OK300349 & 6OK300329

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** Appendix A to 2 CFR part 25-Award Term

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

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

2 CFR §25.200 *Requirements for program announcements, regulations, and application instructions.*

(a) Each agency that awards types of Federal financial assistance included in the definition of “award” in §25.305 must include the requirements described in paragraph (b) of this section in each program announcement, regulation, or other issuance containing instructions for applicants that either:

(1) Is issued on or after the effective date of this part; or

(2) Has application or plan due dates after October 1, 2010.

(b) The program announcement, regulation, or other issuance must require each entity that applies and does not have an exemption under §25.110 to:

(3) Provide its DUNS number in each application or plan it submits to the agency.

2 CFR § 25.205 *Effect of noncompliance with a requirement to obtain a DUNS number or register in the CCR.*

(a) An agency may not make an award to an entity until the entity has complied with the requirements described in §25.200 to provide a valid DUNS number. . .

(b) At the time an agency is ready to make an award, if the intended recipient has not complied with an applicable requirement to provide a DUNS number, the agency:

(1) May determine that the applicant is not qualified to receive an award; and

(2) May use that determination as a basis for making an award to another applicant.

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

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

**Condition:** The Department was unable to provide documentation of sufficient action to ensure its subrecipients provided a valid DUNS number as part of its subaward application or, if not, prior to issuance of the state fiscal year '13 subaward. However, it should be noted on April 1, 2013 a memo was sent to all subrecipients (CNP Cluster and CACFP programs) explaining the DUNS number federal compliance requirement and what they needed to do to comply with this requirement.

**Cause:** The Department did not have adequate controls and/or procedures in place prior to the issuance of the 2013 subaward to ensure subrecipient compliance with the DUNS number requirement.

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

**Recommendation:** We recommend the Department continue to develop a monitoring system to ensure its subrecipients of federal awards have a DUNS number as part of its subaward application or, if not, prior to receipt of its subaward.

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

**Contact Person:** Joanie Hildenbrand, Executive Director of Child Nutrition Program

**Anticipated Completion Date:** Completed 7/1/2013

**Corrective Action Planned:** The Child Nutrition office found out during the 2011 State Audit that DUNS numbers were required to be collected from all institutions receiving federal Child Nutrition funds. Upon learning of this requirement, the Child Nutrition office added a DUNS number field to all 2012 (Federal fiscal year) application systems (Child Nutrition Cluster, SFSP, and Child and Adult Care Food Program) in order to collect this data.

In a meeting on 10/9/2012 with the Office of the Comptroller at the State Department of Education, it was discovered that not only was every institution mandated to have a DUNS number, but that the DUNS number had to be registered. It was learned that the DUNS number was not considered valid without a Central Contractor's Registration (CCR) expiration date. The SAM.GOV web site was given to the Child Nutrition staff for further research.

At a USDA meeting in Atlanta, GA, January 28-February 1, 2013, Oklahoma was able to discuss the DUNS number issue with several other states. It was learned that the registration of the DUNS number produces a document, which can be printed and submitted to the State Agency.

After a meeting on 2/6/2013, the Oklahoma State Auditor and Inspector's Office assisted the Child Nutrition staff in obtaining instructions that could be sent out to the Child Nutrition participants, explaining how to obtain a DUNS number and how to register one.

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

After months of research, the Oklahoma State Department of Education/Child Nutrition staff did the following:

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- On April 1, 2013, a memo was sent out to all institutions (CNP Cluster, CACFP, and Summer Food Service Program—SFSP) participating in Child Nutrition Programs. The memo contained the SAM.GOV instructions telling the institution how to obtain a DUNS number as well as how to register one. Each institution was required to submit a hard copy of the document showing that entity's DUNS number, along with the registration expiration date. An attachment was provided that shows an example of one of these documents. Beginning with the July 2013 claims for reimbursement, no institution participating in any Child Nutrition Program was allowed to certify a claim without this documentation being in the Child Nutrition office.
- Child Nutrition Programs contracts with Northrop Grumman for the CACFP eClaims system. Northrop Grumman created a data entry place for the registration expiration on the application. (A data entry place for the DUNS number was already there.) When the Child Nutrition staff received the document from each institution, showing that an institution had properly registered its DUNS number, the DUNS number and expiration date were entered into the system by the Child Nutrition staff. This information is tied to the certification of the claims so that each time an institution certifies a claim for payment, the system checks the expiration date of the registered DUNS number. Claims are not allowed to be certified if they are for the same month in which the DUNS number registration has expired.
- For the Child Nutrition cluster and the Summer Food Service Program (SFSP), the Office of Management and Enterprise Services (OMES) created the same type of enhancement. This information is tied to the certification of the claims so that each time an institution certifies a claim for payment, the system checks the expiration date of the DUNS number. Claims are not allowed to be certified if they are for the same month in which the DUNS number registration has expired.
- When the DUNS number registration date eventually expires for an institutions (and this occurs annually at different times of the year depending on when an institution applied for registration), a message is posted when the institution tries to certify a claim for payment. The message tells the institution that the DUNS number registration date has expired and that it must submit new documentation to the Child Nutrition Office for any future claims to be paid. Once the institution submits the new documentation, the information is entered by the Child Nutrition staff and the institution is then allowed to certify its claim for reimbursement to be processed.
- New applicants desiring participation in any Child Nutrition Program must provide the DUNS number and registration documentation up front before approval to participate is granted.
- No institution has access to its DUNS number or registration date information in the eClaims systems. This information is entered by the Child Nutrition staff *only* so that institutions cannot change the expiration date when a claim is rejected.

**FINDING NO:** 2013-060

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

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

**CFDA NO:** 84.367

**FEDERAL PROGRAM NAME:** Improving Teacher Quality State Grants

**FEDERAL AWARD NUMBER:** S367A120035-12A

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Special Tests and Provisions – Assessment of Need

**QUESTIONED COSTS:** \$0

**Criteria:** Title 20 of the United States Code §6622(c)(1) – *Needs Assessment* states, “To be eligible to receive a subgrant under this subpart, a local educational agency shall conduct an assessment of local needs for professional development and hiring, as identified by the local educational agency and school staff.”

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Title 20 of the United States Code §6622(c)(1) – *Needs Assessment Requirements* states, “Such needs assessment shall be conducted with the involvement of teachers, including teachers participating in programs under part A of subchapter I of this chapter, and shall take into account the activities that need to be conducted in order to give teachers the means, including subject matter knowledge and teaching skills, and to give principals the instructional leadership skills to help teachers, to provide students with the opportunity to meet challenging State and local student academic achievement standards.”

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

Additionally, the Department’s internal Workbook Instructions §3.d. – *Needs Assessment Summary* states, “The district must provide a list of the members of the district’s consultation team. The list must include what area the member represents. For example Mary Smith – Classroom Teacher”

**Condition:** Based on testwork performed, we noted the following:

- Three of 48 Local Educational Agency workbooks did not list names of the consultation team.
- Two of 48 Local Educational Agency workbooks did not list teachers as part of the consultation team.

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

**Cause:** It appears that the deficiencies noted above were due to cursory reviews or oversight by those parties responsible for approving the workbooks. Furthermore, it appears that the designed internal control structure related to the Department’s internal workbook instructions §3.d. – *Needs Assessment Summary* is not operating as intended.

**Effect:** The Department may not be able to determine if an adequate needs assessment consultation has taken place and may grant eligibility to an ineligible school district.

**Recommendation:** We recommend that the Department place an increased emphasis on the existing internal controls particularly regarding the review of the consolidated workbooks. The internal control structure should ensure that the Local Education Agencies have performed the needs assessment and have included a listing of their consultation team, including teachers.

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

**Contact Person:** Ramona Coats, Assistant Superintendent, Federal Programs

Gloria Bayouth, Executive Director, Title I, II, VI, & X

**Anticipated Completion Date:** April 2014

**Corrective Action Planned:** This finding will be communicated to the Title II PLC Team that meets quarterly to discuss Title II program guidance, resolve questions pertaining to the Title II program, provide necessary training to staff regarding the program, review and update internal control processes and update and maintain the Sustainability Manual. To ensure the audit deficiencies are met, this finding will be added to the agenda in April 2014 and minutes from it will be disseminated to all staff members responsible for the review and approval of the Assessment of Need portion of the Consolidated Workbook.

**FINDING NO:** 2013-062

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

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

**CFDA NO:** 84.010, 84.367

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**FEDERAL PROGRAM NAME:** Title I Grants to Local Educational Agencies; Improving Teacher Quality State Grants

**FEDERAL AWARD NUMBER:** S010A120036-12A, S367A120035-12A

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Cash Management

**Criteria:** OMB Circular A-133 Subpart C § .300 (a) – Auditee responsibilities states, “The auditee shall identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.”

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

A component objective of an effective internal control system is to ensure accurate and reliable information.

**Condition:** Cash basis draws (revenues) per the United States Department of Education (USDE) G5 federal draw system were overstated for CFDA #84.010 and were understated for CFDA #84.367.

**Cause:** The data from the mainframe comprising the amounts being drawn was incorrect, which was caused by a miscoding of the computer program that built the expenditure data file. This resulted in \$7,540,344 in CFDA #84.367 expenditures being drawn as CFDA #84.010 revenues. In addition, the data per the mainframe was not reconciled to the Grants Management System (GMS) to ensure draws were made from the correct program.

Furthermore, due to a misunderstanding about the way transfers are accounted for in a new computer application, the amount transferred from CFDA #84.367 to CFDA #84.010 was calculated incorrectly. This resulted in an overstatement in revenues for CFDA #84.367 and an understatement for CFDA #84.010 totaling \$2,552,672.

Lastly, there were expenditures charged to Project Code 531 for CFDA #84.010 that were not expenditures of that program, the net result is the amount drawn for CFDA #84.010 was overstated by \$128,649.

**Effect:** The cash basis draws (revenues) per USDE G5 federal draw system for CFDA #84.367 were understated by \$4,987,671. In addition, the cash basis draws (revenues) per USDE G5 federal draw system for CFDA #84.010 were overstated by \$5,116,321.

**Recommendation:** We recommend that the Department resubmit their Schedule of Expenditures of Federal Awards to the Office of Management and Enterprise Systems increasing cash basis revenues by \$4,987,671 for CFDA #84.367 and decreasing cash basis revenues by \$5,116,321 for CFDA #84.010. In addition, we recommend the necessary adjustments to the USDE G5 federal draw system be made to correctly reflect the draws noted above.

Furthermore, we recommend that the Department design and implement controls to ensure timely reconciliations are performed between the mainframe data files and the Grants Management System to ensure draws are made for the correct programs.

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

**Contact Person:** Mathangi Shankar, Director of Financial Services

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** The Department has revised the Schedule of Federal Awards to reflect an increase in cash basis revenues by \$4,987,671 for CFDA #84.367 and decreasing cash basis revenues by \$5,116,321 for CFDA #84.010. All necessary adjustments to the USDE G5 federal draw system have been completed. The

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Department has also taken necessary steps to reconcile expenditures between the mainframe and Grants Management System on a regular basis and ensure that draws are made from the correct program.

### Employment Security Commission

**FINDING NO:** 2013-007 (Repeat)

**STATE AGENCY:** Oklahoma Employment Security Commission

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

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** UI-22365-12-55-A-40 and UI-23912-13-55-A-40

**FEDERAL AWARD YEAR:** 2012 and 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

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

**Condition:** The Oklahoma Employment Security Commission (OESC) was unable to provide detailed support for the quarterly ETA 581 reports that were submitted during SFY2013.

**Cause:** Data to support the ETA 581 report is not available.

**Effect:** The OESC quarterly ETA 581 reports may be inaccurate.

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

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

**Contact Person:** Michael J. Evans

**Anticipated Completion Date:** 11/20/2013

**Corrective Action Planned:** The ETA 581 has been rewritten to ensure all details for each cell are auditable. The new ETA 581 is being tested and will be submitted timely for the quarter ending 9/30/2013.

**FINDING NO:** 2013-042

**STATE AGENCY:** Oklahoma Employment Security Commission

**FEDERAL AGENCY:** Department of Labor

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** UI-22365-12-55-A-40 and UI-23912-13-55-A-40

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$11,480

**Criteria:** § 2-402.A "If the Oklahoma Employment Security Commission determines that any individual has made a false statement or representation or has failed to disclose a material fact in violation of Section 5-102 of this title, the individual shall be ineligible to receive unemployment compensation for the week that determination is made by the Commission and for the next following fifty-one (51) weeks, and no benefit year shall be established during such period of ineligibility."

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



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**Cause:** The fictitious employer was able to set up an account without the OESC edit checks detecting the false information.

**Effect:** Improper benefits may be paid to fictitious claimants.

**Recommendation:** We recommend the OESC review and update current system edits to ensure they will detect false information to the extent possible.

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

**Contact Person:** Shalonda Sanders and Renae Tidwell, OESC Reemployment Services

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

**Corrective Action Planned:** The RES – Support & Compliance Division is implementing additional programming which will allow us to properly identify claimants associated to fictitious employers.

We are adding a new special stop code that will follow the claimant through all processes that will identify the issue as a fictitious employer/claimant issue. All cases previously worked will be updated with this new stop code as soon as IT gets it set up in the system. New guidance to staff will be generated to train them on the meaning of this new code and what steps if any they should take if they encounter an issue with one of these claims.

We already have a system in place to scan and identify those employers who fit the profile for the fictitious schemes identified and they are investigated immediately. Any claims that have been established are stopped immediately until a full investigation can be conducted and a decision rendered regarding the validity of the employer account. In most cases, due to guidance from the OIG's office, overpayments will not be set up if benefits have been paid before the fictitious scheme has been identified.

The new stop code will be in place within the next week and the rest of the automation associated to this code should be in place within the next month. In the mean time, manual processes have been put in place which will alert claims, adjudication and administration staff and they will defer all issues related to these claimants to the BPC Fraud Investigation Department.

### Office of the Governor

**FINDING NO:** 2013-45 (Repeat)

**STATE AGENCY:** Office of the Governor

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

**CFDA NO:** 84.410

**FEDERAL PROGRAM NAME:** Education Jobs Fund

**FEDERAL AWARD NUMBER:** S410A100037

**FEDERAL AWARD YEAR:** 2012

**CONTROL CATEGORY:** Cash Management and Reporting (1512)

**QUESTIONED COSTS:** \$458

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

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

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**Condition:** The amount requested by the Oklahoma State Department of Education (OSDE) to be drawn down exceeded the amount requested on the subrecipient school district claim by \$458.

On the December 2012 1512 Report, this overdraw was included in the total expenditures for the grant, causing the Total Federal Amount of ARRA Expenditures to be overstated by \$458.

**Cause:** The review process in place at OSDE failed to detect the variance between the expenditure claim submitted by the subrecipient and the amount requested from Office of Management and Enterprise Services (OMES) to be drawn down.

**Effect:** The draw in question was not in compliance with Subpart B of 31 CFR § 205.33(a). In addition, the December 2012 1512 Report contains inaccurate information.

**Recommendation:** We recommend that the amount of this overpayment be recouped from the school district in question and the affected reports be revised for this error.

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

**Contact Person:** Mathangi Shankar, Director of Financial Services

**Anticipated Completion Date:** March 31, 2014

**Corrective Action Planned:** OSDE Federal Programs division staff approved for payment the amount that was on the Summary Expenditure Report. They inadvertently overlooked the total in the expenditure detail report submitted by the school district which did not agree with the summary report and was short by \$458. When OSDE contacted the school district, they were not able to provide any additional documentation and refunded the overpayment. OSDE will provide adequate training to staff on claims review and processing to prevent these types of errors in the future.

## Department of Health

**FINDING NO:** 2013-039 (Repeat)

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

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

**CFDA NO:** 10.557

**FEDERAL PROGRAM NAME:** Special Supplemental Nutrition Program for Women, Infants, and Children

**FEDERAL AWARD NUMBER:** 13136OK505W1003

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** FFATA Reporting

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

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

**Condition:** The Oklahoma State Department of Health failed to report a subrecipient that received over \$25,000 in awards on the FFY 2013 FFATA.

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

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

**Recommendation:** We recommend that the Department establish processes and procedures that properly identify which subrecipients are subject to the Federal Funding Accountability and Transparency Act of 2006. We recommend that the Department resubmit the correct information to the FSRS, and include the subrecipient that was initially excluded.

