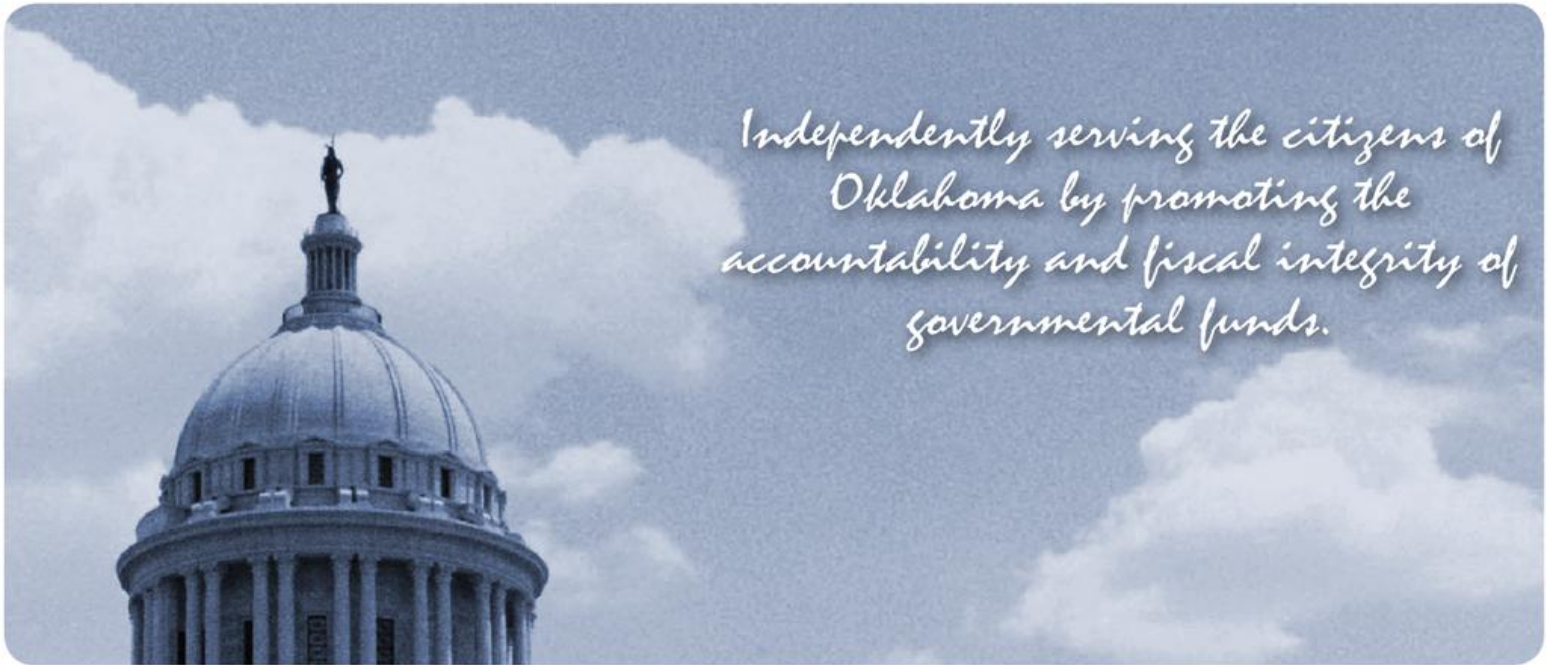


SINGLE AUDIT REPORT

STATE OF OKLAHOMA 2015

For the fiscal year ended June 30, 2015



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

OKLAHOMA 2015

Single Audit Report For The Fiscal Year Ended June 30, 2015

Prepared by
Office of the State Auditor and Inspector

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

This publication, issued by the Oklahoma State Auditor and Inspector's Office as authorized by 74 O.S. §212(B), has not been printed, but is available on the agency's website (www.sai.ok.gov) and in the Oklahoma Department of Libraries Publications Clearinghouse Digital Prairie Collection (<http://digitalprairie.ok.gov/cdm/search/collection/audits/>) pursuant to 65 O.S. §3-114.



Oklahoma State Auditor & Inspector

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

March 31, 2016

**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, 2015. 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

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

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



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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 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, 2015. 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, the Water Resources Board, or the Department of Environmental Quality, all of which were audited in accordance with the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. All of the federal programs for the above referenced agencies represent 1.5% 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, 2015. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with OMB Circular A-133.

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Disability Insurance/SSI Cluster and Disaster Grants - Public Assistance

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

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-032; 2015-043	96.001/96.006	Disability Insurance/SSI Cluster	Special Tests
2015-012; 2015-024; 2015-037; 2015-039; 2015-040	97.036	Disaster Grants - Public Assistance	Subrecipient Monitoring
2015-012; 2015-040	97.036	Disaster Grants - Public Assistance	Special Tests

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

Qualified Opinion on Disability Insurance/SSI Cluster and Disaster Grants - Public Assistance

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the State of Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Disability Insurance/SSI Cluster and Disaster Grants - Public Assistance for the year ended June 30, 2015.

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, 2015.

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:

2015-004	2015-005	2015-006	2015-009	2015-010
2015-013	2015-014	2015-015	2015-016	2015-017
2015-018	2015-019	2015-020	2015-021	2015-026
2015-028	2015-029	2015-030	2015-031	2015-033
2015-034	2015-035	2015-036	2015-038	2015-040
2015-041	2015-042			

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.

2015-010	2015-012	2015-020	2015-028	2015-032
2015-040	2015-043			

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.

2015-004	2015-005	2015-006	2015-007	2015-008
2015-009	2015-013	2015-014	2015-015	2015-016
2015-017	2015-018	2015-019	2015-021	2015-024
2015-026	2015-029	2015-030	2015-031	2015-033
2015-034	2015-037	2015-038	2015-039	2015-041
2015-042				

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, 2015, 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 23, 2015, which contained unmodified opinions on those financial statements. Our report also included emphasis paragraphs on the net deficit of the Multiple Injury Trust Fund and the adopted provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*; GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*; and GASB Statement No. 71, *Government Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment to GASB Statement 68* effective July 1, 2014. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



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

March 31, 2016 except for our report on the Schedule of Expenditures
of Federal Awards, for which the date is December 23, 2015

**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		\$ 1,094,753
Conservation Reserve Program	10.069	Department of Agriculture		685
Inspection Grading and Standardization	10.162	Department of Agriculture		437,402
Market Protection and Promotion	10.163	Department of Agriculture		76,967
Specialty Crop Block Grant Program - Farm Bill	10.170	Department of Agriculture		315,000
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475	Department of Agriculture		1,263,983
Supplemental Nutrition Assistance Program	10.551	Department of Human Services	855,926,066	✖
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Department of Human Services	42,793,245	✖
School Breakfast Program	10.553	Department of Education	56,295,910	✖
National School Lunch Program	10.555	Department of Education	157,425,691	✖
	✖ 10.555	Department of Human Services	13,192,424	✖
Special Milk Program for Children	10.556	Department of Education	(17,221)	✖
Summer Food Service Program for Children	10.559	Department of Education	5,319,563	✖
	⌘ 10.559	Department of Human Services	31,776	✖
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	State Department of Health		85,372,456
Child and Adult Care Food Program	10.558	Department of Education	56,764,238	
	⌘ 10.558	Department of Human Services	166,102	
State Administrative Expenses for Child Nutrition	10.560	Department of Education	4,347,751	
	10.560	Department of Human Services	563,284	4,911,035
Commodity Supplemental Food Program	✖ 10.565	Department of Human Services	847,096	✖
Emergency Food Assistance Program (Administrative Costs)	10.568	Department of Human Services	545,705	✖
Emergency Food Assistance Program (Food Commodities)	⌘ 10.569	Department of Human Services	4,750,645	✖
Senior Farmers Market Nutrition Program	10.576	Department of Human Services		58,202
WIC Grants to States (WGS)	10.578	State Department of Health		312,201
Child Nutrition Discretionary Grants Limited Availability	10.579	Department of Education		516,442
Fresh Fruit and Vegetable Program	10.582	Department of Education		2,550,301
Forestry Research	10.652	Department of Agriculture		398,853
Cooperative Forestry Assistance	10.664	Department of Agriculture		1,913,444
Forest Legacy Program	10.676	Department of Agriculture		2,534
Soil and Water Conservation	10.902	Conservation Commission	3,619,914	
	10.902	Department of Wildlife Conservation	28,000	3,647,914
Environmental Quality Incentives Program	10.912	Department of Agriculture	54,960	
	10.912	Department of Wildlife Conservation	8,810	63,770
Subtotal				1,296,977,182
U.S. Department of Commerce				
Direct Programs:				
Economic Adjustment Assistance	11.307	Department of Commerce		67,628
State and Local Implementation Grant Program	11.549	Office of Management and Enterprise Services		30,910
Subtotal				98,538
U.S. Department of Defense				
Direct Programs:				
Procurement Technical Assistance For Business Firms	12.002	Department of Career & Technology Education		678,299
Cost Reimbursement Contract - State Memorandum of Agreement				
Program for the Reimbursement of Technical Services	12.113	Department of Environmental Quality		100,031
Cost Reimbursement Contract - Military Construction, National Guard	12.400	Oklahoma Military Department		6,853,661
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401	Oklahoma Military Department		29,871,306
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404	Oklahoma Military Department		4,344,138
Other Federal Assistance - Troops to Teachers	12.UNK	Department of Education		100,821
Subtotal			\$	41,948,256
U.S. Drug Enforcement Administration				
Direct Programs:				
Other Federal Assistance - Marijuana Eradication				
Suppression Program	99.UNK	Bureau of Narcotics & Dangerous Drugs Control		179,540
Subtotal			\$	179,540
U.S. Department of Housing and Urban Development				
Direct Programs:				
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228	Department of Commerce		21,033,157
Emergency Solutions Grant Program	14.231	Department of Commerce		1,367,999
Shelter Plus Care	14.238	Mental Health and Substance Abuse Services		186,534
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269	Department of Commerce		1,534,199
Subtotal			\$	24,121,889