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

**Contact Person:** Grace Brown, Controller

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** We concur and have submitted the corrected information to the FSRS system.

**FINDING NO:** 2013-051 (Repeat)

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

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

**CFDA NO:** 10.557

**FEDERAL PROGRAM NAME:** Special Supplemental Nutrition Program for Women, Infants and Children

**FEDERAL AWARD NUMBER:** 2012IW100346

**FEDERAL AWARD YEAR:** 2012

**CONTROL CATEGORY:** Subrecipient Monitoring

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

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

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

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

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**Cause:** Per our discussion with Department personnel, it appears the Department has designed new procedures regarding the A-133 audits of subrecipients; however, they were not implemented until May of State Fiscal Year 2013.

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

**Recommendation:** We recommend the Department follow procedures to properly identify subrecipients required to obtain an A-133 audit on an annual basis.

**Views of Responsible Official(s)**

**Contact Person:** Grace Brown, Agency Controller

**Anticipated Completion Date:** May, 2013

**Corrective Action Planned:** Corrected: We have changed both our tracking logs and procedures to ensure proper identification, review, and follow-up in a timely manner. Implementation occurred at the end of SFY-2013.

### Health Care Authority

**FINDING NO:** 2013-003

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1305OK5MAP and 13OK5ADM

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting

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

**Condition:** The MAP expenditures on the quarter ending (QE) 6-30-13 Form CMS-64 Report were underreported by \$2,705,896, which includes an estimated Federal portion of \$2,224,810.

**Cause:** Family Planning expenditures (MAR-5117Q) were erroneously omitted from the Form CMS-64 supporting spreadsheet. In addition, review of the Form CMS-64 report did not detect or correct the error.

**Effect:** An incorrect supporting worksheet resulted in underreported expenditure on the Form CMS-64 report. The CMS-64 reports are used to calculate Schedule of Expenditures of Federal Awards (SEFA) expenditures and, therefore, an error on the CMS-64 report could carry forward to the SEFA.

**Recommendation:** We recommend OHCA report the omitted amount on the QE 9-30-13 Form CMS-64 as a prior period adjustment and adjust the calculations of the State Fiscal Year 2013 SEFA to include the omitted expenditure amount. We also recommend OHCA review the current procedures in place to determine where the breakdown in the internal control system occurred and implement the necessary procedures to ensure accurate reporting of expenditures on the CMS-64 in the future.

**Views of Responsible Official(s)**

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** Completed

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**Corrective Action Planned:** OHCA concurs with this finding. Reporting procedures were revised to ensure all MAR reports are included on supporting worksheets and reported on the CMS-64.

**FINDING NO:** 2013-004

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1205OK5MAP, 1305OK5MAP

**FEDERAL AWARD YEAR:** 2012 and 2013

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

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

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

**Effect:** Incorrect supporting worksheets could result in under/over reported expenditures on the CMS-64 reports. In addition, the CMS-64 reports are used to calculate expenditures reported on the Schedule of Expenditures of Federal Awards (SEFA) and, therefore, an error on the CMS-64 report would carry forward to the SEFA.

**Recommendation:** We recommend OHCA develop a review or reconciliation process to ensure the totals from the Non-behavioral Health and Behavioral Health audits on the quarterly spreadsheet are correct before the spreadsheet is used to report recoupment amounts on the CMS-64 report.

**Views of Responsible Official(s)**

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** OHCA has changed the review process on the quarterly SEA worksheets to include an independent calculation of the total collections by another employee in the adjustments unit. The Adjustments Supervisor reconciles the two totals to ensure they match before submitting Non-behavioral Health and Behavioral Health recoupments for inclusion on the CMS-64.

**FINDING NO:** 2013-008

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1205OK5MAP, 1305OK5MAP

**FEDERAL AWARD YEAR:** 2012 and 2013

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

**QUESTIONED COSTS:** \$0

**Criteria:** 42 CFR § 433.320 *Procedures for refunds to CMS* (a) *Basic requirements.* (1) The agency must refund the Federal share of overpayments that are subject to recovery to CMS through a credit on its Quarterly Statement of Expenditures (Form CMS-64).

**Condition:** State Fiscal Year 2013 recoveries reported on Line 9C1 of the Form CMS-64 Summary appear to be underreported by \$24,385 (\$15,606 Federal share). The breakdown is as follows:

- SURS recoveries on Quarter Ended 12-31-12 Form CMS-64 were underreported by \$24 (\$15 Federal share).

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- Behavioral health recoveries of \$24,361 (\$15,591 Federal share) were not reported on the Quarter Ended 3-31-2013 Form CMS-64.

**Cause:** SURS recoveries were incorrectly transferred to the collections worksheet and the error was not detected. The documentation used to report recoveries for inclusion on the CMS-64 was incomplete; behavioral health recoveries were overlooked when the support worksheet was prepared. (Note: Behavioral health recoveries are part of the control weakness identified in Finding #2013-004; therefore, the control aspect of this finding has already been addressed.)

**Effect:** Recoveries decrease both the total expenditures reported for a quarter and the amount of Federal funding received; therefore, underreporting recoveries on the Form CMS-64 results in OHCA overstating expenditures and receiving more Federal funds than they should.

**Recommendation:** We recommend OHCA refund the Federal share of \$15,606, which consists of:

- \$15,591 Federal share of adjustments not reported, and
- \$15 Federal share of recoupments underreported.

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

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** 06/30/2014

**Corrective Action Planned:** OHCA has changed the review process on the quarterly SEA worksheets to include an independent calculation of the total collections by another employee in the adjustments unit. The Adjustments Supervisor reconciles the two totals to ensure they match before submitting Non-behavioral Health and Behavioral Health recoupments for inclusion on the CMS-64. OHCA will make any necessary adjustments to the CMS 64 and refund the federal share.

**FINDING NO:** 2013-011

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Service

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1205OK5MAP; 1305OK5MAP

**FEDERAL AWARD YEAR:** 2012; 2013

**CONTROL CATEGORY:** Cash Management

**QUESTIONED COSTS:** \$0

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

Per 45 CFR 92.21(f):

(1) Grantees and subgrantees shall disburse repayments to and interest earned on a revolving fund before requesting additional cash payments for the same activity. (2) Except as provided in paragraph (f)(1) of this section, grantees and subgrantees shall disburse program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds before requesting additional cash payments.

**Condition:** We noted that one (1) of five (5) MAP draws was not mathematically accurate or net of available program income, rebates, refunds, and other income or receipts. This error resulted in the agency overdrawing \$250,613 in Federal funds. The error was not detected during the review process.

**Cause:** There does not appear to be adequate training for staff preparing and reviewing the draw.

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**Effect:** Failure to correctly calculate or properly review and approve program draws could result in errors not being detected in a timely manner, which could result in the Authority becoming noncompliant with the Cash Management Improvement Act Agreement. Incorrect draws could also create an interest event for the Authority.

**Recommendation:** We recommend the Authority evaluate the current internal control structure and determine where the breakdown in internal controls occurred. Additional training is recommended to ensure the preparer and the reviewer are both aware of all components and their effect on the draw process.

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

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** September 30, 2013

**Corrective Action Planned:** OHCA concurs with the finding. The O-EPIC amounts on the Distribution Breakdown Summary Report were not included in the rebates amount on the Federal Draw Worksheet. The amounts of 214,793 and 193,872 were both added and subtracted in the rebate calculation which netted them out. Instructions for preparation of the draw worksheet and review of the draw worksheet have been amended to include a list of expenditures to include/exclude in the rebate amount.

**FINDING NO:** 2013-012

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Service

**CFDA NO:** 93.767

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

**FEDERAL AWARD NUMBER:** 1105OK5021; 1205OK5021

**FEDERAL AWARD YEAR:** 2011; 2012

**CONTROL CATEGORY:** Cash Management

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

**Condition:** We noted that one (1) of five (5) CHIP draws was not mathematically accurate or net of available program income, rebates, refunds, and other income or receipts. The error was not detected during the review process.

**Cause:** There does not appear to be adequate training for staff preparing and reviewing the draw.

**Effect:** Failure to correctly calculate or properly review and approve program draws could result in errors not being detected in a timely manner, which could result in the Authority becoming noncompliant with the Cash Management Improvement Act Agreement. Incorrect draws could also create an interest event for the Authority.

**Recommendation:** We recommend the Authority evaluate the current internal control structure and determine where the breakdown in internal controls occurred. Additional training is recommended to ensure the preparer and the reviewer are both aware of all components and their effect on the draw process.

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

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** September 30, 2013

**Corrective Action Planned:** OHCA concurs with the finding. The O-EPIC amounts on the Distribution Breakdown Summary Report were not included in the rebates amount on the Federal Draw Worksheet. The amounts of 214,793 and 193,872 were both added and subtracted in the rebate calculation which netted them out. Instructions for preparation of the draw worksheet and review of the draw worksheet have been amended to include a list of expenditures to include/exclude in the rebate amount.

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**FINDING NO:** 2013-013

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 13OK5ADM and 12OK5ADM

**FEDERAL AWARD YEAR:** 2013 and 2012

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

**QUESTIONED COSTS:** \$0

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

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

**Condition:** Line 9B –Nursing Aid Training administrative expenditures were under reported \$110,887 and Line 29B –Other Financial Participation expenditures were simultaneously over reported by the same amount\* on the quarter ending (QE) 3-31-13 Form CMS-64 Report (64.10Base).

**Cause:** Nursing Aid Training expenditures were erroneously omitted from the Form CMS-64 supporting spreadsheet. The incorrect expenditure amount carried forward to the next supporting worksheet (Combined Expenditure Worksheet), which is where Line 29B–Other Financial Participation was incorrectly calculated\*. The two incorrect line totals carried forward to the CMS-64.10 Base form, which reports administrative expenditures on the CMS-64 Report.

Because the calculation of Line 29B–Other Financial Participation absorbs any errors in other line items, only the individual expenditure amounts for these two line items were incorrect as a result of the omission; the total administrative expenditures and the Federal share of administrative expenditures were correct.

\* Line 29B – Other Financial Participation is the "catch-all" amount after the individually identified expenditures are subtracted from the total allocated administrative costs. Any omitted amounts in the individual lines, such as for Nursing Aid Training, will automatically be calculated into the Line 29B expenditures.

In addition, review of the Cost Allocation and the CMS-64 Report did not detect the error.

**Effect:** Under reporting individually identified activities, such as Nursing Aid Training, gives the appearance the activity is less utilized than in reality, which could result in insufficient funding or elimination of the activity in the future. In addition, the CMS-64 reports are used to calculate Schedule of Expenditures of Federal Awards (SEFA) expenditures and an undetected error on the CMS-64 report could potentially carry forward to the SEFA.

**Recommendation:** We recommend OHCA correct the errors on the next quarter's Form CMS-64 Report as a prior period adjustment. We also recommend OHCA review the current procedures in place to determine where the breakdown in the internal control system occurred and implement the necessary procedures to ensure accurate reporting of expenditures on the CMS-64 in the future.

**Views of Responsible Official(s)**

**Contact Person:** Susan Crooke

**Anticipated Completion Date:** Completed



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**Corrective Action Planned:** OHCA concurs with the finding and made the correction on the QE 9/30/13 quarterly CMS-64 report. A new field has been added to the worksheet used to calculate the amount reported on Line 9B – Nursing Aid Training. This will remind the preparer to not only include the expenditures invoiced but also include those on the contract run.

In addition, review procedures have been revised to include not only tracing the support documentation to the support worksheet but also the Fund 200 report.

**FINDING NO:** 2013-029

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1205OK5MAP, 1305OK5MAP

**FEDERAL AWARD YEAR:** 2012 and 2013

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

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

**Condition:** OHCA did not properly account for and process over 32% (399 of 1,246) of hospital inpatient and outpatient retrospective reviews performed by Telligen and identified by Telligen as having findings.

**Cause:** OHCA did not sufficiently monitor the retrospective reviews performed by Telligen and did not perform adequate reconciliation procedures between the Telligen reports sent to OHCA and OHCA's tracking sheets.

**Effect:** It appears OHCA has not taken appropriate action for the providers noted in the condition above. It further appears overpayments for the identified providers may not have been appropriately recouped which could result in the under/over reporting of expenditures on the CMS-64 reports and the Schedule of Expenditures of Federal Awards (SEFA).

**Recommendation:** We recommend the Authority evaluate the current internal control structure over retrospective reviews performed by Telligen and determine where the breakdown in internal controls occurred. Once this has been determined, we recommend the Authority implement the necessary procedures to ensure that all retrospective reviews performed by Telligen are appropriately processed and accounted for.

**Views of Responsible Official(s)**

**Contact Person:** Kenny Goodwin

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** OHCA agrees with the finding. At this time, OHCA has processed all retrospective reviews identified in the condition. OHCA has implemented a process that will ensure all applicable Telligen reviews; each month OHCA will review a random sample of 10 records and reconcile OHCA and Telligen records.

**FINDING NO:** 2013-043

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 1205OK5MAP, 1305OK5MAP

**FEDERAL AWARD YEAR:** 2012 and 2013

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

**QUESTIONED COSTS:** Federal Share: \$275 (Activities Allowed or Unallowed and Allowable Costs/Cost Principles) and Federal Share: \$29 (Reporting)

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

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

**Condition:** Based on a medical professional’s review of 74 claims for MAP recipients, eight (8) claims had payment errors resulting in questioned costs.

**Cause:** The payment errors consisted of six (6) claims paid that were not appropriately supported by medical records and two (2) claims that were not coded correctly by the provider.

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

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

**Views of Responsible Official(s)**

**Contact Person:** Kelly Shropshire

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

**Corrective Action Planned:** OHCA will research and recover applicable funds and return federal share.

**FINDING NO:** 2013-044

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.767

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

**FEDERAL AWARD NUMBER:** 1105OK5021 and 1205OK5021

**FEDERAL AWARD YEAR:** 2011 and 2012

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

**QUESTIONED COSTS:** Federal Share: \$498 (Activities Allowed or Unallowed and Allowable Costs/Cost Principles) Federal Share: \$197 (Reporting)

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

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

**Condition:** Based on a medical professional’s review of 74 claims for CHIP recipients, ten (10) claims had payment errors resulting in questioned costs.

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**Cause:** The payment errors consisted of five (5) claims paid that were not appropriately supported by medical records, four (4) claims that were not coded correctly by the provider, and one (1) claim that had both of the noted conditions.

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

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

**Views of Responsible Official(s)**

**Contact Person:** Kelly Shropshire

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

**Corrective Action Planned:** OHCA will research and recover applicable funds and return federal share.

**FINDING NO:** 2013-049

**STATE AGENCY:** Oklahoma Health Care Authority

**FEDERAL AGENCY:** U.S. Department of Health and Human Services

**CFDA NO:** 93.767

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

**FEDERAL AWARD NUMBER:** 1205OK5021, and 1105OK5021

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$29

**Criteria:** 42 CFR § 435.945 (b) states, "The agency must request and use information relevant to verifying an individual's eligibility for Medicaid in accordance with § 435.948 through § 435.956 of this subpart."

According to 42 CFR § 435.948, at the first opportunity following the receipt of the application, OHCA must verify eligibility of applicants from information gathered from the State wage information maintained by the State Wage Information Collection Agency (SWICA); information about net earnings from self-employment, wage and payment of retirement income maintained by Social Security Administration (SSA); information about benefit and other eligibility related information available from SSA; unearned income information from the Internal Revenue Service; unemployment compensation information maintained by the agency administering State unemployment compensation laws; and any additional income, resource, or eligibility information relevant to determinations concerning eligibility.

**Condition:** Three (3) of 55 (5.45%) CHIP recipients were ineligible for CHIP based on income requirements; one (1) recipient exceeded the income limits for CHIP and two (2) recipients were under the income requirements for CHIP\* (these appear to be eligible for MAP, which is reimbursed at a lower Federal Medical Assistance Percentage, FMAP).

\*Since two of the exceptions appear to be eligible for MAP benefits, which pay at a lower Federal share than CHIP, only the extra Federal share of the benefits were included as questioned costs. The questioned costs noted above are an estimate of the CHIP Federal portion of all claims paid for these recipients for State Fiscal Year (SFY) 2013.

**Cause:** The discrepancy in eligibility was not discovered because the income on the application was not verified by one of the above sources.