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		43,748
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250	Department of Mines		1,127,686
Abandoned Mine Land Reclamation (AMLR) Program	15.252	Conservation Commission		1,302,252
Cost Reimbursement Contract - Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427	State Auditor and Inspector		413,029
Fish and Wildlife Management Assistance	15.608	Department of Wildlife Conservation		25,007
Sport Fish Restoration Program	15.605	Department of Wildlife Conservation	6,856,179 ☹	
Wildlife Restoration and Basic Hunter Education	15.611	Department of Wildlife Conservation	12,425,715 ☹	19,281,894 ♣
Cooperative Endangered Species Conservation Fund	15.615	Department of Wildlife Conservation		118,944
Clean Vessels Act Program	15.616	Department of Environmental Quality		33,995
Enhanced Hunter Education and Safety Program	15.626	Department of Wildlife Conservation		142,349
Partners for Fish and Wildlife	15.631	Conservation Commission	175,436	
	15.631	Department of Wildlife Conservation	331,009	506,445
Landowner Incentive Program	15.633	Department of Wildlife Conservation		546,596
State Wildlife Grants	15.634	Department of Wildlife Conservation		637,106
Research Grants (Generic)	15.650	Department of Wildlife Conservation		4,091
Cooperative Landscape Conservation	15.669	Department of Wildlife Conservation		74,186
Historic Preservation Fund Grants-In-Aid	15.904	Historical Society		936,615
Outdoor Recreation - Acquisition, Development and Planning	15.916	Department of Tourism and Recreation		794,601
Cost Reimbursement Contract - McGee Creek Project	15.UNK	Department of Wildlife Conservation		158,301
Subtotal			\$	26,146,845
U.S. Department of Justice				
Direct Programs:				
Sexual Assault Services Formula Program	16.017	District Attorneys Council		301,656
Juvenile Accountability Block Grants	16.523	Office of Juvenile Affairs		418,419
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	Office of Juvenile Affairs		437,495
Missing Children's Assistance	16.543	State Bureau of Investigation		477,253
State Justice Statistics Program for Statistical Analysis Centers	16.550	State Bureau of Investigation		47,147
National Criminal History Improvement Program (NCHIP)	16.554	District Attorneys Council		326,269
Crime Victim Assistance	16.575	District Attorneys Council		5,589,258
Crime Victim Compensation	16.576	District Attorneys Council		2,086,477
Crime Victim Assistance/Discretionary Grants	16.582	District Attorneys Council		137,158
Drug Court Discretionary Grant Program	16.585	Mental Health and Substance Abuse Services		962,448
Violence Against Women Formula Grants	16.588	District Attorneys Council		1,585,828
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589	District Attorneys Council		265,415
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590	District Attorneys Council		140,382
Residential Substance Abuse Treatment for State Prisoners	16.593	District Attorneys Council		167,599
State Criminal Alien Assistance Program	16.606	Department of Corrections		562,135
Public Safety Partnership and Community Policing Grants	16.710	Bureau of Narcotics & Dangerous Drugs Control		16,350
Enforcing Underage Drinking Laws Program	16.727	Mental Health and Substance Abuse Services		68,280
PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities	16.735	Office of Juvenile Affairs		4,728
Edward Byrne Memorial Justice Assistance Grant Program	16.738	District Attorneys Council		3,435,330
DNA Backlog Reduction Program	16.741	State Bureau of Investigation		784,995
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742	District Attorneys Council		262,716
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745	Mental Health and Substance Abuse Services	72,835	
	16.745	Department of Corrections	191,647	264,482
Edward Byrne Memorial Competitive Grant Program	16.751	District Attorneys Council		33,000
Harold Rogers Prescription Drug Monitoring Program	16.754	Bureau of Narcotics & Dangerous Drugs Control		176,643
Second Chance Act Reentry Initiative	16.812	Department of Corrections		624,389
John R. Justice Prosecutors and Defenders Incentive Act	16.816	District Attorneys Council		5,047
Cost Reimbursement Contract: High Intensity Drug Trafficking Area	16.UNK	Bureau of Narcotics & Dangerous Drugs Control		44,293
Subtotal			\$	19,225,192
U.S. Department of Labor				
Direct Programs:				
Labor Force Statistics	17.002	Employment Security Commission		784,931
Compensation and Working Conditions	17.005	Department of Labor		33,297
Employment Service/Wagner-Peyser Funded Activities	17.207	Employment Security Commission	13,195,006 ☹	
Disabled Veterans' Outreach Program (DVOP)	17.801	Employment Security Commission	1,507,213 ☹	
Local Veterans' Employment Representative Program	17.804	Employment Security Commission	787,908 ☹	15,490,127
Unemployment Insurance	17.225	Employment Security Commission	307,143,945	
ARRA-Unemployment Insurance	17.225	Employment Security Commission	38	307,143,983 ♣
Senior Community Service Employment Program	17.235	Employment Security Commission	22,427	
	17.235	Department of Human Services	1,235,321	1,257,748

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
Trade Adjustment Assistance	17.245	Employment Security Commission		1,067,725
WIA/WIOA Adult Program	17.258	Department of Commerce	6,613,934	✖
WIA/WIOA Youth Activities	17.259	Department of Commerce	6,295,982	✖
WIA/WIOA Dislocated Worker Formula Grants	17.278	Department of Commerce	5,980,471	✖ 18,890,387 ◆
WIA/WIOA Pilots, Demonstrations, and Research Projects	17.261	Department of Commerce		60,851
Incentive Grants - WIA Section 503	17.267	Department of Commerce		326,090
H-1B Job Training Grants	17.268	Department of Commerce		1,212,296 ◆
Work Opportunity Tax Credit Program (WOTC)	17.271	Employment Security Commission		380,170
Temporary Labor Certification for Foreign Workers	17.273	Employment Security Commission		71,324
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	Department of Commerce		1,331,106 ◆
WIA/WIOA Dislocated Worker National Reserve Demonstration Grants	17.280	Employment Security Commission		766
Consultation Agreements	17.504	Department of Labor		1,215,006
Mine Health and Safety Grants	17.600	Department of Mines		108,986
Subtotal			\$	349,374,793
U.S. Department of Transportation				
Direct Programs:				
Airport Improvement Program	20.106	Oklahoma Aeronautics Commission		257,135
Highway Research and Development Program	20.200	Department of Transportation		1,151,263
Highway Planning and Construction	20.205	Department of Transportation	622,565,725	✖
Recreational Trails Program	20.219	Department of Tourism and Recreation	865,121	✖ 623,430,846 ✖
Highway Training and Education	20.215	Department of Transportation		301,933
National Motor Carrier Safety	20.218	Department of Public Safety		2,088,609
Commercial Driver's License Program Improvement Grant	20.232	Department of Public Safety		93,008
Cost Reimbursement Contract - Commercial Vehicle Information Systems and Networks	20.237	Corporation Commission		56,186
Federal Transit - Capital Investment Grants	20.500	Department of Transportation		29,753
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	Department of Transportation		2,174,119
Formula Grants for Rural Areas	20.509	Department of Transportation		13,850,429 ✖
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	Department of Human Services	2,286,934	✖
Job Access and Reverse Commute Program	20.516	Department of Transportation	100,331	✖
New Freedom Program	20.521	Department of Transportation	101,307	✖ 2,488,572
State and Community Highway Safety	20.600	Department of Public Safety	3,318,246	✖
Alcohol Impaired Driving Countermeasures Incentive Grants I	20.601	Department of Public Safety	24,842	✖
State Traffic Safety Information System Improvement Grants	20.610	Department of Public Safety	46,087	✖
Incentive Grant Program to Increase Motorcyclist Safety	20.612	Department of Public Safety	117,073	✖ 3,506,248
Minimum Penalties for Repeat Offender for Driving While Intoxicated	20.608	Department of Public Safety		1,142,951
Cost Reimbursement Contract - National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants	20.614	Department of Public Safety		67,044
National Priority Safety Programs	20.616	Department of Public Safety		4,260,632
Cost Reimbursement Contract - Pipeline Safety Program State Base Grant	20.700	Corporation Commission		1,319,668
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703	Department of Emergency Management		310,854
Subtotal			\$	656,529,250
U.S. Department of the Treasury				
Direct Program:				
Other Federal Assistance - State Small Business Credit Initiative	21.UNK	Department of Commerce		2,319,104
			\$	2,319,104
General Services Administration				
Direct Programs:				
Donation of Federal Surplus Personal Property	✖ 39.003	Office of Management and Enterprise Services-DCAM		2,225,863
Subtotal			\$	2,225,863
National Foundation on the Arts and the Humanities				
Direct Programs:				
Promotion of the Arts - Partnership Agreements	45.025	State Arts Council		701,700
Promotion of the Humanities - Division of Preservation and Access	45.149	Historical Society		98,216
Grants to States	45.310	Department of Libraries		2,071,778
National Leadership Grants	45.312	Department of Libraries		60,650
Subtotal			\$	2,932,344
U.S. Department of Veterans Affairs				
Direct Programs:				
Grants to States for Construction of State Home Facilities	64.005	Department of Veterans Affairs		2,066,728
Veterans State Nursing Home Care	64.015	Department of Veterans Affairs		84,733,162 ✖
All-Volunteer Force Educational Assistance	64.124	Department of Veterans Affairs		491,466
Subtotal			\$	87,291,356

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
U.S. Environmental Protection Agency				
Direct Programs:				
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034	Department of Environmental Quality		589,521
Congressionally Mandated Projects	66.202	Water Resources Board		4,768
State Underground Water Source Protection	66.433	Corporation Commission		332,471
Water Quality Management Planning	66.454	Department of Environmental Quality		34,463
Capitalization Grants for Clean Water State Revolving Funds	66.458	Water Resources Board		11,346,289
Nonpoint Source Implementation Grant	66.460	Department of Environmental Quality		2,279,292
Regional Wetland Program Development Grants	66.461	Department of Environmental Quality		398,495
Capitalization Grants for Drinking Water State Revolving Fund	66.468	Department of Environmental Quality		12,012,720
Performance Partnership Grants	66.605	Department of Environmental Quality		4,302,442
Consolidated Pesticide Enforcement Cooperative Agreements	66.700	Department of Agriculture		558,129
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701	Department of Labor		228,065
Pollution Prevention Grants Program	66.708	Department of Environmental Quality		58,046
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802	Department of Environmental Quality		3,116,403
Underground Storage Tank Prevention, Detection and Compliance Program	66.804	Corporation Commission		465,000
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805	Corporation Commission		850,220
State and Tribal Response Program Grants	66.817	Department of Environmental Quality	556,975	
	66.817	Corporation Commission	158,443	715,418
Brownfields Assessment and Cleanup Cooperative Agreements	66.818	Department of Environmental Quality		224,478
Subtotal				\$ 37,516,220
U.S. Department of Energy				
Direct Programs:				
State Energy Program	81.041	Department of Commerce		470,500
Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	2,244,697	
ARRA - Weatherization Assistance for Low-Income Persons	81.042	Department of Commerce	80,202	2,324,899
ARRA - Electricity Delivery and Energy Reliability, Research, Development and Analysis	81.122	Corporation Commission		18,652
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	Department of Commerce		(5,263)
Subtotal				\$ 2,808,788
U.S. Department of Education				
Direct Programs:				
Adult Education - Basic Grants to States	84.002	Department of Education	11,675	
	84.002	Department of Career & Technology Education	3,417,588	3,429,263
Title I Grants to Local Educational Agencies	84.010	Department of Education		152,568,469
Migrant Education - State Grant Program	84.011	Department of Education		1,553,557
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013	Department of Education		276,845
Special Education - Grants to States	84.027	Department of Education	142,098,418	
Special Education - Preschool Grants	84.173	Department of Education	3,819,987	145,918,405
Career and Technical Education - Basic Grants to States	84.048	Department of Career & Technology Education		15,759,609
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Department of Rehabilitation Services		46,460,406
Migrant Education - Coordination Program	84.144	Department of Education		74,043
Rehabilitation Services - Client Assistance Program	84.161	Office of Disability Concerns		139,536
Independent Living - State Grants	84.169	Department of Rehabilitation Services		257,251
Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind	84.177	Department of Rehabilitation Services		384,964
Special Education - Grants for Infants and Families	84.181	Department of Education		5,003,843
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		620,720
Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training	84.265	Department of Rehabilitation Services		69,090
Twenty-First Century Community Learning Centers	84.287	Department of Education		10,797,784
Special Education - State Personnel Development	84.323	Department of Education		947,732
Rural Education	84.358	Department of Education		3,282,866
English Language Acquisition State Grants	84.365	Department of Education		4,692,687
Mathematics and Science Partnerships	84.366	Department of Education		1,478,954
Improving Teacher Quality State Grants	84.367	Department of Education		21,525,712
Grants for State Assessments and Related Activities	84.369	Department of Education		5,762,508
Statewide Longitudinal Data Systems	84.372	Department of Education		1,916,031
School Improvement Grants	84.377	Department of Education	3,322,527	
ARRA - School Improvement Grants, Recovery Act	84.388	Department of Education	2,141,219	5,463,746
Subtotal				\$ 428,684,021

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
National Archives and Records Administration				
Direct Programs:				
National Historical Publications and Records Grants	89.003	Department of Libraries		32,814
Help America Vote Act Requirements Payments	90.401	State Election Board		1,542,021
Subtotal			\$	1,574,835
U.S. Department of Health and Human Services				
Direct Programs:				
Special Programs for the Aging - Title VII, Chapter 3 - Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	Department of Human Services		65,871
Special Programs for the Aging - Title VII, Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	Department of Human Services		185,108
Special Programs for the Aging - Title III, Part D - Disease Prevention and Health Promotion Services	93.043	Department of Human Services		216,472
Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Centers	93.044	Department of Human Services	4,155,212	⊕
Special Programs for the Aging - Title III, Part C - Nutrition Services	93.045	Department of Human Services	7,593,704	⊕
Nutrition Services Incentive Program	93.053	Department of Human Services	2,041,058	⊕ 13,789,974
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	Department of Human Services	361,744	
	93.048	Oklahoma Insurance Department	307,844	669,588
National Family Caregiver Support, Title III, Part E	93.052	Department of Human Services		1,594,036
Public Health Emergency Preparedness	93.069	State Department of Health		(455,542)
Environmental Public Health and Emergency Response	93.070	State Department of Health		46,290
Medicare Enrollment Assistance Program	93.071	Oklahoma Insurance Department	247,929	
	93.071	Department of Human Services	10,495	258,424
Lifespan Respite Care Program	93.072	Department of Human Services		148,484
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	State Department of Health		11,162,053
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079	State Department of Health		64,098
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086	Department of Human Services		729,541
Enhance Safety of Children Affected by Substance Abuse	93.087	Mental Health and Substance Abuse Services		556,145
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	State Department of Health		681,985
Food and Drug Administration - Research	93.103	Department of Agriculture		94,266
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	Mental Health and Substance Abuse Services		802,244
Maternal and Child Health Federal Consolidated Programs	93.110	State Department of Health		259,887
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	State Department of Health		656,057
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130	State Department of Health		164,010
State Health Insurance Assistance Program	93.324	Oklahoma Insurance Department		611,608
Injury Prevention and Control Research and State and Community Based Programs	93.136	State Department of Health		995,426
Projects for Assistance in Transition from Homelessness (PATH)	93.150	Mental Health and Substance Abuse Services		484,310
Demonstration Grants on Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse)	93.169	State Department of Health		(20,964)
Family Planning - Services	93.217	State Department of Health		3,568,470
Affordable Care Act (ACA) Abstinence Education Program	93.235	State Department of Health		555,861
Substance Abuse and Mental Health Services - Projects of Regional and National Significance	93.243	Mental Health and Substance Abuse Services		8,836,548
Universal Newborn Hearing Screening	93.251	State Department of Health		189,999
Occupational Safety and Health Program	93.262	State Department of Health		209,847
Immunization Cooperative Agreements	⊖ 93.268	State Department of Health		57,147,385
Adult Viral Hepatitis Prevention and Control	93.270	State Department of Health		113,830
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	State Department of Health		2,217,548
National Public Health Improvement Initiative	93.292	State Department of Health		138,247
State Partnership Grant Program to Improve Minority Health	93.296	State Department of Health		157,101
National State Based Tobacco Control Programs	93.305	State Department of Health		1,358,097
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	State Department of Health		555,119
Behavioral Risk Factor Surveillance System	93.336	State Department of Health		108,116
Affordable Care Act (ACA) - Maternal, Infant and Early Childhood Home Visiting Program	93.505	State Department of Health		8,165,757
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		1,629,371
Affordable Care Act - Aging and Disability Resource Center	93.517	Department of Human Services		127,278
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		462,258