**Effect:** Medical assistance may have been provided to ineligible recipients or reimbursed at a higher FMAP.

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**Recommendation:** We recommend the Authority take the appropriate action to correct the status of the above recipients and to return inappropriate federal funds expended to the Centers for Medicare & Medicaid Services (CMS).

**Views of Responsible Official(s)**

**Contact Person:** Kelly Shropshire

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** OHCA will continue to monitor member eligibility and implement any identified system changes or internal controls to ensure appropriate eligibility determinations. OHCA will not reimburse the federal funds as it would not be cost effective to do so in this instance.

### Department of Human Services

**FINDING NO:** 2013-017 (Repeat)

**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:** G1301OKTANF

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** Form ACF-204 Instructions state in part: “A State must submit the information on this form on a timely basis in order for us to determine that it has met its MOE requirements for a fiscal year. If a State fails to submit this information or to document its MOE expenditures adequately, it may be subject to the applicable MOE penalties”.

Form ACF-204 Instructions for Line 7 state: “Total State MOE expenditures under the program for the fiscal year. Enter how much of the amount reported in item 6 to provide the benefit(s) or service(s) named in item 1 the State claimed toward its MOE requirement. States may choose either to report the administrative expenditures in connection with the benefits and services separately or to subsume those expenditures into the report about the benefit or service provided. But, the choice must be consistent with the information entered in item 1. For example, if the State reported in line 1 that the benefit includes connected administrative and/or system activities, then the State must include such expenditures in the total for this item.

Furthermore, when a State provides child care benefits, as indicated in item 1, and also receives CCDF Matching Funds, the State must indicate how much of the amount entered in this item was also used to meet the State's CCDF Matching Fund requirements. In addition, if the answer to line 10 is "No" (i.e., the benefit program was not previously authorized and allowable under prior law), then the State must indicate how much of the amount entered in this item is "new spending." Finally, the sum of the expenditures entered into this item should equal the total MOE expenditures claimed under all programs on the State's 4th quarter financial reporting form ACF-196.”

Form ACF-204 Instructions for Line 8 state: “Total number of families served under the program with MOE funds. Enter the number of eligible families that are receiving the benefit(s) or service(s) named in line 1 that are funded in whole or in part with State MOE funds. States may use reasonable estimates that have a sound basis where actual numbers are not available. This may include estimates based on samples. Also, put an “X” on the appropriate line to indicate whether the number being provided is a report on the average monthly number of families being served or on the total number served over the course of the fiscal year. States would report in this manner even if the State used MOE funds that were commingled with Federal TANF funds to pay for the service. Hence, the State would not allocate the total number of families according to the percentage of MOE funds that have been commingled with TANF funds. For example, suppose the State used commingled funds to

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pay for non-compulsory pre-k services. Two hundred (200) eligible families received this benefit over the course of the fiscal year. The commingled funds are comprised of 80% Federal TANF funds and 20% MOE funds. The State would report 200 eligible families in this item, not 40. The State must report all eligible families that were provided the benefit or service, even if just one or two members of the eligible family actually received the benefit.”

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

- Total State TANF Employment Services MOE expenditures under the program for the fiscal year as reported on the ACF-204 report does not agree with supporting documentation. (line 7.d)
- TANF Cash Assistance average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.a)
- TANF Child Care Assistance average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.b)
- TANF Supportive Services average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.c)
- TANF Employment Services average monthly total number of families served under the program with MOE funds as reported on the ACF-204 report does not agree with supporting documentation. (line 8.d)

**Cause:** The figures for lines 7.d and 8.a through 8.d were not adequately reviewed for accuracy prior to submission.

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

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

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

**Contact Person:** Linda Hughes

**Anticipated Completion Date:** January 28, 2014

**Corrective Action Planned:** Concur. AFS TANF staff will review existing procedures to ensure the 2014 ACF 204 report is submitted accurately and in accordance with reporting instructions. The Oklahoma ACF 204 which was submitted in December 2013 was withdrawn. The corrected ACF 204 was resubmitted to OFA/ACF via OLDC reporting system on January 28, 2014.

**FINDING NO:** 2013-020 (Repeat)

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

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2012G992201(Cooling), 2013G992201 (Heating)

**FEDERAL AWARD YEAR:** 2012 (Cooling), 2013 (Heating)

**CONTROL CATEGORY:** Activities Allowed or Unallowed

**QUESTIONED COSTS:** \$740

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

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

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

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

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

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

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** October 1, 2014

**Corrective Action Planned:** Concur. The cases in question appear to be payment errors that could have been prevented had edits in place been working properly or staff adequately reviewed cases for possible companion cases. AFS staff will work with OMES ISD to re-evaluate the effectiveness of current address edits and discuss options for improving the editor creating additional criteria for the duplicate address edit as well as the feasibility of a duplicate payee edit.

**FINDING NO:** 2013-022 (Repeat)

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

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2013G992201

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Activities Allowed/Unallowed

**QUESTIONED COSTS:** \$1,036

**Criteria:** Per the FFY2013 LIHEAP Training Manual, Appendix C-7A, part III, the benefit amount that may be paid to a single household is the "Minimum amount necessary to prevent cutoff or restore services up to \$500."

Per 45 CFR 96(C) §96.30, "Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant."

Per OMB A-133 §\_\_\_.300(b), OKDHS shall: "Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

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

Per OKDHS' instructions to staff related to OAC 340:65-1-3, "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."

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**Condition:** Of 13 addresses which appeared to have received total LIHEAP ECAP assistance payments in excess of \$500 during SFY2013:

- Two addresses were noted where the associated household received total ECAP assistance in excess of \$500. (Questioned Costs: \$399)
- One address was noted where OKDHS was unable to locate the records related to ECAP payments made to associated household(s) during SFY2013. (Questioned Costs: \$637)

**Cause:** It appears there are no mechanisms in place within OKDHS systems to prevent multiple payments in excess of the established limit of \$500 being issued to a single address. Further, it appears that a failure exists to properly retain client case records.

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

**Recommendation:** We recommend that OKDHS implement mechanisms within its systems to prevent any one address from receiving LIHEAP ECAP assistance payments in excess of \$500. Further, we recommend that OKDHS perform procedures to ensure that all case files are properly retained as required.

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

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** December 31, 2014

**Corrective Action Planned:** Concur. AFS LIHEAP staff will work with OMES ISD to re-evaluate the effectiveness of current edits. AFS will provide a “Back to Basics” training, for all county staff, to review the use of the duplicate address edit, ways to document when the error is received and ways to resolve the error. The “Back to Basics” training will also include instructions for the retention of case documentation.

**FINDING NO:** 2013-023

**STATE AGENCY:** Department of Human Services

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medical Assistance Program

**FEDERAL AWARD NUMBER:** 13OK5ADM

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Cost Allocation – Random Moment Time Study

**QUESTIONED COSTS:** \$ 49,595

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

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

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

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

**Condition:** The Random Moment Responses by Code report for Adult Protective Services is understated by 686 responses for the quarter ending 03/31/13.

**Cause:** The month of March 2013 was omitted when the Random Moment Responses by Code report for Adult Protective Services was run.

## Schedule of Findings

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**Effect:** The cost pool 687 (Adult Protective Services) allocation percentages are inaccurate. The Medical Assistance Program percentage is overstated by 1.602% causing the amount allocated to be overstated by \$49,595.

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

**Views of Responsible Official(s)**

**Contact Person:** Deena Brown

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

**Corrective Action Planned:** Concur. Although procedures exist to verify the accuracy of the RMTS schedules, the review of supporting documentation failed to detect the reports did not run March 2, 2013 through March 31, 2013. Procedures will be implemented to ensure future verifications of RMTS schedules include a visual inspection of the periods covered by the reports. Furthermore, a net adjustment of \$458 will be made to the Agency's cost allocation for the quarter ending March 31, 2014, to reflect the correct allocation of costs for this time period. A copy of the adjustment will be provided to the State Auditor & Inspector's office once the cost allocation has been completed.

**FINDING NO:** 2013-030 (Repeat)

**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:** G1301OKTANF

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$ 261

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

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

OAC 340:65-1-3 Instructions to Staff states in part, "(a) Definition of Family Support Services (FSS) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of benefits. The case record includes information in physical working and history records, all imaged documents, and all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (OKDHS) retains these records for at least three years after all benefits included in the case have expired..."

**Condition:** From our population of 18,464 cases, we selected 60 cases for testing and noted one case where no TANF eligibility re-determination was found in the case file for benefits paid for the months of April 2013, May 2013, and June 2013. (Questioned Costs \$261)

**Cause:** The TANF eligibility re-determination was either not performed or was not properly documented to ensure eligibility.

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



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

**Views of Responsible Official(s)**

**Contact Person:** Linda Hughes

**Anticipated Completion Date:** March, 2014

**Corrective Action Planned:** Concur. The appropriate Deputy Director and County Director have been advised of the error on this case. A “Back-to-Basics” training emphasizing the policy and procedures for eligibility will be held for all TANF supervisors and workers in Canadian county offices. Based on review of the case in question TANF staff verified an overpayment did not occur.

**FINDING NO:** 2013-031

**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:** G1301OKTANF

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$ 0

**Criteria:** 45 CFR Sec. 264.30 states “(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program.”

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

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

OAC 340:65-1-3 Instructions to Staff states in part, “(a) Definition of Family Support Services (FSS) case records. The case record is an accumulation of material required to document a client's eligibility for and receipt of benefits. The case record includes information in physical working and history records, all imaged documents, and all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (OKDHS) retains these records for at least three years after all benefits included in the case have expired...”

**Condition:** From our population of 18,464 cases, we selected 60 cases for testing and noted one case where no TANF eligibility re-determination was found in the case file for benefits paid for the months of April 2013, May 2013, and June 2013. Therefore, a determination could not be made regarding the recipients cooperation with the State concerning child support.

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**Cause:** The TANF eligibility re-determination was either not performed or was not documented to ensure individuals receiving TANF benefits were cooperating with Child Support Enforcement.

**Effect:** The Department may not be in compliance with the above stated requirements and internal policies, which may result in individuals receiving TANF benefits while not cooperating with Child Support Enforcement.

**Recommendation:** We recommend the Department follow policy and ensure eligibility re-determinations are performed and that all case records are adequately maintained.

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

**Contact Person:** Linda Hughes

**Anticipated Completion Date:** March, 2014

**Corrective Action Planned:** Concur. The appropriate Deputy Director and County Director have been advised of the error on this case. A "Back-to-Basics" training will be held emphasizing the policy and procedures for all TANF supervisors and workers in Canadian county offices. In addition, the TANF supervisors and workers in Canadian county will also review the clients' agreement to cooperate with child support enforcement for TANF children.

**FINDING NO:** 2013-032

**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:** G1301OKTANF

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$ 43

**Criteria:** 45 CFR Sec. 264.30 states "(a)(1) The State agency must refer all appropriate individuals in the family of a child, for whom paternity has not been established or for whom a child support order needs to be established, modified or enforced, to the child support enforcement agency (i.e., the IV-D agency). (2) Referred individuals must cooperate in establishing paternity and in establishing, modifying, or enforcing a support order with respect to the child. (b) If the IV-D agency determines that an individual is not cooperating, and the individual does not qualify for a good cause or other exception established by the State agency responsible for making good cause determinations in accordance with section 454(29) of the Act or for a good cause domestic violence waiver granted in accordance with § 260.52 of this chapter, then the IV-D agency must notify the IV-A agency promptly. (c) The IV-A agency must then take appropriate action by: (1) Deducting from the assistance that would otherwise be provided to the family of the individual an amount equal to not less than 25 percent of the amount of such assistance; or (2) Denying the family any assistance under the program."

**Condition:** From our population of 6,184 child support non-cooperation occurrences, we selected 45 occurrences for testing and noted one occurrence where good cause or other exception was not established and TANF benefits were not reduced or denied for child support non-cooperation as required.

**Cause:** The TANF case was not coded correctly in the system therefore the system did not apply the 25% penalty.

**Effect:** The Department may not be in compliance with the above stated requirement, which may result in individuals receiving TANF benefits while not cooperating with Child Support Enforcement which could result in a penalty of up to 5% of the State Family Assistance Grant.

**Recommendation:** We recommend the Department ensure benefits are reduced or denied for child support non-cooperation. In addition, we recommend OKDHS provide training to staff regarding proper coding.

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

**Contact Person:** Linda Hughes

**Anticipated Completion Date:** March 2014

**Corrective Action Planned:** Concur. The appropriate Deputy Director and County Director have been advised of the error on this case. A “Back-to-Basics” training will be held emphasizing the policy and procedures for all TANF supervisors and workers in Canadian county offices. In addition, all TANF supervisors and workers in the 55C Oklahoma County office have been asked to review policy and procedures regarding coding as it relates to child support cooperation.

**FINDING NO:** 2013-033 (Repeat)

**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:** G1301OKTANF

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$ 0

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

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

**Condition:** From our population of 18,464 cases, we selected 60 TANF cases to determine that income verification occurred and noted four cases in which no income verification documentation was found for the time period tested.

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

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

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

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

**Contact Person:** Linda Hughes

**Anticipated Completion Date:** March 2014

**Corrective Action Planned:** Concur. The Deputy Directors and County Directors have been advised of the error on these cases. A “Back-to-Basic” training will be held at the respective county offices to emphasize the policies and procedures related to the input and verification of TANF information.

**FINDING NO:** 2013-034 (Repeat)

**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

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**FEDERAL AWARD NUMBER:** G1301OKTANF

**FEDERAL AWARD YEAR:** 2013

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

**QUESTIONED COSTS:** \$0

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

DHS Policy OAC 340:65-3-4-4 (C) states, "Automated data exchange with other agencies provides benefit, wage, tax information, and verification of Social Security numbers. The information obtained is electronically compared with data stored within OKDHS electronic records to determine if there are discrepancies that need to be addressed. Automated data exchange information is also available within the OKDHS system to determine discrepancies. The worker is responsible for: (C) resolving data exchange discrepancy messages within 45 calendar days of the date the message is posted on the data exchange inquiry screen."

**Condition:** We noted the following deficiencies in the SFY 2013 G1DX Exception and Clearance Reports:

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	2,283	22,370	10.21%
IEV	3,271	37,626	8.69%
OWG	2,488	26,336	9.45%
SDX	7,183	92,839	7.74%
SNH	5,568	51,589	10.79%
UIB	955	11,681	8.18%
<b>TOTAL</b>	<b>21,748</b>	<b>242,441</b>	<b>8.97%</b>

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

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

**Recommendation:** We recommend the Department utilize the monitoring reports created for the G1DX discrepancies that summarize these discrepancies by worker, supervisor, county and area. These reports allow management to monitor not only the type of discrepancy and length of days outstanding, but also to distinguish who is responsible for clearing the discrepancy within the 45 days allowed under current OKDHS policy.

**Views of Responsible Official(s)**

**Contact Person:** James Conway

**Anticipated Completion Date:** December 31, 2014

**Corrective Action Planned:** Concur. Data exchange is required to be utilized whenever action is taken on a case and through G1DX Exceptions. OKDHS policy revised effective June 1, 2012 states "all discrepancy messages must be cleared using the DXD transaction within 45 days of the error posting". This change brings policy more in line with federal guidelines of 45 days. OKDHS is establishing a goal of clearing 95% discrepancies within

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the 45 day standard. Of the discrepancies cleared in SFY13 approximately 80% did not impact eligibility. The SFY13 timely clearance rate is a 40% improvement over the SFY12 timely clearance rate. Adult and Family Services will continue to work on projects that will allow staff to give discrepancy clearance more priority. Those projects, with an anticipated completion date of 7/1/2014, include relocating the IEV class of discrepancies to a centralized processing unit and conducting a full workload study that will determine the amount of time required for discrepancy clearance.

**FINDING NO:** 2013-036

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

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2012G992201

**FEDERAL AWARD YEAR:** 2012

**CONTROL CATEGORY:** Reporting – Carryover and Re-allotment Report

**QUESTIONED COSTS:** \$0

**Criteria:** Per 42 USC § 8626(a)(2), “Each State shall notify the Secretary, not later than 2 months prior to the close of a fiscal year, of the amount (if any) of its allotment for such year that will not be obligated in such year, and, if such State elects to submit a request described in subsection (b)(2) of this section, such State shall submit such request at the same time.”