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds	93.539	State Department of Health		182,722
Transitional Living for Homeless Youth	93.550	Department of Human Services		52,265
Promoting Safe and Stable Families	93.556	Department of Human Services		3,349,893
Temporary Assistance for Needy Families	93.558	Department of Human Services		109,516,318
Child Support Enforcement	93.563	Department of Human Services		41,908,999
Child Support Enforcement Research	93.564	Department of Human Services		89,922
Refugee and Entrant Assistance - State Administered Programs	93.566	Department of Human Services		1,402,890
Low-Income Home Energy Assistance	93.568	Department of Human Services		33,658,743
Community Services Block Grant	93.569	Department of Commerce		7,624,058
Child Care and Development Block Grant	93.575	Department of Human Services	62,737,619	
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Department of Human Services	46,238,001	108,975,620
State Court Improvement Program	93.586	Supreme Court		390,819
Community-Based Child Abuse Prevention Grants	93.590	State Department of Health		665,808
Grants to States for Access and Visitation Programs	93.597	Department of Human Services		73,577
Chafee Education and Training Vouchers Program (ETV)	93.599	Department of Human Services		659,940
Head Start	93.600	Department of Commerce		186,960
The Affordable Care Act – Medicaid Adult Quality Grants	93.609	Health Care Authority		653,040
Strong Start for Mothers and Newborns	93.611	Health Care Authority		210,628
Voting Access for Individuals with Disabilities - Grants for States	93.617	State Election Board		101
ACA - State Innovation Models: Funding for Model Design and Model Testing Assistance	93.624	State Department of Health		302,012
Developmental Disabilities Basic Support and Advocacy Grants	93.630	Department of Human Services		730,502
Children's Justice Grants to States	93.643	Department of Human Services		241,271
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Department of Human Services		1,315,731
Adoption Opportunities	93.652	Department of Human Services		750,440
Foster Care - Title IV-E	93.658	Department of Human Services		58,000,145
Adoption Assistance	93.659	Department of Human Services		51,019,782
Social Services Block Grant	93.667	Department of Human Services		33,610,141
Child Abuse and Neglect State Grants	93.669	Department of Human Services		119,401
Child Abuse and Neglect Discretionary Activities	93.670	Department of Human Services		344,887
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671	Attorney General		1,329,695
Chafee Foster Care Independence Program	93.674	Department of Human Services		2,518,264
Advance Interoperable Health Information Technology Services to Support Health Information Exchange	93.719	Health Care Authority		67,218
Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)	93.734	Department of Human Services		143,225
State Public Health Approaches for Ensuring Quitline Capacity – Funded in part by Prevention and Public Health Funds (PPHF)	93.735	State Department of Health		483,596
PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund	93.745	State Department of Health		56,311
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	State Department of Health		193,415
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	State Department of Health		1,530,218
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	State Department of Health		1,149,678
PPHF: Cooperative Agreements to Implement the National Strategy for Suicide Prevention (Short Title: National Strategy Grants)	93.764	Mental Health and Substance Abuse Services		217,466
Children's Health Insurance Program	93.767	Health Care Authority		137,703,612
Medicare - Hospital Insurance	93.773	State Department of Health		1,138,949
State Medicaid Fraud Control Units	93.775	Attorney General	1,846,207	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777	State Department of Health	4,314,380	
Medical Assistance Program	93.778	Health Care Authority	3,125,688,529	
ARRA-Medical Assistance Program	93.778	Health Care Authority	32,078,916	3,163,928,032
Money Follows the Person Rebalancing Demonstration	93.791	Health Care Authority		11,506,570
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796	Health Care Authority		5,748,679
National Bioterrorism Hospital Preparedness Program	93.889	State Department of Health		(363,261)
HIV Care Formula Grants	93.917	State Department of Health		(1,494,218)
HIV Prevention Activities - Health Department Based Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance	93.944	State Department of Health		361,823
Assistance Programs for Chronic Disease Prevention and Control	93.945	State Department of Health		(509)
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	State Department of Health		152,573
Block Grants for Community Mental Health Services	93.958	Mental Health and Substance Abuse Services		4,739,007
Block Grants for Prevention and Treatment of Substance Abuse Preventive Health Services - Sexually Transmitted Diseases Control Grants	93.959	Mental Health and Substance Abuse Services		17,265,695
Mental Health Disaster Assistance and Emergency Mental Health	93.977	State Department of Health		978,411
Maternal and Child Health Services Block Grant to the States	93.982	Mental Health and Substance Abuse Services		192,093
Cost Reimbursement Contracts:	93.994	State Department of Health		4,236,412
Implementation Alcohol/Drug Data Collection	93.UNK	Mental Health and Substance Abuse Services		375,693

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Agency	Expenditures/Expenses	
			Agency	State
State Epidemiological Outcomes Workgroup	93.UNK	Mental Health and Substance Abuse Services		305,873
State Outcome Measurement & Management System	93.UNK	Mental Health and Substance Abuse Services		23,907
CSAP Prevention Fellowship	93.UNK	Mental Health and Substance Abuse Services		(10,158)
Client Level Projects	93.UNK	Mental Health and Substance Abuse Services		104,262
Subtotal				<u>\$ 3,931,482,234</u>
Corporation for National and Community Service				
Direct Program:				
Foster Grandparent Program	94.011	Department of Human Services		(6,085)
Subtotal				<u>\$ (6,085)</u>
Social Security Administration				
Direct Program:				
Social Security - Disability Insurance	96.001	Department of Rehabilitation Services	42,152,664	⊛
Supplemental Security Income	96.006	Department of Rehabilitation Services	-	⊛
Subtotal				<u>\$ 42,152,664</u> ⊛
U.S. Department of Homeland Security				
Direct Programs:				
Boating Safety Financial Assistance	97.012	Department of Public Safety		2,710,794
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023	Department of Emergency Management		291,398
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	Department of Emergency Management		42,049,390
Hazard Mitigation Grant	97.039	Department of Emergency Management		6,471,771
National Dam Safety	97.041	Water Resources Board		339,020
Emergency Management Performance Grants	97.042	Department of Emergency Management		5,243,958
Assistance to Firefighters	97.044	Department of Corrections		34,200
Cooperating Technical Partners	97.045	Department of Emergency Management		596,603
Fire Management Assistance Grant	97.046	Department of Emergency Management		2,050,880
Pre-Disaster Mitigation	97.047	Department of Emergency Management		825,382
Emergency Operations Center	97.052	Department of Public Safety		70,203
Citizens - Community Resilience Innovation Challenge	97.053	Department of Public Safety		30,100
Metropolitan Medical Response System	97.071	Department of Public Safety		449,536
State Homeland Security Program (SHSP)	97.073	Department of Public Safety		6,151,050
Subtotal				<u>\$ 67,314,285</u>
Total Federal Assistance				<u><u>\$ 7,020,897,114</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 independent auditor
- ⊛ Programs defined as a cluster by OMB Circular A-133
- UNK Unknown

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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, 2015

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, 2015. The Schedule reports total federal award expenditures and expenses for each federal program as identified in the *Catalog of Federal Domestic Assistance (CFDA)*. Federal awards without identified CFDA numbers have been identified as "Unknown" (UNK).

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

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

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

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

Notes to the Schedule of Expenditures of Federal Awards

C. Basis of Accounting

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

Note 2. State Unemployment Insurance Fund

Expenditures for unemployment insurance (CFDA 17.225) include State Unemployment Insurance (UI) funds as well as federal UI funds. The State portion of UI funds amounted to \$266,525,777. The federal portion of UI funds amounted to \$40,407,986 and additional funds of \$38 were provided by the ARRA.

Note 3. Federally Funded Loan Programs

The Water Resources Board (WRB) administers the Oklahoma Clean Water Facility Construction Revolving Loan Account Program. The program had loans outstanding of \$454,221,267 at June 30, 2015. A federal grant from the U.S. Environmental Protection Agency provides approximately 80% of the program's loan funding, with State funds matching the remaining 20%.

The Oklahoma Department of Environmental Quality (ODEQ) administers the Oklahoma Drinking Water State Revolving Fund Program. The program had loans outstanding of \$416,752,021 at June 30, 2015. 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 2015, the ODEQ withdrew federal funds in the amount of \$9,286,891. Of these funds, no funds were used for disbursements on loans originated.

Note 4. Cost Recovery of Federal Program Expenditures

During fiscal year 2015, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$22,243,296 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA No. 10.557). The rebate contracts are authorized by 7 CFR 46.26(m) as a cost containment measure. The cash rebates were treated as a credit against prior food expenditures.

The Oklahoma Department of Transportation has incurred significant expenditures on construction projects that have exceeded the contract amounts approved by the federal grantor. These project expenditures are held in suspense until modified contracts are approved by the federal grantor and the expenditures subsequently reimbursed. Project expenditures totaling \$106,000 were in suspense at June 30, 2015 and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

Note 5. Audits Provided by Auditors Other Than Principal Auditor

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce

Notes to the Schedule of Expenditures of Federal Awards

Oklahoma Department of Wildlife
Oklahoma Water Resources Board
Department of Environmental Quality

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

Note 6. Department of Education Grant Transfers

The Department of Education made the following transferability payments between programs for the fiscal year 2015:

	Improving Teacher Quality State Grants (CFDA 84.367)	Total:
<u>Transferred To:</u>		
Title I Grants to LEAs (CFDA 84.010)	2,579,654.41	2,579,654.41
	<hr/> 2,579,654.41	<hr/> 2,579,654.41

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 \$51,364,663 of the soft match provision for projects billed during fiscal year 2015. These soft match dollars are applied to the approved construction projects when expenditures are incurred, based on the soft match percentage. It should be noted that the amount of soft match credit utilized on the progressive estimate billings submitted to the Federal Highway Administration (FHWA) for each project is an estimate during the course of the project. The actual amount of soft match utilized for a particular project is not determinable until the project is final and the final reconciliation and billing has been submitted to FHWA.

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Schedule of Findings and Questioned Costs

Schedule of Findings and Questioned Costs

Schedule of Findings

Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:unqualified

Internal control over financial reporting:

Material weakness(es) identified?no

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

Noncompliance material to financial statements noted?no

For fiscal year 2015, the *Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With Government Auditing Standards* was issued with the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the year ended June 30, 2015, dated December 23, 2015.

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 96.001/96.006 – Disability Insurance/SSI Cluster and 97.036 – Disaster Grants Public Assistance which were qualified.

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

Dollar threshold used to distinguish between
type A and type B programs:\$21,062,691

Auditee qualified as low-risk auditee?no

Schedule of Findings

Summary of Auditor's Results

Identification of Major Programs:

CFDA Number and Program			State Agency Name
SNAP Cluster	10.551	Supplemental Nutrition Assistance Program	Department of Human Services
	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Department of Human Services
Child Nutrition Cluster	10.553	School Breakfast Program	Department of Education
	10.555	National School Lunch Program	Department of Education
	10.555	National School Lunch Program	Department of Human Services
	10.556	Special Milk Program for Children	Department of Education
	10.559	Summer Food Service Program for Children	Department of Education
	10.559	Summer Food Service Program for Children	Department of Human Services
	10.557	Special Supplemental Nutrition Program for Women, Infants, and Children	Department of Health
	10.558	Child and Adult Care Food Program	Department of Education
	10.558	Child and Adult Care Food Program	Department of Human Services
	14.228	Community Development Block Grant	Department of Commerce
Fish and Wildlife Cluster	14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	Department of Commerce
	15.605	Sport Fish Restoration Program	Department of Wildlife
	15.611	Wildlife Restoration and Basic Hunter Education	Department of Wildlife
WIA Cluster	17.225	Unemployment Insurance (Regular and ARRA)	Employment Security Commission
	17.258	WIA/WIOA Adult Program	Department of Commerce
	17.259	WIA/WIOA Youth Activities	Department of Commerce
	17.278	WIA/WIOA Dislocated Worker Formula Grants	Department of Commerce
	17.268	H-1B Job Training Grants	Department of Commerce
	17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants	Department of Commerce
Highway Planning and Construction Cluster	20.205	Highway Planning and Construction	Department of Transportation
	20.219	Recreational Trails Program	Department of Tourism
	20.509	Formula Grants for Rural Areas	Department of Transportation
	64.015	Veterans State Nursing Home Care	Department of Veterans Affairs
	66.458	Capitalization Grants for Clean Water State Revolving Funds	Water Resources Board
	66.468	Capitalization Grants for Drinking Water State Revolving Fund	Department of Environmental Quality
	81.041	State Energy Program	Department of Commerce

Schedule of Findings

Summary of Auditor's Results

	CFDA Number and Program	State Agency Name
	81.042 Weatherization Assistance for Low-Income Persons (Regular & ARRA)	Department of Commerce
	84.126 Rehabilitation Services – Vocational Rehabilitation Grants to States	Department of Rehabilitation Services
	93.558 Temporary Assistance for Needy Families	Department of Human Services
	93.563 Child Support Enforcement	Department of Human Services
	93.568 Low-Income Home Energy Assistance	Department of Human Services
CCDF Cluster	93.575 Child Care and Development Block Grant	Department of Human Services
	93.596 Child Care Mandatory and Matching Funds of the Child Care and Development Fund	Department of Human Services
	93.658 Foster Care - Title IV-E	Department of Human Services
	93.767 Children's Health Insurance Program	Health Care Authority
Medicaid Cluster	93.775 State Medicaid Fraud Control Units	Attorney General
	93.777 State Survey and Certification of Health Care Providers and Suppliers (TitleXVIII) Medicare	Department of Health
	93.778 Medical Assistance Program (Regular and ARRA)	Health Care Authority
Disability Insurance/SSI Cluster	96.001 Social Security - Disability Insurance	Department of Rehabilitation Services
	96.006 Supplemental Security Income	
	97.036 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Emergency Management

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Note: Findings are presented alphabetically by state agency.

Department of Emergency Management

FINDING NO: 2015-012

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1718, FEMA-1754, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1970, FEMA-1988, FEMA-1989, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164

FEDERAL AWARD YEAR: 2014/2015

CONTROL CATEGORY: Subrecipient Monitoring and Special Tests and Provisions - Project Accounting

QUESTIONED COSTS: \$0

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

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

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

Per OMB A-133 Part 3 – Subrecipient Monitoring, A pass-through entity is responsible for: *During Award Monitoring* – “Monitoring the subrecipient’s use of Federal awards through reporting, site visits, regular contact, or other means to provide reasonable assurance that the subrecipient administers Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved.” To perform During Award Monitoring the pass-through entity would need to monitor the subrecipient’s use of federal awards by at least performing a review of supporting documentation on a periodic basis.

Condition: The Department advanced \$23,612,861.41 during FY 2015 to subgrantees, which represents 59.8% of the funds provided to subgrantees during the fiscal year. In addition, the Department did not ensure that subgrantees receiving an *advance* of Federal funds during FY 2015 were performing supported activities in compliance with applicable Federal requirements prior to the closeout of the project and did not ensure that the subgrantee had the willingness and the ability to maintain procedures to minimize the time elapsing between the transfer of the funds and their disbursement.

Cause: The Department did not have during the award monitoring procedures/internal controls in place to ensure that funds *advanced* to subgrantees were being used in compliance with applicable Federal requirements and to ensure that the subgrantee had the willingness and the ability to minimize the time elapsing between the transfer of the funds and their disbursement.

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

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Recommendation: We recommend the Department develop policies and procedures/internal controls to ensure subgrantees receiving *advance* funds are monitored prior to the closeout of the project to ensure compliance with the applicable Federal regulations and to ensure that subgrantees are minimizing the time between the receipt of funds and their disbursement.

Views of Responsible Official(s)

Contact Person: Alden Graybill, Recovery Manager; Michael Teague, Public Assistance Officer; Sandy Henry, Recovery/Mitigation Finance Supervisor

Anticipated Completion Date: Currently and continuing procedures.

Corrective Action Planned: All Advance funding follow the State Administration Plan assigned for each respective disaster. All advances are requested in writing and will be reviewed by the finance department for completeness and approval will be made by the Public Assistance Officer and/or the Recovery Manager.

OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT PUBLIC ASSISTANCE

ADMINISTRATION PLAN 2015

- b. Advance of Funds. Under special circumstances, upon written application (i.e., *Advance of Funds Request*) from the Applicant, the PA Branch may make such advances of funds to a Sub-recipient as provided for under 2 CFR 200.302(b)(1), 200.305(b)(6), & 44 CFR 206.204(b). The total funds advanced for any SGA should not, except in special circumstances, exceed 50% of the SGA.
- c. Refund of Advanced Funds. The Applicant will be required to refund any part of an advance that is not supported by cost documents or expended within the approved scope of the project's SGA within 30 days from the Applicant's receipt of notice of a FEMA de-obligation pertaining to the project.