Additionally, 42 USC § 8626(b)(2)(A) states, “Any State may request that an amount allotted to such State for a fiscal year be held available for such State for the following fiscal year. Such request shall include a statement of the reasons that the amount allotted to such State for a fiscal year will not be used by such State during such fiscal year and a description of the types of assistance to be provided with the amount held available for the following fiscal year. Any amount so held available for the following fiscal year shall not be taken into account in computing the allotment of or the amount payable to such State for such fiscal year under this subchapter.”

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

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

**Cause:** The figures used in the preparation of the report were not adequately verified prior to being used in the report.

**Effect:** The expected amount of the LIHEAP award to be carried over to the subsequent fiscal year was inaccurately calculated and reported.

**Recommendation:** We recommend that OKDHS ensure that all figures are verified prior to being used in the Carryover and Re-allotment Report.

**Views of Responsible Official(s)**

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** 3/1/14

**Corrective Action Planned:** Concur. Carryover and Re-allotment report was revised and resubmitted to HHS 2/18/14. AFS LIHEAP staff will verify financial reports are reconciled to the supporting documentation prior to submission to HHS.

**FINDING NO:** 2013-040 (Repeat)

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

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2012G992201 (Cooling); 2013G992201 (Heating/ECAP)

**FEDERAL AWARD YEAR:** 2012/2013

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

**QUESTIONED COSTS:** \$799

**Criteria:** Per 45 CFR § 96.30(a), “Except where otherwise required by Federal law or regulation, a State shall obligate and expend block grant funds in accordance with the laws and procedures applicable to the obligation and expenditure of its own funds. Fiscal control and accounting procedures must be sufficient to (a) permit preparation of reports required by the statute authorizing the block grant and (b) permit the tracing of funds to a level of expenditure adequate to establish that such funds have not been used in violation of the restrictions and prohibitions of the statute authorizing the block grant.”

Per OMB A-133 § \_\_.300, “The auditee shall... (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs [and] (c) Comply with laws, regulations, and the provisions of contracts or grant agreements related to each of its Federal programs.”

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

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

Per OAC 340:20-1-1, “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.”

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

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

**Condition:** In our testing of 60 client case files, we noted:

- One instance where the ECAP electric case record did not contain the crisis documentation as stated in the above referenced policy. (Questioned Costs: \$290)

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- One instance where the ECAP propane case record did not contain the crisis documentation as stated in the above referenced policy. (Questioned Costs: \$199)
- Two instances where the case files could not be located for testing. (Questioned Costs: \$255)
- Four instances where the LIHEAP Walk-In checklist was not completed. (Questioned Costs: \$0)
- Six instances where the application documentation and support did not coincide with the benefit authorization details (household sizes did not match, income levels didn't match, address didn't match supporting energy bill, no supporting energy bill was provided, fuel types didn't match). (Questioned Costs: \$55)

**Cause:** Case records are not being documented according to OKDHS policy to ensure that recipients are eligible and that benefit payments are for allowable activities.

**Effect:** The State may pay benefits to ineligible recipients or incorrect benefit amounts to recipients. Additionally, benefit payments may be issued for unallowable activities. Each of these issues would not allow the State to meet LIHEAP program objectives.

**Recommendation:** We recommend that OKDHS review the written policies for the LIHEAP program and ensure the policies in place are applicable for all types of energy assistance and make revisions where necessary. We also recommend OKDHS implement procedures to ensure that LIHEAP eligibility is adequately documented and properly maintained in the case record. Additionally, we recommend OKDHS provide training to LIHEAP employees stressing the importance of adequate documentation and accuracy of system input.

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

**Contact Person:** Cari Crittenden

**Anticipated Completion Date:** October 31, 2014

**Corrective Action Planned:** Partially concur – bullet two. The crisis documentation for the propane case in question included the required DHS form which confirmed the client was certified eligible and that a minimum propane delivery had been established. The application was accepted during a block of time that was strictly for ECAP. Current Instructions to Staff do not instruct caseworkers to document in the case notes, the eligibility determination or vendor communication. Therefore, DHS will revise the procedures to ensure propane cases are adequately documented.

Concur – bullets 1 and 3 through 5. AFS LIHEAP will continue to provide guidance to field staff, per existing procedures, on the importance of completing the proper OKDHS forms, obtaining correct information, and documenting case files in a clear and accurate manner.

**FINDING NO:** 2013-050

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

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

**CFDA NO:** 93.568

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

**FEDERAL AWARD NUMBER:** 2013G992201

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** The instructions for the *LIHEAP Household Report for FFY 2012–Long Form* (Uniform Counting and Reporting section) state, “Annual gross household incomes, adjusted by the number of household members (household size), are to be used in computing household poverty percentages, using the 2011 HHS Poverty Guidelines that were in effect at the beginning of FFY 2012 (October 1, 2010)”.

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

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**Condition:** We were unable to recompute the household counts by poverty level reported by the Department on the FFY2012 LIHEAP Household Report. It appears that the Department used the incorrect HHS poverty guidelines when compiling the household counts for this report.

**Cause:** Either the poverty levels within the Department's system were not updated properly or the data used to compile the FFY12 LIHEAP Household Report counts was run against the incorrect poverty guidelines in the system.

**Effect:** The household counts by poverty level reported on the FFY12 LIHEAP Household Report are not accurate.

**Recommendation:** We recommend that OKDHS implement procedures to ensure the proper HHS poverty guidelines are utilized in the preparation of the LIHEAP Household Report each year. Additionally, we recommend the Department revise the FFY2012 Household Report to reflect household counts according to the 2011 HHS Poverty Guidelines.

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

**Contact Person:** James Conway

**Anticipated Completion Date:** Review: Immediately / FFY2012 report: April 30, 2014

**Corrective Action Planned:** Concur. AFS LIHEAP staff will implement an approval process to ensure the LIHEAP household Report contains the proper HHS poverty guidelines. The FFY2012 LIHEAP Household Report will be resubmitted once the HHS poverty guidelines for that timeframe have been validated by AFS LIHEAP staff.

### Office of Management and Enterprise Services

**FINDING NO:** 2013-063(Repeat)

**STATE AGENCY:** Office of Management and Enterprise Services

**FEDERAL AGENCY:** Department of Commerce

**CFDA NO:** 11.557

**FEDERAL PROGRAM NAME:** Broadband Technology Opportunities Program (BTOP), Recovery Act

**FEDERAL AWARD NUMBER:** NT10BIX5570113

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Subrecipient Monitoring (M & R3)

**QUESTIONED COSTS:** \$0

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

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



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

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

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

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

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

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

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

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

**Contact Person:** Raymond C. Hankins

**Anticipated Completion Date:** 4/1/2014

**Corrective Action Planned:** We concur with the finding as presented. We will ensure that procedures previously outlined and put in place are enforced and that we create and retain adequate supporting documentation.

## Department of Rehabilitation Services

**FINDING NO:** 2013-006 (Repeat)

**STATE AGENCY:** Department of Rehabilitation Services

**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-120053, H126A-130053

**FEDERAL AWARD YEAR:** 2012 and 2013

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

**QUESTIONED COSTS:** \$0

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

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

**Condition:** We noted that for 13 of 72 employees working 100% on the program (18.06%) and included in our sample, one of the semi-annual payroll certifications required by Office of Management and Budget (OMB) Circular A-87 was not completed. The certifications were completed subsequent to our audit inquiry.

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

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

**Recommendation:** To ensure payroll certifications are completed and approved by the program managers in a timely manner, we recommend that DRS re-evaluate current policies and procedures and determine if a change in policy is necessary to ensure the required payroll certifications are timely submitted.

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

**Contact Person:** Kevin Statham and Paula Nelson

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

**Corrective Action Planned:** DRS does review all Agency personnel transactions to establish funding regarding FTE. This review allows for the assignment of funding prior to new assignments taking place based on the reporting structure and assigned duties. It is recognized that an efficient certification process will complete and fully document the effectiveness of the controls already in place.

Certifications are to be completed by July 15<sup>th</sup> and January 15<sup>th</sup> for the prior 6 month period, as stated on the VR/VS Certification of Direct Payroll site on Compass (DRS’s internal website). Currently, requests are sent via email at various times to the corresponding Division Administrator and/or Supervisor for certifications not yet completed. Hereafter, all requests will be sent on a continuing monthly basis to the corresponding Division Administrator until all certifications have been completed. In addition, a list will be sent to the Director, Chief of Staff, and Chief Financial Officer by September 1<sup>st</sup> and March 1<sup>st</sup>, and monthly thereafter, of certifications not yet completed.

**FINDING NO:** 2013-026

**STATE AGENCY:** Department of Rehabilitation Services

**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-120053, H126A-130053

**FEDERAL AWARD YEAR:** 2012 and 2013

**CONTROL CATEGORY:** Program Income, Cash Management

**QUESTIONED COSTS:** \$0

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**Criteria:** According to the 34 CFR section 361.63 program income is considered earned when it is received. In addition, program income, when earned, must be used for the provisions of vocational rehabilitation services and the administration of the State plan.

Good internal controls dictate that appropriate procedures be in place to ensure compliance with all applicable Federal requirements.

**Condition:** In February 2013 program income of \$97,799 was deposited and recorded in the accounting records but was not expensed until the following month. As a result, program income was not timely deducted from the draw request before requesting additional Federal funds.

**Cause:** The draw worksheet and support were not properly reviewed to determine if program income was available to be expensed before additional federal funds were requested.

**Effect:** Failure to use program income as it becomes available could result in federal funds being over-drawn for that month.

**Recommendation:** We recommend management review current internal controls in place to determine where the breakdown in internal control occurred and determine if current practices require revision to ensure compliance with applicable Federal requirements.

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

**Contact Person:** Cheri Warren

**Anticipated Completion Date:** February 2014

**Corrective Action Planned:** DRS concurs with the finding. The program income was not deducted from the draw in a timely manner. The federal report workpapers have now been linked to the automated feeds for the Agency reports. Staff are fully trained and it is expected that less time spent building the documents will allow for better review.

**FINDING NO:** 2013-027 (Repeat)

**STATE AGENCY:** Department of Rehabilitation Services

**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-120053. H126A-130053

**FEDERAL AWARD YEAR:** 2012 and 2013

**CONTROL CATEGORY:** Eligibility

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

**Condition:** We noted that for 3 of 16 cases tested (19%) the eligibility form and IPEs (Individualized Plan for Employment) were either missing or were not signed by a counselor to denote their review and approval.

**Cause:** Since the department switched to electronic records, it appears there is a lack of communication and training on documenting the counselors' review and approval process.

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

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**Recommendation:** We recommend the Department reinforces their policies and procedures and provide more field training to staff on how to properly document review and approval in the new system.

**Views of Responsible Official(s)**

**Contact Person:** Mark Kinnison

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

**Corrective Action Planned:** OKDRS will review the cases to address the missing documentation for the approvals. Current practices that were put in place as a result of statewide training regarding electronic case management was conducted in Sept. – Oct. 2013 and should be sufficient to correct these case documentation issues. While the training was conducted during the fall of 2013, OKDRS will continue to monitor for compliance.

**FINDING NO:** 2013-028 (Repeat)

**STATE AGENCY:** Department of Rehabilitation Services

**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-120053, H126A-130053

**FEDERAL AWARD YEAR:** 2012 and 2013

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

**QUESTIONED COSTS:** \$3,047 (Activities Allowed or Unallowed; Allowable Costs/Cost Principles) \$1,471 (Eligibility)

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

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

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

**Condition:** We noted 14 of 72 (19.44%) client service payments tested contained the following errors:

- Eight (8) claims contained costs for which the Department was unable to provide adequate supporting documentation.
- One (1) claim did not have evidence of medical necessity in the file (i.e. physical or mental impairment) and the Department was unable to provide adequate supporting documentation.
- Four (4) claims contained costs for which the Department was unable to provide adequate supporting documentation and we were unable to locate an authorization in the file to support the costs.
- One (1) claim had supporting documentation, but the Department was unable to locate an authorization to support the charges.

**Cause:** It appears claims were paid without appropriate supporting documentation to verify the services reimbursed were actually provided, and lacked medical documentation to prove the clients eligibility.

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**Effect:** Failure to obtain appropriate documentation and lack of medical evidence could result in the Department paying costs which are unallowable to the program.

**Recommendation:** We recommend the Department investigate these claims to determine if the claims were improperly reimbursed and, if so, take appropriate action to recoup these funds. In addition, we recommend the Department re-evaluate their internal control process regarding retention of supporting documentation for client service authorizations to determine where the breakdown in internal controls occurred and take appropriate action to strengthen controls to ensure compliance with the Federal requirements.

**Views of Responsible Official(s)**

**Contact Person:** Mark Kinnison

**Anticipated Completion Date:** Completed

**Corrective Action Planned:** OKDRS will address each claim with the VR Specialist who initiated the authorization services. Current practices that were put in place as a result of statewide training regarding electronic case management was conducted in Sept. – Oct. 2013 and should be sufficient to correct these case documentation issues. While the training was conducted during the fall of 2013, OKDRS will continue to monitor for compliance.

**FINDING NO:** 2013-056

**STATE AGENCY:** Department of Rehabilitation Services

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

**CFDA NO:** 84.126

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

**FEDERAL AWARD NUMBER:** H126A120053 and H126A130053

**FEDERAL AWARD YEAR:** 2012 and 2013

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

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

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

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

**Condition:** We noted the following deficiencies for the Federal fiscal year (FFY) 2012 RSA-2 report and the SF-425 report for the period ending September 30, 2012:

- Schedule II on the RSA 2 report, line item 14, Section 110 Funds Expended on Services was understated approximately \$5.4 million.
- Schedule II on the RSA -2 report, line item 15, Title VI-B Funds Expended on Services was approximately \$3,000,000 overstated.
- SF-425 report Cash receipts and Cash Disbursements were understated by \$369,189.
- SF-425 Report line 10e) Federal Share of Expenditures was understated approximately \$2,650,000.

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

**Effect:** The expenditures reported on the RSA-2 report and the cash receipts/cash disbursements and expenditures reported on the SF-425 report were misstated and/or misclassified for the time periods noted above.

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**Recommendation:** We recommend the Department review current procedures to determine where the breakdown in internal controls occurred and develop and implement procedures to ensure accuracy and proper review of the reports prior to submission. In addition, if the reports are available for amendment, we recommend they be amended to reflect the correct amounts.

**Views of Responsible Official(s)**

**Contact Person:** Cheri Warren

**Anticipated Completion Date:** March 2014

**Corrective Action Planned:** DRS concurs with the finding and the reports will be amended. The federal report workpapers have now been linked to the automated feeds for the Agency reports. Staff are fully trained and it is expected that less time spent building the documents will allow for better review.

### Department of Transportation

**FINDING NO:** 2013-001 (Repeat)

**STATE AGENCY:** Oklahoma Department of Transportation (the Department)

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

**CFDA NO:** 20.205; 20.932; 20.509

**FEDERAL PROGRAM NAME:** Highway Planning and Construction; Surface Transportation Discretionary Grants for Capital Investment; Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** CFDA # 20.205 – N/A; CFDA # 20.932 – N/A; CFDA # 20.509 - OK-18-X063-00 and OK-18-X070-00

**FEDERAL AWARD YEAR:** 2012 and 2013

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

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

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

It was noted during discussions with Department personnel that communication barriers appear to exist between the Department's management and operation personnel.

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

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

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

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

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

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

**Contact Person:** John Parker, OR&E Internal Audit, Russell Hulin, Finance and Administration

**Anticipated Completion Date:** FY 2014

**Corrective Action Planned:** OR&E has recently added two additional staff in the division. This will allow for risk assessments to be planned and conducted in a more timely manner. The state and federal program areas are planned for assessment starting in FY 2014. The Finance and Administration Office is implementing a formal and documented follow-up process for corrective action items on all Department audit findings. A follow-up review will take place six months after the initial finding and every two months thereafter for unresolved items, to ensure that corrective actions have taken place. Internal control reviews will also be conducted and documented by the Office to strengthen internal controls on a proactive basis.

**FINDING NO:** 2013-005

**STATE AGENCY:** Oklahoma Department of Transportation (the Department)

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

**CFDA NO:** 20.205

**FEDERAL PROGRAM NAME:** Highway Planning and Construction

**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2013

**CONTROL CATEGORY:** Special Tests & Provisions – Quality Assurance Program (regular Federal funds)

**Criteria:** 23 CFR § 637.207 (a) (2) states, "The IA (Independent Assurance) program shall evaluate the qualified sampling and testing personnel..."