Funds are monitored through the quarterly reporting for all large projects. Site visits along with various calls and emails can also be a part of the follow up. Advance funding and all quarterly reporting and monitoring are documented throughout the program information Applicant Briefing presentation and packet, Kick-Off Meeting presentation and every quarterly report applicants are required to complete. Quarterly report information is scanned into EMMIE – Emergency Management Mission Integrated Environment (FEMA project software) on a quarterly basis for every reporting project.

Auditor Response: It does not appear that the quarterly status reports are a sufficient tool to monitor the use of funds by a subgrantee because the information is provided to the Department by the subgrantee and it does not appear that the Department compares the information provided to any supporting documentation to ensure the accuracy of the information. Without comparing the information to supporting documentation, the Department is unable to obtain reasonable assurance that the funds advanced to a subgrantee are being expended in accordance with the applicable Federal regulations.

FINDING NO: 2015-020

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1677, FEMA-1678, FEMA-1712, FEMA-1718, FEMA-1723, FEMA-1735, FEMA-1754, FEMA-1756, FEMA-1775, FEMA-1820, FEMA-1823, FEMA-1876, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1970, FEMA-1985, FEMA-1988, FEMA-1989, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164

FEDERAL AWARD YEAR: 2014/2015

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

QUESTIONED COSTS: \$33,502

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Criteria: 44 CFR § 207.6 (a) – *Use of funds* states, “The grantee or subgrantee must use management cost funds provided under this part in accordance with § 13.22 of this chapter and only for costs related to administration of PA.”

44 CFR § 13.22 – *Allowable Costs* states, “(a) *Limitation on use of funds*: Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; and (2) Reasonable fees or profit to cost-type contractors but not any fee or profit (or other increment above allowable costs) to the grantee or subgrantee. (b) *Applicable cost principles*: For each kind of organization, there is a set of Federal principles for determining allowable costs. Allowable costs will be determined in accordance with the cost principles applicable to the organization incurring the costs.”

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

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

Condition: The Department drew approximately \$2,816,069 in **management costs** during FY 2015 (which represents 6.7% of the funds expended during the audit period) and had no approval mechanism in place to ensure the transactions were for allowable activities/costs or contained proper supporting documentation prior to the draw. Based on the lack of supporting documentation for management cost draws, we analyzed the expenditure data associated with management costs drawn by OEM during FY 2015 and noted that the amount drawn/expended by OEM was reasonable and met our expectation based on review of management costs to total expenditures over all OEM grants. Therefore, we did not question the total amount of management costs drawn/expended for FY 2015.

However, the Department did not ensure that the amount drawn/expended for an individual disaster did not exceed the 3.34% allowed by FEMA. As of 6/30/2015 for disaster 4164, OEM had drawn/expended approximately \$159,771 in management costs and the amount authorized by FEMA per Project Worksheet (PW) #00043 was \$126,269 resulting in questioned costs of \$33,502.

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

Effect: The Department may incur management costs that are unallowable costs or activities, make unsupported cash draws, and/or may exceed the management cost earmarking ceiling of 3.34%.

Recommendation: We recommend the Department develop policies and procedures/internal controls to ensure funds expended/drawn for **management costs** are for allowable activities, allowable costs, properly supported and that the amounts by disaster do not exceed the management cost ceiling of 3.34%.

Views of Responsible Official(s)

Contact Person: Alden Graybill, Michael Teague, Sandy Henry, Sandra Jackson

Anticipated Completion Date: June 1, 2016

Corrective Action Planned: Management Costs had not been drawn for several quarters including some previous fiscal years which did cause the amount of draws during FY 2015 to appear excessive.

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OEM does have a procedure in place for justifying management cost amounts per disaster including estimates on other expenses such as supplies, rent, etc. However, OEM began a review process in May, 2015 to reconcile all Management Costs on both legacy and current disasters to be all inclusive from the beginning of open disasters. The projected completion date of this review is June 1, 2016. This will provide an exact listing of payments of Management Costs for each disaster.

Beginning July 1, 2015, current Public Assistance management costs procedures have been updated requiring payments to be paid directly from the respective department code in CORE with a subaccount of 95 to separate these costs from Project Costs. The ultimate goal is to encumber management costs on a Purchase Order which will guarantee that 3.34% will be the maximum amount accessible.

FINDING NO: 2015-024

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1718, FEMA-1754, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1970, FEMA-1988, FEMA-1989, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164

FEDERAL AWARD YEAR: 2014/2015

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 44 CFR 13.26 – *Non-Federal audit* states, “(a) *Basic rule:* Grantees and subgrantees are responsible for obtaining audits in accordance with the Single Audit Act Amendments of 1996 (31 U.S.C. 7501-7507); 31 U.S.C. 503, 1111; Executive Order 8248; Executive Order 11541; and revised OMB Circular A-133, “Audits of States, Local Governments, and Non-Profit Organizations.” The audits shall be made by an independent auditor in accordance with generally accepted government auditing standards covering financial audits. (b) *Subgrantees:* State or local governments, as those terms are defined for purposes of the Single Audit Act Amendments of 1996, that provide Federal awards to a subgrantee, which expends \$500,000 or more (or other amount as specified by OMB) in Federal awards in a fiscal year, shall: (1) Determine whether State or local subgrantees have met the audit requirements of the Act and whether subgrantees covered by OMB Circular A-110, “Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations,” have met the audit requirements of the Act. Commercial contractors (private for-profit and private and governmental organizations) providing goods and services to State and local governments are not required to have a single audit performed. State and local governments should use their own procedures to ensure that the contractor has complied with laws and regulations affecting the expenditure of Federal funds; (2) Determine whether the subgrantee spent Federal assistance funds provided in accordance with applicable laws and regulations. This may be accomplished by reviewing an audit of the subgrantee made in accordance with the Act, Circular A-110, or through other means (e.g., program reviews) if the subgrantee has not had such an audit; (3) Ensure that appropriate corrective action is taken within six months after receipt of the audit report in instance of noncompliance with Federal laws and regulations; (4) Consider whether subgrantee audits necessitate adjustment of the grantee's own records; and (5) Require each subgrantee to permit independent auditors to have access to the records and financial statements.”

Condition: The Department has a process to track the subgrantees that expended more than \$500,000 in OEM Federal funds per the OMB Circular A-133 audit requirements. However, the Department does not have an internal control process in place to ensure that applicants receiving less than \$500,000 from OEM in Federal funds haven't received more than \$500,000 of Federal funds in total from all sources.

We identified 55 subgrantees in FY 2014 that received between \$100,000 and \$500,000 in OEM Federal funds, and then determined that 17 of the subgrantees received over \$500,000 in total federal funds making them subject to the OMB Circular A-133 audit requirement. However, none of the 17 audits were tracked and only 1 of the 17 audits was received from a subgrantee per their internal tracking spreadsheet.

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In addition, when testing of 5 of the 20 subgrantees receiving more than \$500,000 from OEM in federal funds, we noted that for the one subgrantee that had a finding, the Department did not issue a management response or ensure that the subgrantee took appropriate and timely corrective action for the audit finding noted in the report.

Cause: The department did not have procedures/internal controls in place to ensure that subgrantees receiving less than \$500,000 in Federal funds from OEM are tracked to ensure compliance with the audit requirements of OMB Circular A-133. In addition, the Department did not follow their internal A-133 policy with regard to follow-up on subgrantee findings.

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

Recommendation: We recommend the Department develop policies and procedures/internal controls to ensure that all subgrantees subject to the OMB Circular A-133 audit requirements are tracked regardless of the amount provided to the subgrantee by the Department. In addition, we also recommend the Department further develop their internal policies and procedures to ensure that a management decision is issued within the required timeframe and that the subgrantee takes appropriate and timely corrective action for any finding(s) noted in their audit report.

Views of Responsible Official(s)

Contact Person: Sandra Jackson

Anticipated Completion Date: Complete cycle to be completed by April 30, 2017

Corrective Action Planned: OEM had submitted the present monitoring plan to the State Auditor and Inspectors Office and it was approved and implemented for the FY-09 period. FEMA performed a monitoring visit in March, 2015 and complimented OEM on their system. However, OEM is willing to expand this plan.

1. On or before September 30 each year, a certified letter will be mailed to all applicants that have received funds from OEM to include the following:
 - a. Remind the applicant that if over \$750,000 of federal funds have been expended from all available grants in their fiscal year, an A-133 (Single Audit) may be required to be performed by an independent auditor.
 - b. Request an email response stating if an A-133 audit will be required for the fiscal year and the amount of federal funds that were spent from all federally funded grants during the fiscal year.
2. A spreadsheet will be created by OEM listing all applicants to enable tracking of whether an A-133 audit was required, and if the A-133 audit has been received. Comments will be included as to whether findings were listed on OEM grants and/or other federal grants.
3. If findings are listed on OEM grants, a management decision will be issued and contact will be made with the applicant to confirm if such findings have been corrected. This should be completed within six months after receiving the audit in instances of non-compliance with federal laws and regulations.