23 CFR § 637.207 (a) (2) (iii) states, "A prompt comparison and documentation shall be made of test results obtained by the tester being evaluated and the IA tester."

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

A component objective of an effective internal control system is the proper retention of documentation. Documents should be retained to provide evidence of the testing performed.

**Condition:** For one of 21 technicians tested (4.8%), the documents supporting the active technician evaluations performed as part of the IA program could not be found. The Department reported that they performed three evaluations for this technician on their calendar year 2012 IA program annual report submitted to the Federal Highway Administration (FHWA); however, documentation for one of the three evaluations reported could not be found.

**Cause:** The Department did not ensure proper retention of the technician evaluation documents.

**Effect:** The Department did not have support for all of the active technician evaluations reported in their calendar year 2012 IA program annual report submitted to FHWA.

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

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

**Contact Person:** Reynolds Toney, P.E., Materials Engineer -- Materials Division

**Anticipated Completion Date:** Already Completed

**Corrective Action Planned:** We concur with the finding. It appears to be an isolated incident. A complete review of all technician evaluations for supporting documentation for 2012 was conducted and all documentation was found except for the item noted. A procedural change has been made to attach a copy of the evaluation record to the SiteManager record before the supervisor authorizes the sample. This should prevent this from recurring.

**FINDING NO:** 2013-009 (Partial Repeat)

**STATE AGENCY:** Oklahoma Department of Transportation (the Department)

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

**CFDA NO:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** OK-18-X057-00; OK-18-X063-00

**FEDERAL AWARD YEAR:** 2011 and 2012

**CONTROL CATEGORY:** Reporting: SF-425 – Federal Financial Report

**QUESTIONED COSTS:** \$0

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

2 CFR § 215.21 (b) (3) states, “recipients’ financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets...”

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

FTA Circular 9040.1F, Chapter VI Program Management and Administrative Requirements, part 12.c. Financial Status Report states, in part, “The State must submit electronically an annual Financial Status Report for each active grant, for the period ended September 30...”

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

**Condition:** The Federal fiscal year (FFY) 2012 SF-425 – Federal Financial Report for grant number OK-18-X057-00 was submitted approximately ten months late on August 29, 2013. The FFY 2012 SF-425 – Federal Financial Report for this grant award was not complete, accurate and properly supported. The Department did not maintain documentation of how the total recipient share required was calculated. In addition, the following misstatements were noted:

- understated Federal cash receipts by \$11,564,119;
- understated Federal cash disbursements by \$11,564,119;
- overstated total recipient share required by \$12,083,780.

The FFY 2012 SF-425 – Federal Financial Report for grant number OK-18-X063-00 was never submitted. The Department was late in filing their FFY 2012 SF-425 - Federal Financial Report for this grant award. The Department did not file a SF-425 - Federal Financial Report for this grant award until August 6, 2013. Since this



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grant award was fully expended, at this time, the Department submitted a close out SF-425 - Federal Financial Report as of the quarter ending June 30, 2013 of FFY 2013. The SF-425 – Federal Financial Report submitted on August 6, 2013 listed all expenditures for FFY 2012 and FFY 2013 on one report. The SF-425 - Federal Financial Report for grant number OK-18-X063-00 as of the quarter ending June 30, 2013 of FFY 2013 was not complete, accurate and properly supported. The Department did not maintain documentation of how the total recipient share required was calculated. In addition, the following misstatements were noted:

- understated Federal cash receipts by \$11,529,582;
- understated Federal cash disbursements by \$11,529,582;
- understated recipient share of expenditures (Current) by \$10,311,395;
- overstated total recipient share required by \$657,333.

**Cause:** The Department’s Transit Programs Division (TPD) has experienced significant employee turnover. In response to our prior year finding, the Department designed internal controls to have the Comptroller Division review the SF-425 – Federal Financial Reports before submission. However, the TPD submitted the SF-425 – Federal Financial Reports without a proper review and approval by the Comptroller Division.

**Effect:** The Department’s SF-425 - Federal Financial Reports for the Formula Grants for Rural Areas program were not complete, accurate, and properly supported and were not submitted timely.

**Recommendation:** The Department should develop and implement internal controls to ensure the timely submission of the SF-425 -Federal Financial Reports and maintenance of supporting documentation. We recommend that the TPD submit the SF-425 – Federal Financial Reports to the Comptroller Division for review and approval before submission to the Federal Transit Administration. We also recommend that the Comptroller Division review the instructions for the SF-425 – Federal Financial Reports.

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

**Contact Person:** Ernestine Mbroh

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** The Department previously concurred with this finding and corrective action has been taken. TPD has assigned a Project Manager who has oversight over SF-425 and other FTA reporting to ensure that due dates are met, and that the Comptroller Division review and concurrence with the reports prior to submittal.

**Auditor Response:** The changes addressed in the corrective action planned were not implemented during our audit period.

**FINDING NO:** 2013-010 (Partial Repeat)

**STATE AGENCY:** Oklahoma Department of Transportation (the Department)

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

**CFDA NO:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** OK-18-X057-00; OK-18-X063-00

**FEDERAL AWARD YEAR:** 2011 and 2012

**CONTROL CATEGORY:** Reporting: Special Report

**QUESTIONED COSTS:** \$0

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

2 CFR § 215.21 (b) (3) states, in part, “recipients’ financial management systems shall provide for the following: Effective control over and accountability for all funds, property, and other assets...”

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

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

**Condition:** The FFY (Federal fiscal year) 2012 NTD (National Transit Database) Report was not complete, accurate and properly supported. The Department lacked support for four out of five (80 percent) of the RU-20 forms tested in the following amounts:

- Line 05a – Total Annual Expenses/Operating - \$3,766,953
- Line 05b – Total Annual Expenses/Capital - \$784,648
- Line 08a – Local Funds/Operating - \$331,925

In addition, the Department understated the amount reported as sources of operating revenue expended Line 10c – Federal Transit Administration (FTA) Other than Urbanized Area Formula Funds (\$5311) of the RU-30 by \$2,977,944 .

**Cause:** The Transit Programs Division (TPD) has experienced significant employee turnover. The Department does not have adequate internal controls in place to ensure proper supporting documentation is maintained and amounts reported on the NTD Report are complete and accurate.

**Effect:** The amounts reported on the FFY 2012 NTD report were not complete and accurate and/or not properly supported.

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

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

**Contact Person:** Ernestine Mbroh

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** The Department previously concurred with this finding and corrective action has been taken as follows: 1) Random sampling of supporting documents are reviewed by TPD for all claims submitted for reimbursement. 2) An internal review process is in place to ensure that fund balances reconcile with TPD, Sub Recipients, FTA and the Department’s Comptroller Division records. 3) Sub-recipient’s data is reviewed and compared with that of TPD’s MYLEO.net data base for accuracy.

**Auditor Response:** The changes addressed in the corrective action planned were not implemented during our audit period. We would like to reiterate that the Department’s internal review process should include ensuring that reconciled records agree to the NTD report.

**FINDING NO:** 2013-014 (Partial Repeat)

**STATE AGENCY:** Oklahoma Department of Transportation (the Department)

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

**CFDA NO:** 20.509

**FEDERAL PROGRAM NAME:** Formula Grants for Rural Areas

**FEDERAL AWARD NUMBER:** OK-18-X063-00; OK-18-X070-00

**FEDERAL AWARD YEAR:** 2012 and 2013

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

**QUESTIONED COSTS:** \$0

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

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

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

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

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

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

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

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

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

## Schedule of Findings

### Federal Award Findings And Questioned Costs

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

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

The Department does not review supporting documentation when approving transit project administration/operating costs for reimbursement to subrecipients. Total subrecipient expenditures are submitted to the Department based on summary-level data. The Department uses the summary-level data to calculate the Federal reimbursement, the difference of which is the subrecipient’s required matching contribution. For the first two years of participation with the Department, subrecipients are required to submit all supporting documentation with the invoice to receive reimbursement. After two years without any problems, subrecipients are no longer required to submit supporting documentation with invoices. The Department relies on the Project Assessment/Project Management Reviews of each subrecipient’s management and operations quinquennially, at a minimum, as a mitigating factor. The Department also relies on reporting information submitted by the subrecipients to prepare the National Transit Database (NTD) Report. However, it does not appear adequate documentation of expenditures is examined during these reviews. In addition, for one of the nine exceptions noted, the subrecipient did not have over \$500,000 in Federal expenditures for state fiscal year (SFY) 2013. Furthermore, neither an A-133 audit nor adequate project management reviews were performed.

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

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

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

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

**Contact Person:** Ernestine Mbroh

**Anticipated Completion Date:** 6/30/2014

**Corrective Action Planned:** The Department previously concurred with this finding and corrective action has been taken and/or being developed as follows: 1) TPD is currently conducting random sampling of supporting documentation of all claims submitted for reimbursement. 2) A review and assessment of TPD’s State Management Plan will be conducted and updated to provide adequate guidance to sub-recipients and TPD Project Managers regarding federal program monitoring requirements. An internal schedule for a long range field monitoring assessment will be developed and followed by TPD.

**Auditor Response:** The changes addressed in the corrective action planned were not implemented during our audit period.

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## **Summary Schedule of Prior Findings**

## **Summary Schedule of Prior Findings**

## Summary Schedule of Prior Findings

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Note: Findings are presented alphabetically by state agency.

### Department of Education

**Finding No:** 11-265-001, 12-265-004

**CFDA No:** 83.489; 83.391; 84.392

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

**Control Category:** Subrecipient Monitoring

**Finding Summary:** The Department was unable to provide documentation of sufficient action to ensure its subrecipients have a current registration in the Central Contractor Registration (CCR). When a subrecipient school district updates its registration, Oklahoma State Department of Education's Federal Programs Office updates its database in order to reflect the new registration information. However, Oklahoma State Department of Education did not verify that the registrations submitted by the LEAs were current, therefore, were unable to properly evaluate whether subrecipient school districts were in compliance with the CCR registration requirement.

**Status:** Corrected.

**Finding No:** 11-265-004, 12-265-011

**CFDA No:** 84.010; 84.027; 84.173; 84.367; 84.389; 84.391; 84.392; 10.553; 10.555; 10.556; 10.559

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

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

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

- Thirty-eight (38) reports for SFY 2011 and 2 reports for SFY 2012 were not received within 9 months of the end of the subrecipient's audit period (March 31, 2011 and March 2012, respectively);
- One-hundred-eleven (111) reports out of 363 were never reviewed;
- One-hundred sixty-two (162) of the 228 reports that were reviewed by the department were not reviewed within 6 months of receipt of audit report;
- Of the 24 audits that had citations/findings for SFY '11 we identified:
  - o Management's response was not received from program area for four (4) of the subrecipient reports within 90 days of the date the letter;
  - o Management's decision on audit findings was not issued within 6 months of receiving the audit report for 17 subrecipient reports due largely to the amount of time it took for the department to get the findings to the program area;
  - o Management did not ensure the subrecipient took timely and appropriate corrective action for two (2) of the audits based on the audit citation listing showing no response from the program area.
- Two out of 16 subrecipient audits for SFY '12 that received citations were not issued a management response within 6 months of receiving audit report.
- One out of 16 subrecipient audits for SFY '12 that received citations was not received from the program area within 90 days of the date the letter and audit findings were sent to the program area denoting proper review was performed.

**Status:** Corrected.

**Finding No:** 11-265-008, 12-265-007

**CFDA No:** 10.558

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

**Control Category:** Earmarking

**Finding Summary:** During our testwork of the CACFP 15 percent earmarking requirement, we noted twenty (20) of the thirty-one (31) or 65% of the center sponsor's most current administrative *budgets* exceeded 15% of total federal fiscal year 2010 meal reimbursements. In addition, we noted seven (7) of the twenty (20) or 35% of the center sponsor's administrative *budgets* exceeded 15% of the total Federal fiscal year 2011 meal reimbursements.

**Status:** Corrected.

**Finding No:** 12-265-001

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

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



## Summary Schedule of Prior Findings

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**Control Category:** Subrecipient Monitoring

**Finding Summary:** The Department was unable to provide documentation of sufficient action to ensure all of its *non-ARRA* subrecipients were providing a valid DUNS number prior to issuance of the subaward application or, if not, before subaward for state fiscal years 2013 and 2013.

**Status:** Not corrected, see current year findings at 2013-058 and 2013-059. OSDE concurs with the findings and have stated that controls are in place for 2014 to ensure a valid DUNS number is provided by the LEA prior to the subaward being issued.

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

**CFDA No:** 84.010

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

**Control Category:** Reporting

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

**Status:** Not Corrected. The reporting requirement regarding the Title I Grant received a federal waiver for State Fiscal Year 2013, thus we did not test to see if the Department corrected deficiencies related to compliance with the Annual Report Card requirement. As a result, no current year finding will be issued and we will follow-up in fiscal year 2014 to see if the deficiency has been corrected.

**Finding No:** 12-265-005

**CFDA No:** 84.027; 84.173

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

**Control Category:** Subrecipient Monitoring

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

**Status:** Corrected.

**Finding No:** 12-265-006

**CFDA No:** 84.027; 84.173; 10.558; 10.553; 10.555; 10.556; 10.559

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

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

**Finding Summary:** Based on conversation with management from Oklahoma State Department of Education and review of website [www.USASpending.gov](http://www.USASpending.gov), the Department did not timely submit the report of subaward obligations and key data elements into [www.frs.gov](http://www.frs.gov) to ensure compliance with the Federal Funding Accountability and Transparency Act.

**Status:** Not corrected, see current year finding 2013-046. OSDE concurs with the finding and has been working to get computer programming enhancements completed that will allow them to submit all necessary FFATA information.

**Finding No:** 12-265-008

**CFDA No:** 84.027; 84.173

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

**Control Category:** Procurement, Suspension, and Debarment

**Finding Summary:** Based on Procurement testwork performed, we noted that 36 out of 60 contracts did not comply with 2 CFR § 180.300 at the time the contract was signed. However, for new contracts, it appears the Department did implement procedures to ensure the entity is not suspended or debarred by checking the EPLS. Also, it should be noted that the 36 contracts with exceptions represent only 10 vendors and we checked USA.gov for a current EPLS status and found that four of the 10 vendors for 21 contracts were not suspended or debarred. There were six vendors for 15 contracts that could not be located on the EPLS system to verify status.

**Status:** Corrected.

**Finding No:** 12-265-009

**CFDA No:** 84.027; 84.173

## Summary Schedule of Prior Findings

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

**Control Category:** Reporting

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

**Status:** Corrected.

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

**CFDA No:** 84.010; 84.389

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

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

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

**Status:** Not Corrected. The reporting requirement for the Special Education Grant received a federal waiver for fiscal year 2013, thus we did not perform any testwork to ensure the deficiencies were corrected related to the compliance of Identifying Schools and LEAs Needing Improvement. As a result, no current year finding was written and we will follow-up in fiscal year 2014 to see if the deficiency has been corrected.

### Employment Security Commission

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

**CFDA No:** 17.225

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

**Control Category:** Reporting

**Finding Summary:** During our audit of the ETA 581 Reports for the quarters ending December 31, 2008 and March 31, 2009 we noted that the total for item 34 - Amount Determined Receivable during a Report Period from the data provided by OESC did not agree to the amount reported on the ETA 581 Reports. A variance of \$78,916 was noted for the quarter ending December 31, 2008 and a variance of \$41,729 was noted for the quarter ending March 31, 2009. In addition, for fiscal years 2010, 2011, and 2012, OESC was unable to provide the support for the ETA 581 reports.

**Status:** Not corrected, see current year finding #2013-007. The ETA 581 has been rewritten to ensure all details for each cell are auditable. The new ETA 581 is being tested and will be submitted timely for the quarter ending 9/30/2013.

### Office of the Governor

**Finding No:** 12-305-001

**CFDA No:** 84.410

**Federal Agency:** US Department of Education

**Control Category:** Cash Management/Reporting

**Finding Summary:** Due to human error, the draw that was made by the Office of State Finance (OSF) on 3/26/2012 exceeded the amount requested by the Oklahoma State Department of Education (OSDE) by \$474,861. Therefore, \$474,861 was drawn before there was an actual, immediate cash need. This overdraft was corrected on the 6/8/2012 draw; however, the funds were outstanding for 74 days before this correction was made.

**Status:** Not corrected, see current year finding #2013-045. OSDE Federal Programs division staff approved for payment the amount that was on the Summary Expenditure Report. They inadvertently overlooked the total in the expenditure detail report submitted by the school district which did not agree with the summary report and was short by \$458. When OSDE contacted the school district, they were not able to provide any additional documentation.

## Summary Schedule of Prior Findings

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and refunded the overpayment. OSDE will provide adequate training to staff on claims review and processing to prevent these types of errors in the future.

**Finding No:** 12-305-003

**CFDA No:** 84.410

**Federal Agency:** US Department of Education

**Control Category:** Subrecipient Monitoring

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

In order to ensure that subrecipient school districts had made the required CCR registrations and kept the registrations current, OSDE put in place procedures to maintain a registry of CCR registration information for all subrecipient school districts. We noted 31 instances where the CCR date in OSDE's registry was incorrect and 1 instance where the subrecipient's DUNS number in OSDE's registry was incorrect. We also noted 1 instance where the subrecipient could not be located in the System for Award Management (SAM); therefore we were unable to determine the accuracy of OSDE's registry information or the status of the subrecipient's CCR registration.

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

**Finding No:** 12-305-005

**CFDA No:** 84.394 & 84.397

**Federal Agency:** US Department of Education

**Control Category:** Subrecipient Monitoring

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

**Oklahoma State Department of Education (OSDE)** - The OMES relied upon OSDE to monitor for compliance with the CCR registration requirement. The OSDE put in place procedures to maintain a registry of CCR registration information for all subrecipient school districts. However, OSDE did not compare the information submitted by the subrecipient school districts to the information noted in the System for Award Management (SAM) to ensure accuracy before recording the subrecipient information into the OSDE registry. In addition, OMES did not follow-up with Education to ensure the CCR registrations were current.

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

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

### Department of Health

**Finding No:** 10-340-004, 11-340-008, 12-340-004

**CFDA No:** 10.557

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

**Control Category:** Reporting

**Finding Summary:** During testwork on the WIC FNS 798-A report we noted errors related to State Nutrition Education and Local Nutrition Education based on report preparation and review procedures that were not followed.

**Status:** Corrected.

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

**CFDA No:** 10.557

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

**Control Category:** Subrecipient Monitoring

**Finding Summary:** While performing subrecipient monitoring procedures to ensure the audits were tracked and submitted as necessary we noted the following:

- The Department failed to properly design and implement internal controls that ensure subrecipients required to have an A-133 audit are properly identified every year and that all subrecipients whom an A-133 audit is required of is indeed being collected and reviewed. This was evidenced per review of the Department tracking spreadsheet which identifies subrecipients the Department has determined require A-

## Summary Schedule of Prior Findings

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133 audits. Based on review of supporting documentation, 3 of the 12 subrecipients identified as requiring an A-133 audit on this tracking spreadsheet did not in fact require this type audit.

- Instances where the required A-133 audits were not received from the subrecipients within the required time frame and the Department did not properly follow-up with the subrecipients in an attempt to obtain the audit in a timely manner.
- Instances where the required A-133 audits were not received from the subrecipients and the Department did not properly follow-up with the subrecipients.

**Status:** Partially corrected, see current year finding #2013-051. We have changed both our tracking logs and procedures to ensure proper identification, review, and follow-up in a timely manner. Implementation occurred at the end of SFY-2013.

**Finding No:** 12-340-003

**CFDA No:** 10.557

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

**Control Category:** Reporting

**Finding Summary:** We noted the following in regards to the FFY 2012 award reporting period:

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

**Status:** Partially corrected, see current year finding #2013-039. We concur and have submitted the corrected information to the FSRS system.

### Health Care Authority

**Finding No:** 09-807-004, 10-807-001, 11-807-001, 12-807-001

**CFDA No:** 93.778 and 93.767

**Federal Agency:** Department of Health and Human Services

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

**Finding Summary:** Based on procedures performed, it appears the agency does not have proper controls in place to ensure the Schedule of Expenditures of Federal Awards (SEFA) is correctly calculated.

**Status:** Corrected.

**Finding No:** 12-807-002

**CFDA No:** 93.767

**Federal Agency:** Department of Health and Human Services

**Control Category:** Reporting

**Finding Summary:** During State Fiscal Year 2012, Federal funds received and/or disbursed for the Children's Health Insurance Program (CHIP) were not consistently included in the FFR Attachment and, therefore, were not consistently included on the SF-425 Reports. In addition, as a grant ages, the Payment Management System (PMS) will change the status to inactive, which will cause the inactive grant to drop from the list of available grants on the FFR Attachment. This change in status will often occur before the period of availability ends on the grant funds and it is the responsibility of the preparer to add the inactive grant to the FFR Attachment so that disbursements may be accurately reported.

**Status:** Corrected.

**Finding No:** 12-807-003

## Summary Schedule of Prior Findings

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**CFDA No:** 93.778

**Federal Agency:** Department of Health and Human Services

**Control Category:** Special Tests and Provisions – Utilization Control and Program Integrity

**Finding Summary:** Based on testwork performed, we noted:

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

**Status:** Corrected.

**Finding No:** 12-807-006

**CFDA No:** 93.767

**Federal Agency:** Department of Health and Human Services

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

**Questioned Costs:** \$240

**Finding Summary:** Based on a medical professional's review of 76 claims for CHIP recipients, five (5) claims had payment errors for a total questioned costs of \$320.77 (the estimated Federal portion totals \$240.29).

**Status:** Not corrected, federal funds will be refunded to CMS on the March 31<sup>st</sup> Quarter Ending CMS-64. See current year finding #2013-044. Concur. OHCA will research and recover applicable funds and return federal share.

**Finding No:** 12-807-008

**CFDA No:** 93.778

**Federal Agency:** Department of Health and Human Services

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

**Questioned Costs:** \$474

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

**Status:** Not Corrected, federal funds will be refunded to CMS on the March 31<sup>st</sup> Quarter Ending CMS-64. See current year finding #2013-043. Concur. OHCA will research and recover applicable funds and return federal share.

**Finding No:** 12-807-009

**CFDA No:** 93.767 & 93.778

**Federal Agency:** Department of Health and Human Services

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

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

**Status:** Corrected.

### Department of Human Services

**Finding No:** 04-830-019, 05-830-011, 06-830-011, 07-830-003, 08-830-012, 09-830-020, 10-830-024, 11-830-013, 12-830-010

**CFDA No:** 93.568

**Federal Agency:** Department of Health and Human Services

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

**Questioned Costs:** \$1,640 for FY '04, \$142 for FY '05, \$545 for FY '06, \$2,409 for FY '07, \$1,164 for FY '08, \$480 for FY '09, \$760 for FY '10, \$950 for FY '11, and \$450 for FY '12

## Summary Schedule of Prior Findings

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

**Status:** Not corrected, see current year finding #2013-040. Bullet two - Partially concur. The crisis documentation for the propane case in question included the required DHS form which confirmed the client was certified eligible and that a minimum propane delivery had been established. The application was accepted during a block of time that was strictly for ECAP. Current Instructions to Staff do not instruct caseworkers to document in the case notes, the eligibility determination or vendor communication. Therefore, DHS will revise the procedures to ensure propane cases are adequately documented. Bullets 1, 3-5 - Concur. AFS LIHEAP will continue to provide guidance to field staff, per existing procedures, on the importance of completing the proper OKDHS forms, obtaining correct information, and documenting case files in a clear and accurate manner.

**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

**CFDA No:** 93.568

**Federal Agency:** Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed

**Questioned Costs:** \$8,864 for FY '04, \$11,848 for FY '05, \$400 for FY '06, \$1,164 for FY '08, and \$2,383 (\$480 for 09-830-020 and \$1,903 for 09-830-031) for FY '09, \$1,556 for FY '10, \$1190 for FY '11, and \$306 (\$190 for 12-830-007 and \$116 for 12-830-008) for FY '12

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

**Status:** Not corrected, see current year findings #2013-020 and #2013-022. Concur (Heating and Cooling). The cases in question appear to be payment errors that could have been prevented had edits in place been working properly or staff adequately reviewed cases for possible companion cases. AFS staff will work with OMES ISD to re-evaluate the effectiveness of current address edits and discuss options for improving the edit or creating additional criteria for the duplicate address edit as well as the feasibility of a duplicate payee edit. Also, concur (ECAP) AFS LIHEAP staff will work with OMES ISD to re-evaluate the effectiveness of current edits. AFS will provide a "Back to Basics" training, for all county staff, to review the use of the duplicate address edit, ways to document when the error is received and ways to resolve the error. The "Back to Basics" training will also include instructions for the retention of case documentation.

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

**CFDA No:** 93.558 & 93.714

**Federal Agency:** Department of Health and Human Services

**Control Category:** Eligibility

**Questioned Costs:** \$9,155 for FY '07, \$348 for FY '08, \$8,994 for FY '09, \$1,645 for FY '10, \$2,052 for FY '11, and \$553 for FY '12

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

**Status:** Not corrected, see current year finding #2013-030. Concur. The appropriate Deputy Director and County Director have been advised of the error on this case. A "Back-to-Basics" training emphasizing the policy and procedures for eligibility will be held for all TANF supervisors and workers in Canadian county offices. Based on review of the case in question TANF staff verified an overpayment did not occur.

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

**CFDA No:** 93.558 & 93.714

**Federal Agency:** Department of Health and Human Services

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

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

## Summary Schedule of Prior Findings

### 2010

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

### 2011

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

### 2012

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

**Status:** Not corrected, see current year finding #2013-034. Concur. Data exchange is required to be utilized whenever action is taken on a case and through G1DX Exceptions. OKDHS policy revised effective June 1, 2012 states “all discrepancy messages must be cleared using the DXD transaction within 45 days of the error posting”. This change brings policy more in line with federal guidelines of 45 days. OKDHS is establishing a goal of clearing 95% discrepancies within the 45 day standard. Of the discrepancies cleared in SFY13 approximately 80% did not impact eligibility. The SFY13 timely clearance rate is a 40% improvement over the SFY12 timely clearance rate. Adult and Family Services will continue to work on projects that will allow staff to give discrepancy clearance more priority. Those projects, with an anticipated completion date of 7/1/2014, include relocating the IEV class of discrepancies to a centralized processing unit and conducting a full workload study that will determine the amount of time required for discrepancy clearance.

**Finding No:** 08-830-013, 09-830-021, 10-830-022, 11-830-006, 12-830-011  
**CFDA No:** 93.568

## Summary Schedule of Prior Findings

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**Federal Agency:** Department of Health and Human Services

**Control Category:** Activities Allowed or Unallowed

**Questioned Costs:** \$300 for FY '08, \$0 for FY '09, \$1,200 for FY '10, \$2,550 for FY '11, and \$22,500 for FY '12

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

**Status:** Corrected.

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

**CFDA No:** 93.558 & 93.714

**Federal Agency:** Department of Health and Human Services

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

**Finding Summary:** From our population of 17,812 cases in '2011 and 16,628 cases in '2012, we selected 40 TANF cases each year to determine that income verification occurred and noted two cases in '2011 and one case in '2012 in which no application or income verification documentation was found for the time period tested.

**Status:** Not corrected, see current year finding #2013-033. Concur. The Deputy Directors and County Directors have been advised of the error on these cases. A "Back-to-Basic" training will be held at the respective county offices to emphasize the policies and procedures related to the input and verification of TANF information.

**Finding No:** 12-830-002

**CFDA No:** 93.558

**Federal Agency:** Department of Health and Human Services

**Control Category:** Reporting

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

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

**Status:** Not corrected, see current year finding #2013-017. Concur. AFS TANF staff will review existing procedures to ensure the ACF-204 report is submitted accurately and in accordance with reporting instructions. The Oklahoma ACF 204 which was submitted in December 2013 was withdrawn. The corrected ACF 204 was resubmitted to OFA/ACF via OLDC reporting system on January 28, 2014.

### Office of Management and Enterprise Services

**Finding No:** 12-090-001

**CFDA No:** 11.557

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

**Control Category:** Reporting & Matching

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

- **Matching** - Cumulative matching amounts of \$4,817,836 reported on the 6/30/12 Infrastructure Performance Progress Report under the Architectural & Engineering Fees did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for Architectural & Engineering Fees should have been \$4,507,202.
- **Matching** - Cumulative matching amounts of \$1,159,171 reported on the 6/30/12 Infrastructure Performance Progress Report under the Project Inspection Fees did not agree with supporting



## Summary Schedule of Prior Findings

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documentation. Based on supporting documentation provided, the reported amount for Inspection Fees should have been \$943,690.

- **Matching** - Cumulative matching amounts of \$460,548 reported on the 6/30/12 Infrastructure Performance Progress Report under Miscellaneous are not accurate as OMES internally reported 303 hours, whereas the costs associated with the \$460,548 are hours totaling 279. We are unable to determine what the reported Miscellaneous cost should have been as we do not have documentation supporting each employees' salary/fringe benefit hourly wages.
- **Reporting** - Cumulative recipient share of expenditures of \$19,810,055 reported on the 6/30/12 SF-425 report did not agree with supporting documentation. Based on supporting documentation provided, the reported amount for recipient share of expenditures should have been \$19,283,940.

**Status:** Corrected.

**Finding No:** 12-090-002

**CFDA No:** 11.557

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

**Control Category:** Reporting

**Finding Summary:** In reviewing the supporting documentation provided compared to the amount on the 6/30/12 *Infrastructure Quarterly Performance* report, we noted the following variances:

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

**Status:** Corrected.

**Finding No:** 12-090-003

**CFDA No:** 11.557

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

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

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

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

**Status:** Partially corrected, see current year finding #2013-063. The agency "NT10BIX5570113\_Sub-recipient Monitoring Plan" was updated and implemented; however, the agency was unable to document that they performed subrecipient monitoring regarding Davis-Bacon requirements, that the subrecipients complied with the CCR Registration Requirements, and that they notified the subrecipient of the Federal Award Number, CFDA Number, or the amount of ARRA Funds.

**Finding No:** 12-090-004

**CFDA No:** 11.557

## Summary Schedule of Prior Findings

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

**Control Category:** Procurement, Suspension, & Debarment

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

**Status:** No longer valid – the compliance requirement was not applicable to the grant in FY 2013.

### Department Of Rehabilitation Services

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

**CFDA No:** 84.126

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

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

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

- We were unable to obtain the payroll certifications for SFY07 for 4 of the 45 direct employees selected for testing.
- We were unable to obtain the payroll certifications for the 7/1/06-12/31/06 period for 11 of the 45 direct employees selected for testing.
- The payroll certifications for 1/1/08 to 6/30/08 were not completed in a timely manner for 13 of the 60 direct employees selected for testing.
- Eighteen (18) of 60 employees selected only had one of the two required certifications completed during SFY 2009. Also, nineteen (19) out of 60 employees selected did not have any certifications completed during SFY 2009 and one (1) out of 60 employees selected did not have a certification completed in a timely manner.
- Twenty-nine (29) out of 50 employees tested (58%) and 17 out of 68 employees (25%) tested were missing one or both semi-annual payroll certifications for SFY 2010 and SFY 2011, respectively
- Two out of 64 employees were missing one semi-annual payroll certification for SFY 2012.

**Status:** Partially corrected, see current year finding #2013-006. DRS does review all Agency personnel transactions to establish funding regarding FTE. This review allows for the assignment of funding prior to new assignments taking place based on the reporting structure and assigned duties. It is recognized that an efficient certification process will complete and fully document the effectiveness of the controls already in place.

Certifications are to be completed by July 15<sup>th</sup> and January 15<sup>th</sup> for the prior 6 month period, as stated on the VR/VS Certification of Direct Payroll site on Compass (DRS's internal website). Currently, requests are sent via email at various times to the corresponding Division Administrator and/or Supervisor for certifications not yet completed. Hereafter, all requests will be sent on a continuing monthly basis to the corresponding Division Administrator until all certifications have been completed. In addition, a list will be sent to the Director, Chief of Staff, and Chief Financial Officer by September 1<sup>st</sup> and March 1<sup>st</sup>, and monthly thereafter, of certifications not yet completed.