FINDING NO: 2015-026

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1678, FEMA-1712, FEMA-1718, FEMA-1735, FEMA-1754, FEMA-1756, FEMA-1775, FEMA-1803, FEMA-1820, FEMA-1823, FEMA-1876, FEMA-1883, FEMA-1917, FEMA-1926, FEMA-1970, FEMA-1985, FEMA-1988, FEMA-1989, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164

FEDERAL AWARD YEAR: 2014/2015

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

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

The instructions for SF-425A for line 5 – *Cumulative Federal Cash Disbursements* states, “enter the cumulative amount of the Federal share of cash disbursed for each award. Cash disbursements are the sum of actual cash disbursements for direct charges for goods and services, the amount of indirect expenses charged to the award, and the amount of cash advances and payments made to subrecipients and contractors.”

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

Condition: The Department is responsible for reporting cumulative grant receipts and disbursements for each open disaster on the SF-425 and SF-425A quarterly to FEMA. We compared the amounts reported on the SF-425 and SF-425A at 6/30/2015 to the accounting records of the Department and noted the following variances for the cumulative disbursements:

SF-425			
Disaster	QTE 6/30/15 - Cash Disbursement (C)	Accounting Records (D)	Variance - (C-D)
1678	\$ 75,827,511.79	\$ 75,827,511.79	\$ -
1712	\$ 23,872,755.02	\$ 23,872,755.02	\$ -
1718	\$ 17,738,734.61	\$ 17,738,734.61	\$ -
1735	\$ 98,984,756.38	\$ 98,984,756.38	\$ -
1754	\$ 20,289,013.15	\$ 20,289,013.15	\$ -
1756	\$ 2,226,592.01	\$ 2,226,592.01	\$ -
1775	\$ 9,166,300.66	\$ 9,166,300.66	\$ -
1803	\$ 6,149,283.51	\$ 6,149,449.90	\$ (166.39)
1820	\$ 725,910.33	\$ 725,910.33	\$ -
1823	\$ 9,185,090.37	\$ 9,185,090.37	\$ -
1876	\$ 18,058,933.51	\$ 18,058,933.51	\$ -
1883	\$ 109,420,699.47	\$ 109,420,699.47	\$ -
1917	\$ 5,991,208.25	\$ 5,991,208.25	\$ -
1926	\$ 3,342,081.88	\$ 3,342,081.88	\$ -
1970	\$ 3,729,165.61	\$ 3,729,165.61	\$ -
1985	\$ 3,472,307.36	\$ 3,472,307.36	\$ -
1988	\$ 3,858,422.12	\$ 3,858,422.12	\$ -
1989	\$ 7,202,987.19	\$ 7,202,987.19	\$ -
4064	\$ 2,590,196.63	\$ 2,590,196.63	\$ -
4109	\$ 31,803,184.00	\$ 31,803,184.00	\$ -
4117	\$ 38,077,740.29	\$ 37,935,628.45	\$ 142,111.84
4164	\$ 3,977,494.03	\$ 4,540,327.68	\$ (562,833.65)
Total	\$ 495,690,368.17	\$ 496,111,256.37	\$ (420,888.20)

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SF-425A

Disaster	QTE 6/30/15 - Cash Disbursement (C)	Accounting Records (D)	Variance - (C-D)
1678	\$ 75,827,511.79	\$ 75,827,511.79	\$ -
1712	\$ 23,872,755.02	\$ 23,872,755.02	\$ -
1718	\$ 17,738,734.61	\$ 17,738,734.61	\$ -
1735	\$ 98,984,756.38	\$ 98,984,756.38	\$ -
1754	\$ 20,289,013.15	\$ 20,289,013.15	\$ -
1756	\$ 2,226,592.01	\$ 2,226,592.01	\$ -
1775	\$ 9,166,300.66	\$ 9,166,300.66	\$ -
1820	\$ 725,910.33	\$ 725,910.33	\$ -
1823	\$ 9,185,090.37	\$ 9,185,090.37	\$ -
1876	\$ 18,058,933.51	\$ 18,058,933.51	\$ -
1883	\$ 109,420,699.47	\$ 109,420,699.47	\$ -
1917	\$ 5,991,208.25	\$ 5,991,208.25	\$ -
1926	\$ 3,342,081.88	\$ 3,342,081.88	\$ -
1970	\$ 3,729,165.61	\$ 3,729,165.61	\$ -
1985	\$ 3,472,307.36	\$ 3,472,307.36	\$ -
1988	\$ 3,858,422.12	\$ 3,858,422.12	\$ -
1989	\$ 7,202,987.19	\$ 7,202,987.19	\$ -
4064	\$ 2,590,196.63	\$ 2,590,196.63	\$ -
4109	\$ 31,803,184.00	\$ 31,803,184.00	\$ -
4117	\$ 38,077,740.29	\$ 37,935,628.45	\$ 142,111.84
4164	\$ 3,977,494.03	\$ 4,540,327.68	\$ (562,833.65)
Total	\$ 489,541,084.66	\$ 489,961,806.47	\$ (420,721.81)

Cause: The Department did not report the proper amounts for cash disbursements in accordance with the instructions for the reports. The Department reported the amount of cash receipts as the cash disbursements.

Effect: The Department understated the cumulative amount of the cash disbursement at 6/30/15 for all open Public Assistance disasters by approximately \$420,888 on the SF-425 and \$420,721 on the SF-425A.

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

Views of Responsible Official(s)

Contact Person: Sandra Jackson

Anticipated Completion Date: April 30, 2016

Corrective Action Planned: OEM will report cumulative Cash Disbursements and cumulative Cash Receipts on all open grants quarterly.

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Cash Disbursements Form 425 Line 10b -- All cumulative disaster expenditures will be reconciled between the CORE Six Digit by Journal Date and the AGL worksheet to provide a check and balance system of the amount of cumulative expenses to be reported. Refunds will be deducted from the Expenditures on the AGL.

Cumulative Federal Cash Disbursements Line 5 -- All cumulative disaster receipts will be reconciled between Accounts Receivable Deposit Reconciliation Query OCP_AR_RECONCILE_DEPOSITS and the Draw Log and the AGL worksheet to have a check and balance system of the amount of federal funds received. Refunds will also be recorded here.

This process will ensure that both receipts and disbursements will be recorded properly.

FINDING NO: 2015-037

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1970, FEMA-1988, FEMA-1989, FEMA-4064, FEMA-4109, FEMA-4117, FEMA-4164

FEDERAL AWARD YEAR: 2014/2015

CONTROL CATEGORY: Subrecipient Monitoring

QUESTIONED COSTS: \$0

Criteria: 2 CFR Part 25, Appendix A to Part 25(I) (B) - *Requirement for Data Universal Numbering System (DUNS) Numbers* states, "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."

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

Condition: When testing 15 of 70 Requests for Public Assistance (RPA) forms from subgrantees for disasters declared after October 1, 2010, we noted one RPA that did not contain a valid DUNS number.

Cause: The DUNS number provided by the subgrantee was not valid and the information on the Request for Public Assistance was not reviewed by the Department.

Effect: Without a proper review of the DUNS number provided by the subgrantee, the Department may not be compliance with 2 CFR Part 25, Appendix A to Part 25(I) (B).

Recommendation: We recommend the Department develop a procedure to review the information provided by the subgrantee on the Request for Public Assistance form to ensure that the information provided is accurate. In addition, we recommend the Department check the DUNS number provided by the subgrantee against DUN & Bradstreet (www.dandb.com) to ensure its validity.

Views of Responsible Official(s)

Contact Person: Alden Graybill, Michael Teague, Sandy Henry

Anticipated Completion Date: Presently in practice

Corrective Action Planned: The information on the Request for Public Assistance (RPA) is reviewed for completeness by both the State and FEMA. This is now evident by a representative from FEMA and the State initialing the RPA. Nothing may be scheduled or initiated until this process has been completed and an approved RPA is accepted into EMMIE.

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The DUNS number 078467070 would have been vetted at the time of the RPA submittal. Today, I was able to speak with Tracy, a representative from Dunn and Bradstreet (Case Number 15940519). I was advised the original DUNS number had been replaced with 041450693 due to the original number being a duplicate entry. Therefore this DUNS number was correct when submitted.

Public Assistance will continue to follow in place procedures to ensure accurate information is provided so that the RPA may be entered into FEMA's EMMIE system.

Auditor Response: We obtained the RPA for the same subgrantee for disaster 4222 declared on 5/26/15 and noted that the invalid DUNS number of 078467070 was submitted again by the subgrantee to OEM. OEM then submitted the RPA to FEMA with the invalid DUNS number and FEMA notified OEM that the DUNS number was invalid. It appears that when a subgrantee submits a RPA that OEM is not properly ensuring that the DUNS information is accurate for the subgrantee.