**Finding No:** 09-805-003, 10-805-011, 11-805-004, 12-805-001

**CFDA No:** 84.126 and 84.390

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

**Control Category:** Procurement and Suspension and Debarment

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

**Status:** Corrected.

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

**CFDA No:** 84.126

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

**Questioned Costs:** \$599 for FY '10, \$1,112 for FY '11, and \$1,850 for FY '12

**Control Category:** Allowable Costs/Cost Principles, & Eligibility

## Summary Schedule of Prior Findings

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**Finding Summary:** During our testwork of claims, we noted that two out of 46 claims (4.3%) for SFY 2010; five out of 45 claims (11.1%) for SFY 2011; and four of 45 claims for SFY 2012 did not have proper documentation to support the payments.

**Status:** Not corrected, see current year audit finding #2013-028. OKDRS will address each claim with the VR Specialist who initiated the authorization services. Current practices that were put in place as a result of statewide training regarding electronic case management was conducted in Sept. – Oct. 2013 and should be sufficient to correct these case documentation issues. While the training was conducted during the fall of 2013, OKDRS will continue to monitor for compliance.

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

**CFDA No:** 84.126 and 84.390

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

**Control Category:** Reporting

**Finding Summary:** While performing testwork on the Annual Vocational Rehabilitation Program/Cost Report (RSA-2) and the SF-425 we noted:

- For FFY 2009 the RSA-2 expenditures was overstated by \$292,004.03
- For FFY 2010 the RSA-2, Schedule II, expenditures are \$308,780.90 less than the amount recorded in the AWARE system and that program income totaling \$1,589,490.37 was not included on the report.
- For FFY 2011 the RSA-2 and SF-425 did not include \$850,387.58 in September 2011 cash basis expenditures. In addition, \$4,166,690.86 in adjustments on the FFY 2011 RSA-2 report's Schedule II were not supported by reliable documentation.

**Status:** Not corrected, see current year audit finding #2013-056. DRS concurs with the finding and the reports will be amended. The federal report workpapers have now been linked to the automated feeds for the Agency reports. Staff are fully trained and it is expected that less time spent building the documents will allow for better review.

**Finding No:** 11-805-006

**CFDA No:** 84.126

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

**Control Category:** Reporting

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

**Status:** No longer valid – These reports are no longer available for revision.

**Finding No:** 12-805-005

**CFDA No:** 84.126

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

**Control Category:** Eligibility

**Finding Summary:** We noted 18 out of 40 cases (45%) where the eligibility form and IPE's (Individualized Plan for Employment) were either missing, were not signed by the counselor to denote their review and approval, or were signed after we inquired about the lack of an approving signature.

**Status:** Not corrected, see current year audit finding #2013-027. OKDRS will review the cases to address the missing documentation for the approvals. Current practices that were put in place as a result of statewide training regarding electronic case management was conducted in Sept. – Oct. 2013 and should be sufficient to correct these case documentation issues. While the training was conducted during the fall of 2013, OKDRS will continue to monitor for compliance.

## Department Of Transportation

**Finding No:** 10-345-005, 11-345-008, 12-345-012

**CFDA No:** 20.509

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

## Summary Schedule of Prior Findings

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**Control Category:** Subrecipient Monitoring; Special Tests and Provisions for Awards with ARRA Funding – Subrecipient Monitoring (regular and ARRA federal funds)

**Finding Summary:** Based on subrecipient monitoring testwork performed, we noted the following:

- For 19 (100 percent) of the 19 subrecipients tested, the Department did not include the CFDA title, CFDA number, award number, or award year in the FFY '10 and FFY '11 contracts for non-ARRA Federal funds.
- For 19 (100 percent) of the 19 subrecipients tested, the Department did not include the award number in the FFY '12 contract for non-ARRA Federal funds.
- Also, for 19 (100 percent) of the 19 subrecipients tested, the Department did not include the CFDA title, CFDA number, or award year in the contract for ARRA Federal funds.
- The Department did not communicate to each subrecipient the requirement to include on its Schedule of Expenditures of Federal Awards (SEFA) information to specifically and separately identify Recovery Act funding.

**Status:** Corrected.

**Finding No:** 10-345-010, 11-345-014, 12-345-009

**CFDA No:** 20.205; 20.509; 20.932

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

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

**Finding Summary:** The Department reported Federal revenues and expenditures for multiple Catalog of Federal Domestic Assistance (CFDA) numbers under CFDA #20.205 and #20.509 on the Department's Schedule of Expenditures of Federal Awards (SEFA). A portion of Federal revenues and expenditures for CFDA # 20.509 should have been separately reported for CFDA #20.521 and #20.507, and a portion of Federal revenues and expenditures for CFDA #20.205 should have been show separately reported for CFDA #20.932 and CFDA #20.933.

**Status:** Corrected.

**Finding No:** 10-345-013, 11-345-012, 12-345-009

**CFDA No:** 20.205; 20.509

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

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

**Finding Summary:** ARRA revenue and expenditure amounts for CFDA #20.205 reported on the Schedule of Expenditures of Federal Awards (SEFA) were \$167,328 less in SFY '10 and \$2,937,317 more in SFY '11 than the Federal Highway Administration (FHWA) confirmation for Federal revenue. Regular program (non-ARRA) revenue and expenditure amounts for CFDA #20.205 reported on the SEFA were \$167,639.36 more in SFY '10 and \$2,937,317 more in SFY '11 than the FHWA confirmation. In addition, based on the confirmation for SFY '12, the Department reported \$1,058,853 of Federal funds for CFDA #20.509 that should have been reported under other CFDA numbers. The variance was a result of an input error on the weekly billing spreadsheet.

**Status:** Corrected.

**Finding No:** 10-345-016, 11-345-005, 12-345-002

**CFDA No:** 20.205; 20.509

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

**Control Category:** Reporting: Section 1512 American Recovery and Reinvestment Act Report and SF-425 – Federal Financial Report (ARRA Federal funds)

**Finding Summary:** The Department does not have adequate controls in place to ensure the following reports present accurate and reliable information: the 1512 ARRA report for CFDA #20.205, #20.509, and #20.932. In addition, the person preparing the SF-425 – Federal Financial report for CFDA #20.509 is also the same person that reconciles the report.

**Status:** Corrected.

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

**CFDA No:** 20.509

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

## Summary Schedule of Prior Findings

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**Control Category:** Activities Allowed or Unallowed and Allowable Costs/Cost Principles, Matching, Subrecipient Monitoring (regular Federal funds)

**Finding Summary:** For 10 of 19 subrecipients tested in SFY '10 and 5 of 19 subrecipients tested in SFY '11, the Department had not conducted Project Assessment/Project Management Reviews at least once in the five years preceding the conclusion of the state fiscal year. In SFY '12 of the nine exceptions, the subrecipient's Project Assessment or Project management Review indicated the Department reviewed between zero and six invoices over a five year period, totaling less than \$105,000 for each subrecipient. Also, when reviewing the Project Assessment or Project Management Reviews conducted, we noted that for 5 of the 13 reviews for SFY '10 and 2 of the 14 reviews for SFY '11 the Department did not follow up to ensure corrective action on deficiencies noted. In addition, for all 13 reviews in SFY '10, all 14 reviews in SFY '11, and 9 of 19 reviews in SFY '12, the Department failed to review adequate documentation to ensure subrecipients have met the audit requirements in 2 CFR § 215.26.

**Status:** Partially corrected, see current year finding #2013-014. The Department previously concurred with this finding and corrective action has been taken and/or being developed as follows: 1) TPD is currently conducting random sampling of supporting documentation of all claims submitted for reimbursement. 2) A review and assessment of TPD's State Management Plan will be conducted and updated to provide adequate guidance to subrecipients and TPD Project Managers regarding federal program monitoring requirements. An internal schedule for a long range field monitoring assessment will be developed and followed by TPD.

**Auditor Response:** The changes addressed in the corrective action planned were not implemented during our audit period.

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

**CFDA No:** 20.509

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

**Control Category:** Reporting: SF-425 – Federal Financial Report (regular Federal funds)

**Finding Summary:** For all 3 Federal Financial SF-425 Reports in SFY '10, 4 of 5 SF-425 reports in SFY '11, and the FFY 2011 SF-425 for grant number OK-18-X057-00 submitted during SFY 2012, the Department did not ensure reported amounts were properly calculated and supported. The Department reported the current period recipient share of expenditures, cumulative recipient share of expenditures, and cumulative recipient share of unliquidated obligations using calculated amounts by applying the required matching percentages to amounts previously reimbursed by the Federal Transit Administration rather the actual amounts expended by the subrecipients.

**Status:** Not corrected, see current year finding #2013-009. The Department previously concurred with this finding and corrective action has been taken. TPD has assigned a Project Manager who has oversight over SF-425 and other FTA reporting to ensure that due dates are met, and that the Comptroller Division review and concurrence with the reports prior to submittal.

**Auditor Response:** The changes addressed in the corrective action planned were not implemented during our audit period.

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

**CFDA No:** 20.509

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

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

**Finding Summary:** The Department was unable to provide documentation to support the amounts reported for the Federal fiscal year (FFY) 2009 and FFY 2011 National Transit Database (NTD) Report; therefore, we were unable to test the accuracy of the NTD Report. In addition, for the FFY (Federal Fiscal Year) 2010 NTD Report submitted, the Department was unable to provide adequate supporting documentation for the cumulative key line items (line 5 – Total Annual Expenses, line 8 – Local Funds, and line 20 – Total Trips). Lastly, the 2010 NTD report was prepared on a Federal fiscal year instead of a state fiscal year and the Department stated the report was due January 31, 2011; when according to the 2010 Rural Reporting Manual it was due by November 30, 2010.

**Status:** Not corrected, see current year finding #2013-010. The Department previously concurred with this finding and corrective action has been taken as follows: 1) Random sampling of supporting documents are reviewed by TPD for all claims submitted for reimbursement. 2) An internal review process is in place to ensure that fund balances reconcile with TPD, Sub Recipients, FTA and the Department's Comptroller Division records. 3) Sub-recipient's data is reviewed and compared with that of TPD's MYLEO.net data base for accuracy.

**Auditor Response:** The changes addressed in the corrective action planned were not implemented during our audit period. We would like to reiterate that the Department's internal review process should include ensuring that reconciled records agree to the NTD report.

## Summary Schedule of Prior Findings

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**Finding No:** 10-345-026, 11-345-010, 12-345-007

**CFDA No:** 20.205

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

**Control Category:** Special Tests and Provisions – Project Approvals (regular Federal funds)

**Finding Summary:** For seven (12 percent) of 60 procurements tested in SFY '10 and SFY '12, and three (5 percent) of 60 procurements tested in SFY '11, we noted that the Department advertised the projects prior to United States Department of Transportation (USDOT) approval.

**Status:** Corrected.

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

**CFDA No:** 20.205; 20.509

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

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

**Finding Summary:** Current formal risk assessments of the Department's State and Federal program objectives and related internal controls have not been adequately performed by the Transportation Commission, the Department's management, or the Department's Operations Review and Evaluation (OR&E) Division. Instead, changes to internal controls appear to be based on control deficiencies noted in audit findings by the State Auditor and Inspector's office.

**Status:** Not corrected, see current year finding # 2013-001. OR&E has recently added two additional staff in the division. This will allow for risk assessments to be planned and conducted in a more timely manner. The state and federal program areas are planned for assessment starting in FY 2014. The Finance and Administration Office is implementing a formal and documented follow-up process for corrective action items on all Department audit findings. A follow-up review will take place six months after the initial finding and every two months thereafter for unresolved items, to ensure that corrective actions have taken place. Internal control reviews will also be conducted and documented by the Office to strengthen internal controls on a proactive basis.

**Finding No:** 12-345-008

**CFDA No:** 20.205

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

**Control Category:** Procurement and Suspension and Debarment (regular Federal funds)

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

**Status:** Corrected.

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



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

## Schedule of Federal Programs by State Agency

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### ***Attorney General***

16.582	Crime Victim Assistance/Discretionary Grants
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
16.740	Statewide Automated Victim Information Notification (SAVIN) Program
93.671	Family Violence Prevention and Services/Battered Women's Shelters - Grants to States and Indian Tribes
93.775	State Medicaid Fraud Control Units

### ***Agriculture, Department of***

10.025	Plant and Animal Disease, Pest Control, and Animal Care
10.162	Inspection Grading and Standardization
10.163	Market Protection and Promotion
10.170	Specialty Crop Block Grant Program - Farm Bill
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.652	Forestry Research
10.664	Cooperative Forestry Assistance
10.676	Forest Legacy Program
10.912	Environmental Quality Incentives Program
10.921	Conservation Security Program
15.035	Forestry on Indian Lands
15.524	Recreation Resources Management
66.700	Consolidated Pesticide Enforcement Cooperative Agreements
66.708	Pollution Prevention Grants Program
93.103	Food and Drug Administration - Research

### ***Career and Technology Education, Department of***

12.002	Procurement Technical Assistance for Business Firms
84.048	Career and Technical Education - Basic Grants to States
84.243	Tech Prep Education

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

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

## Schedule of Federal Programs by State Agency

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81.127	ARRA - Energy Efficient Appliance Rebate Program (EEARP)
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)
93.569	Community Services Block Grant
93.600	Head Start
93.710	ARRA - Community Services Block Grant
--	State Small Business Credit Initiative

### ***Conservation Commission***

10.902	Soil and Water Conservation
10.916	ARRA - Watershed Rehabilitation Program
15.252	Abandoned Mine Land Reclamation (AMLR) Program
15.631	Partners for Fish and Wildlife

### ***Corporation Commission***

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

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

16.606	State Criminal Alien Assistance Program
16.750	Support for Adam Walsh Act Implementation Grant Program
16.812	Second Chance Act Prisoner Reentry Initiative
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals

### ***District Attorneys Council***

16.017	Sexual Assault Services Formula Program
16.554	ARRA - National Criminal History Improvement Program (NCHIP)
16.575	Crime Victim Assistance
16.576	Crime Victim Compensation
16.582	Crime Victim Assistance/Discretionary Grants
16.588	ARRA - Violence Against Women Formula Grants
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
16.593	Residential Substance Abuse Treatment for State Prisoners
16.609	Project Safe Neighborhoods
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program
16.801	ARRA - State Victim Assistance Formula Grant Program
16.803	ARRA - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories
16.816	John R. Justice Prosecutors and Defenders Incentive Act

### ***Education, Department of***

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.560	State Administrative Expenses for Child Nutrition

## Schedule of Federal Programs by State Agency

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10.582	Fresh Fruit and Vegetable Program
84.002	Adult Education - Basic Grants to States
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education - State Grant Program
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth
84.027	Special Education-Grants to States
84.144	Migrant Education - Coordination Program
84.173	Special Education - Preschool Grants
84.181	Special Education-Grants for Infants and Families
84.186	Safe and Drug-Free Schools and Communities-State Grants
84.196	Education for Homeless Children and Youth
84.213	Even Start-State Educational Agencies
84.287	Twenty-First Century Community Learning Centers
84.318	Education Technology State Grants
84.323	Special Education - State Personnel Development
84.358	Rural Education
84.365	English Language Acquisition State Grants
84.366	Mathematics and Science Partnerships
84.367	Improving Teacher Quality State Grants
84.369	Grants for State Assessments and Related Activities
84.371	Striving Readers
84.372	Statewide Data Systems
84.377	School Improvement Grants
84.388	ARRA - School Improvement Grants, Recovery Act
84.389	ARRA - Title I Grants to Local Educational Agencies, Recovery Act
84.391	ARRA - Special Education - Grants to States, Recovery Act
84.392	ARRA - Special Education - Preschool Grants, Recovery Act
93.938	Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems
94.005	Learn and Serve America - Higher Education
94.013	Volunteers in Service to America
--	Troops to Teachers

### ***Election Board, State***

39.011	Election Reform Payments
90.401	Help America Vote Act Requirements Payments
93.617	Voting Access for Individuals with Disabilities - Grants to States

### ***Emergency Management, Department of***

20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants
97.027	Emergency Management Institute (EMI) - Independent Study Program
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant
97.042	Emergency Management Performance Grants
97.046	Fire Management Assistance Grant
97.047	Pre-Disaster Mitigation
97.082	Earthquake Consortium
97.092	Repetitive Flood Claims

### ***Employment Security Commission***

17.002	Labor Force Statistics
17.207	Employment Service/Wagner-Peyser Funded Activities
17.225	Unemployment Insurance

## Schedule of Federal Programs by State Agency

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17.225	ARRA-Unemployment Insurance
17.235	Senior Community Service Employment Program
17.245	Trade Adjustment Assistance
17.271	Work Opportunity Tax Credit Program (WOTC)
17.273	Temporary Labor Certification for Foreign Workers
17.280	Workforce Investment Act (WIA) Dislocated Worker National Reserve Demonstration Grants
17.801	Disabled Veterans' Outreach Program (DVOP)
17.804	Local Veterans' Employment Representative Program

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

12.113	Cost Reimbursement Contract - State Memorandum of Agreement Program for the Reimbursement of Technical Services
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
66.040	State Clean Diesel Grant Program
66.468	Capitalization Grants for Drinking Water State Revolving Fund
66.605	Performance Partnership Grants
66.608	Environmental Information Exchange Network Grant Program and Related Assistance
66.708	Pollution Prevention Grants Program
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
66.817	State and Tribal Response Program Grants
66.818	ARRA - Brownfields Assessment and Cleanup Cooperative Agreements
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

### ***Governor, Office of***

84.410	ARRA-Education Jobs Fund
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### ***Health, Department of***

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.578	WIC Grants to States (WGS)
93.069	Public Health Emergency Preparedness
93.070	Environmental Public Health and Emergency Response
93.089	Emergency System for Advance Registration of Volunteer Health Professionals
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program
93.110	Maternal and Child Health Federal Consolidated Programs
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices
93.136	Injury Prevention and Control Research and State and Community Based Programs
93.217	Family Planning - Services
93.235	Affordable Care Act (ACA) Abstinence Education Program
93.251	Universal Newborn Hearing Screening
93.268	Immunization Cooperative Agreements
93.270	Adult Viral Hepatitis Prevention and Control
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.296	State Partnership Grant Program to Improve Minority Health
93.414	ARRA - State Primary Care Offices
93.505	Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program
93.506	ACA Nationwide Program for National and State Background Checks for Direct Patient Access Employees of Long Term Care Facilities and Providers
93.507	PPHF 2012 National Public Health Improvement Initiative
93.520	Centers for Disease Control and Prevention –Affordable Care Act (ACA) – Communities Putting Prevention to Work

## Schedule of Federal Programs by State Agency

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93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF
93.539	PPHF 2012 - Prevention and Public Health Fund (Affordable Care Act) - Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by 2012 Prevention and Public Health Funds
93.541	The Patient Protection and Affordable Care Act of 2010 (ACA)
93.544	The Patient Protection and Affordable Care Act of 2010 (Affordable Care Act) authorizes Coordinated Chronic Disease Prevention and Health Promotion Program
93.590	Community-Based Child Abuse Prevention Grants
93.712	ARRA - Immunization
93.717	ARRA - Preventing Healthcare-Associated Infections
93.723	ARRA - Prevention and Wellness-State, Territories and Pacific Islands
93.724	ARRA - Prevention and Wellness – Communities Putting Prevention to Work Funding Opportunities Announcement (FOA)
93.725	ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program
93.773	Medicare-Hospital Insurance
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
93.946	Cooperative Agreements to Support State - Based Safe Motherhood and Infant Health Initiative Programs
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants
93.991	Preventive Health and Health Services Block Grant
93.994	Maternal and Child Health Services Block Grant to the States
--	Other Federal Assistance - X-Ray Inspections

### ***Historical Society***

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

### ***Human Services, Department of***

10.551	Supplemental Nutrition Assistance Program
10.555	National School Lunch Program
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.560	State Administrative Expenses for Child Nutrition
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.565	Commodity Supplemental Food Program
10.568	Emergency Food Assistance Program (Administrative Costs)
10.569	Emergency Food Assistance Program (Food Commodities)
10.576	Senior Farmers Market Nutrition Program
10.580	Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals

## Schedule of Federal Programs by State Agency

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93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services
93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects
93.052	National Family Caregiver Support, Title III, Part E
93.053	Nutrition Services Incentive Program
93.072	Lifespan Respite Care Program
93.075	Systems Interoperability - Health and Human Services
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants
93.517	Affordable Care Act – Aging and Disability Resource Center
93.518	Affordable Care Act - Medicare Improvements for Patients and Providers
93.550	Transitional Living for Homeless Youth
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.564	Child Support Enforcement Research
93.566	Refugee and Entrant Assistance - State Administered Programs
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.597	Grants to States for Access and Visitation Programs
93.599	Chafee Education and Training Vouchers Program (ETV)
93.603	Adoption Incentive Payments
93.605	Family Connection Grants
93.630	Developmental Disabilities Basic Support and Advocacy Grants
93.643	Children's Justice Grants to States
93.645	Stephanie Tubbs Jones Child Welfare Services Program
93.652	Adoption Opportunities
93.658	Foster Care-Title IV-E
93.658	ARRA - Foster Care-Title IV-E
93.659	Adoption Assistance
93.659	ARRA - Adoption Assistance
93.667	Social Services Block Grant
93.669	Child Abuse and Neglect State Grants
93.674	Chafee Foster Care Independence Program
93.725	ARRA - Communities Putting Prevention to Work: Chronic Disease Self-Management Program
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by 2012 Prevention and Public Health Funds (PPHF-2012)
94.011	Foster Grandparent Program

### ***Indigent Defense System***

16.748	Convicted Offender and/or Arrestee DNA Backlog Reduction Program
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### ***Insurance, Department of***

93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects
93.519	Affordable Care Act (ACA) - Consumer Assistance Program Grants
93.779	Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations

### ***Labor, Department of***

17.005	Compensation and Working Conditions
17.504	Consultation Agreements
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements

## Schedule of Federal Programs by State Agency

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### ***Libraries, Department of***

11.557	ARRA-Broadband Technology Opportunities Program (BTOP)
45.310	Grants to States
45.312	National Leadership Grants
45.313	Laura Bush 21st Century Librarian Program
89.003	National Historical Publications and Records Grants

### ***Mental Health and Substance Abuse, Department of***

14.238	Shelter Plus Care
16.585	Drug Court Discretionary Grant Program
16.727	Enforcing Underage Drinking Laws Program
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.745	Criminal and Juvenile Justice and Mental Health Collaboration Program
93.087	Enhance Safety of Children Affected by Substance Abuse
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)
93.150	Projects for Assistance in Transition from Homelessness (PATH)
93.243	Substance Abuse and Mental Health Services - Projects of Regional and National Significance
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse
--	Cost Reimbursement Contract - State Outcome Measurement & Management System

### ***Military Department***

12.401	Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects
12.404	Cost Reimbursement Contract - National Guard ChalleNGe Program

### ***Mines, Department of***

15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining
17.600	Mine Health and Safety Grants

### ***Narcotics/Dangerous Drugs Control***

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

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

11.558	ARRA - State Broadband Data and Development Grant Program
11.557	ARRA - Broadband Technology Opportunities Program (BTOP)
39.003	Donation of Federal Surplus Personal Property

### ***Office of Disability Concerns***

84.161	Rehabilitation Services-Client Assistance Program
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### ***Office of Juvenile Affairs***

16.523	Juvenile Accountability Block Grants
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States
16.548	Title V - Delinquency Prevention Program
16.812	Second Chance Act Prisoner Reentry Initiative

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

20.106	Airport Improvement Program
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## Schedule of Federal Programs by State Agency

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

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

### ***Oklahoma Space Industry Development Authority***

20.106	Airport Improvement Program
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### ***Public Safety, Department of***

11.555	Public Safety Interoperable Communications Grant Program
16.710	Public Safety Partnership and Community Policing Grants
16.752	Economic High-Tech and Cyber Crime Prevention
20.218	National Motor Carrier Safety
20.232	Commercial Driver's License Program Improvement Grant
20.234	Safety Data Improvement Program
20.600	State and Community Highway Safety
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I
20.609	Safety Belt Performance Grants
20.610	State Traffic Safety Information System Improvement Grants
20.612	Incentive Grant to Increase Motorcyclist Safety
20.615	E911 Grant Program
97.008	Non-Profit Security Program
97.012	Boating Safety Financial Assistance
97.052	Emergency Operations Center
97.053	Citizens-Community Resilience Innovation Challenge
97.055	Interoperable Emergency Communications
97.056	Port Security Grant Program
97.071	Metropolitan Medical Response System
97.073	State Homeland Security Program (SHSP)
97.078	Buffer Zone Protection Program (BZPP)

### ***Rehabilitation Services, Department of***

84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.169	Independent Living - State Grants
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training
84.390	ARRA - Rehabilitation Services - Vocational Rehabilitation Grants to States, Recovery Act
84.398	ARRA - Independent Living States Grants, Recovery Act
84.399	ARRA - Independent Living Services for Older Individuals Who are Blind, Recovery Act
96.001	Social Security - Disability Insurance
96.007	Social Security - Research and Demonstration

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

45.025	Promotion of the Arts-Partnership Agreements
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## Schedule of Federal Programs by State Agency

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

15.427 Federal Oil and Gas Royalty Management State and Tribal Coordination

### ***State Bureau of Investigation***

16.543 Missing Children's Assistance  
16.550 State Justice Statistics Program for Statistical Analysis Centers  
16.560 National Institute of Justice Research, Evaluation, and Development Project Grants  
16.741 DNA Backlog Reduction Program  
16.748 Convicted Offender and/or Arrestee DNA Backlog Reduction Program  
16.800 ARRA - Internet Crimes against Children Task Force Program (ICAC)

### ***Supreme Court***

93.586 State Court Improvement Program

### ***Tourism & Recreation, Department of***

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

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

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

### ***Veterans Affairs, Department of***

64.005 Grants to States for Construction of State Home Facilities  
64.015 Veterans State Nursing Home Care  
64.124 All-Volunteer Force Educational Assistance

### ***Water Resources Board***

15.507 WaterSMART (Sustaining and Manage America's Resources for Tomorrow)  
15.808 U.S. Geological Survey Research and Data Collection  
66.202 Congressionally Mandated Projects  
66.419 Water Pollution Control State, Interstate, and Tribal Program Support  
66.440 Urban Waters Small Grants  
66.454 Water Quality Management Planning  
66.458 Capitalization Grants for Clean Water State Revolving Funds  
66.458 ARRA - Capitalization Grants for Clean Water State Revolving Funds  
66.460 Nonpoint Source Implementation Grants  
66.461 Regional Wetland Program Development Grants  
97.041 National Dam Safety Program

### ***Wildlife Conservation, Department of***

10.025 Plant and Animal Disease, Pest Control, and Animal Care  
10.902 Soil and Water Conservation  
10.912 Environmental Quality Incentives Program  
10.914 Wildlife Habitat Incentive Program

## Schedule of Federal Programs by State Agency

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15.605	Sport Fish Restoration Program
15.611	Wildlife Restoration and Basic Hunter Education
15.615	Cooperative Endangered Species Conservation Fund
15.626	Enhanced Hunter Education and Safety Program
15.631	Partners for Fish and Wildlife
15.633	Landowner Incentive Program
15.634	State Wildlife Grants
15.650	Research Grants (Generic)
15.669	Cooperative Landscape Conservation
81.122	ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis
--	McGee Creek Project

## **Selected Activities for Internal Service Type Funds**

## **Selected Activities for Internal Service Type Funds**

## Selected Activities for Internal Service Type Funds

### UNAUDITED

#### Selected Activities for Internal Service Type Funds For the Year Ended June 30, 2013

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
Total Revenues	\$ 80,482,831	\$ 124,025,962	\$ 22,860,910	\$ 64,422,496	\$ 291,792,199
Total Expenditures	82,224,526	280,575,183	25,338,235	56,146,085	444,284,029
Revenues Over (Under) Expenditures	(1,741,695)	(156,549,221)	(2,477,325)	8,276,411	(152,491,830)
Other Financing Sources (Uses)					
Operating Transfers In	1,000,000	1,761,409	-	75,590,815	78,352,224
Operating Transfers Out	-	(8,869)	-	(5,516,106)	(5,524,975)
Bond Proceeds	-	22,795,000	-	-	22,795,000
Premium from Bond Issue	-	1,611,956	-	-	1,611,956
Bond Refunding	-	-	-	-	-
Total Other Financing Sources (Uses)	1,000,000	26,159,496	-	70,074,709	97,234,205
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(741,695)	(130,389,725)	(2,477,325)	78,351,120	(55,257,625)
Fund Balances - Beginning of Year	3,974,301	728,115,581	20,997,967	71,852,074	824,939,923
Fund Balances - End of Year	\$ 3,232,606	\$ 597,725,856	\$ 18,520,642	\$ 150,203,194	\$ 769,682,298

## Selected Activities for Internal Service Type Funds

### UNAUDITED

#### Selected Activities for Internal Service Type Funds For the Year Ended June 30, 2013

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
June 30, 2012 Ending Fund Balance	3,974,301	728,115,581	20,997,967	71,852,074	824,939,923
July 1, 2012 Beginning Fund Balance	3,974,301	728,115,581	20,997,967	71,852,074	824,939,923
Cash Basis Data -					
FY 2013 Revenues	\$ 80,482,831	\$ 124,025,962	\$ 22,860,910	\$ 64,422,496	\$ 291,792,199
FY 2013 Expenditures	82,224,526	280,575,183	25,338,235	56,146,085	444,284,029
FY 2012 Revenues	\$ 28,890,324	\$ 111,931,906	\$ 22,206,194	\$ 45,807,262	\$ 208,835,686
FY 2012 Expenditures	28,945,335	260,113,867	19,816,560	50,062,785	358,938,547
FY 2011 Revenues	\$ 10,599,134	\$ 91,008,414	\$ 21,927,122	\$ 52,584,771	\$ 176,119,441
FY 2011 Expenditures	9,626,513	299,665,293	23,119,503	48,718,423	381,129,732
FY 2010 Revenues	\$ 8,944,675	\$ 120,486,454	\$ 26,936,319	\$ 48,321,028	\$ 204,688,476
FY 2010 Expenditures	11,057,255	224,360,747	15,834,002	51,864,887	303,116,891
FY 2009 Revenues	\$ 8,894,799	\$ 108,061,528	\$ 29,480,394	\$ 55,255,882	\$ 201,692,603
FY 2009 Expenditures	11,627,053	212,531,116	30,446,485	48,649,719	303,254,373
FY 2008 Revenues	\$ 7,541,485	\$ 143,248,377	\$ 24,886,304	\$ 51,693,664	\$ 227,369,830
FY 2008 Expenditures	7,473,315	226,944,763	25,059,214	48,623,628	308,100,920
FY 2007 Revenues	\$ 7,110,338	\$ 169,458,810	\$ 26,719,523	\$ 40,221,164	\$ 243,509,835
FY 2007 Expenditures	7,623,130	223,020,868	26,436,002	18,162,879	275,242,879
FY 2006 Revenues	\$ 6,914,726	\$ 149,239,048	\$ 19,178,018	\$ 40,108,467	\$ 215,440,259
FY 2006 Expenditures	6,200,696	149,008,027	22,251,178	34,872,080	212,331,981

## Selected Activities for Internal Service Type Funds

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### UNAUDITED

#### Selected Activities for Internal Service Type Funds For the Year Ended June 30, 2013

#### TREND ANALYSIS

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management
Comparison of FY 2013 Revenue to Prior Years				
FY12	278.58%	110.80%	102.95%	140.64%
FY11	759.33%	136.28%	104.26%	122.51%
FY10	899.78%	102.94%	84.87%	133.32%
FY09	904.83%	114.77%	77.55%	116.59%
FY08	1067.20%	86.58%	91.86%	124.62%
Comparison of FY 2013 Expenditures to Prior Years				
FY12	284.07%	107.87%	127.86%	112.15%
FY11	854.15%	93.63%	109.60%	115.25%
FY10	743.63%	125.06%	160.02%	108.25%
FY09	707.18%	132.02%	83.22%	115.41%
FY08	1100.24%	123.63%	101.11%	115.47%
Revenues expressed as a percent of expenditures				
FY 13	97.88%	44.20%	90.22%	114.74%
FY12	99.81%	43.03%	112.06%	91.50%
FY11	110.10%	30.37%	94.84%	107.94%
FY10	80.89%	53.70%	170.12%	93.17%
FY09	76.50%	50.85%	96.83%	113.58%
FY08	100.91%	63.12%	99.31%	106.31%
FY07	93.27%	75.98%	101.07%	221.45%
FY06	111.52%	100.16%	86.19%	115.02%



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

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