FINDING NO: 2015-039

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1754, FEMA-1883, FEMA-4109, FEMA-4117

FEDERAL AWARD YEAR: 2014/2015

CONTROL CATEGORY: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Period of Availability, 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.”

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

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

Condition: When testing 10 of 19 advance payments made to subgrantees, we noted the following:

- One 15-Alpha (Internal payment approval form) that was not approved by the Governor's Authorized Representative in all of the required locations on the form and the Governor's Authorized Representative did not certify that the payment was for work to be performed in accordance with the approved PW.
- One 15-Alpha was approved by the Governor's Authorized Representative for an amount greater than the amount requested by the subgrantee.

Cause: The Governor's Authorized Representative did not follow Department procedures when approving the 15-Alpha and did not ensure that the amount authorized for the advance agreed to the amount requested by the subgrantee.

Effect: Without the proper approval of payments, the Department may issue payments that are for activities that are unallowable or are not within the required liquidation timeframes. In addition, when advance payments are issued for amounts greater than the amount requested the department may not be in compliance with 44 CFR 13.21 (c).

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Recommendation: We recommend the Department follow established procedures when authorizing advance payments to subgrantees. In addition, we recommend the Department develop procedures related to advance payments to ensure that the amount advanced does not exceed the amount requested.

Views of Responsible Official(s)

Contact Person: Alden Graybill, Michael Teague, Sandy Henry, Sandra Jackson

Anticipated Completion Date: Continuance of Current Procedures

Corrective Action Planned: Oklahoma Emergency Management Public Assistance Financial staff processed an advance request per the measures as noted below. The request was made from Cimarron and rather than using the amount requested in the letter the advance funding was calculated at the 50% of the federal share total of the project worksheet. All advance funding will be recommended by the Finance Supervisor and/or the Public Assistance Officer, or Recovery Manager to ensure compliance. OEM will provide support documentation and verification upon making recommendation to the Director or Deputy Director for all advance funding requests. Monitoring is reported in writing on all applicable quarterly reports and will be continued until the completion of the project. The project will then go through a closeout process and validation made for final reimbursement of funds.

As vouchers are presented to finance for signature, the following items will be checked before approving: Verify two signatures on the 15-Alpha. Verify on the OMES 15-A the amount, Invoice Number, Invoice date, Voucher date, Department Code, Budget Year, CFDA Number, and Program Number.

Auditor Response: The advance was made at 50% of the Project Worksheet total and represents 66.67% of the Federal share. In addition, it does not appear to be good practice to advance more funds to a subgrantee than the amount requested by the subgrantee.

FINDING NO: 2015-040

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1718, FEMA-1754, FEMA-1883, FEMA-1926, FEMA-4109, FEMA-4117, FEMA-4164

FEDERAL AWARD YEAR: 2014/2015

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

QUESTIONED COSTS: \$146,483

Criteria: 2 CFR Part 25, Appendix A to Part 25(I) (B) - *Requirement for Data Universal Numbering System (DUNS) Numbers* states, “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.”

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

A-133 Subpart C § .300 (b) – *Auditee responsibilities* states, “The auditee shall maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance

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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.”

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

Condition: When testing 21 of 66 payments for *large projects* made to subgrantees, we noted the following:

- Three payments made to subgrantees prior to OEM completing the *Project Certification Report (Monitoring Report required for subgrantee reimbursement)*;
- The department code listed on one OMES Form 15A did not agree to the supporting 15-Alpha (OEM Internal Payment Approval form) indicating the review performed was not adequate. As a result, the payment was recorded to the wrong disaster;
- One 15-Alpha was not approved by the Governor’s Authorized Representative;
- One 15-Alpha that did not contain a valid DUNS number for the subgrantee;
- One State extension for the associated Project Worksheet (PW) was not approved or maintained;
- One payment made to a subgrantee where the amount supported per the *Project Certification Report* did not agree to the supporting documentation (Questioned Cost \$146,483);
- One payment made to a subgrantee without the *Project Certification Report* being completed.

In addition, we noted one refund from a subgrantee that was result of the subgrantee subsequently receiving payment for the damage from their insurance provider after the closeout of the large project by OEM.

Cause: The Department did not follow established practices when approving payments to subgrantees, completing the closeout of large projects, and extending or maintaining State approved extensions. DUNS number provided by the subgrantee was not valid and the information on the Request for Public Assistance was not reviewed by the Department. The Department did not consider the potential effects of insurance claims made by the subgrantee at the time of closeout.

Effect: Without the proper approval of payments, the Department may issue payments that are for activities that are unallowable or are not within the required liquidation timeframes. In addition, when payments are issued prior to the completion of the *Project Certification Report* the costs reimbursed may not have been incurred by the subgrantee or are not supported. Without a proper review of the DUNS number provided by the subgrantee, the Department may not be compliance with 2 CFR Part 25, Appendix A to Part 25(I) (B). Lastly, subgrantees may receive double payments for damages from the insurance claims and OEM for the same project.

Recommendation: We recommend the Department follow established procedures when authorizing payments to subgrantees. Also, we recommend that the Department develop procedures for to ensure that the *Project Certification Report* is completed prior to the payment and that all costs submitted by the subgrantee for reimbursement are supported and are not subject to subsequent insurance reimbursement. In addition, we recommend the Department check the DUNS number provided by the subgrantee against DUN & Bradstreet (www.dandb.com) to ensure its validity. Finally, we recommend the Department develop procedures to ensure that any potential insurance claims have been resolved prior to closeout and payment to the subgrantee.

Views of Responsible Official(s)

Contact Person: Alden Graybill, Recovery Manager; Michael Teague, Public Assistance Officer; Sandy Henry, Recovery/Mitigation Finance Supervisor; All Public Assistance Staff

Anticipated Completion Date: Currently and continuing procedures.

Corrective Action Planned: Oklahoma Emergency Management will continue to follow established procedures when authorizing all payments to subgrantees. OEM will continue to review procedures and update using all laws, regulations, policies and procedures applicable to FEMA’s Public Assistance Program. Staff will continue to ensure that the *Project Certification Report* is completed timely and all costs submitted by the subgrantee for reimbursement are supported. In addition OEM will continue to verify DUNS numbers provided by the subgrantee against DUN & Bradstreet (www.dandb.com) to ensure it is valid. OEM follows all procedures and

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best business practices to ensure that any potential insurance claim is documented prior to release of the final payment after validating closeout.

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

FINDING NO: 2015-042

STATE AGENCY: Oklahoma Department of Emergency Management

FEDERAL AGENCY: United States Department of Homeland Security

CFDA NO: 97.036

FEDERAL PROGRAM NAME: Disaster Grants - Public Assistance

FEDERAL AWARD NUMBER: FEMA-1623

FEDERAL AWARD YEAR: 2014/2015

CONTROL CATEGORY: Cash Management

QUESTIONED COSTS: \$92,763

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

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

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

Condition: The Department drew approximately \$92,763 for disaster 1623 on 8/22/14 and was unable to support the amount drawn. The amount was drawn subsequent to OEM performing a final reconciliation prior to the closeout of the grant award for disaster 1623.

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

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

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

Views of Responsible Official(s)

Contact Person: Sandra Jackson

Anticipated Completion Date: Policies and Procedures were in place as of July 1, 2015

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Corrective Action Planned: The draw attachment document of the \$92,763 contained inadequate information for this final draw for the closing of grant PA-1623. The chart below contains information from the P-5 FEMA report necessary for this transaction.

As shown below, OEM was to be paid \$41,037.68 for PW 628. The procedure in place was to draw such funds at close out to reimburse OEM from the remaining funds of the grant. This procedure has now been changed for subsequent grants to actually create vouchers for payments of funds owed to OEM from disaster grants. The balance of \$19,811.14 was administrative funds for the management of the grant.

Beginning July 1, 2015 new procedures began to pay all expenditures directly from the designated grants using the department code which will provide up to date and accurate records of expenditures for all grants.

PA-1623	PROJECTS	9,360,637.95
	SUB ADMIN	199,747.20
	TO PAY	9,560,385.15
	CORE PAYMENTS	(9,499,536.33)
	NOT PD BY WARRANTS	60,848.82
	OEM PW 628 CAT B	(41,037.68)
	GRANTEE ADMIN	19,811.14

Auditor Response: The amounts noted above do appear to reconcile the amounts obligated to the amounts drawn; however, the Department did not provide support for the draw of \$92,763 made on 8/22/14 and it does not appear that the amounts drawn/expended were reconciled timely throughout the life of the grant.

Health Care Authority

FINDING NO: 2015-033

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: United States Department of Health and Human Services

CFDA NO: 93.778

FEDERAL PROGRAM NAME: Medical Assistance Program

FEDERAL AWARD NUMBER: 05-1505OKADM

FEDERAL AWARD YEAR: 2015

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

QUESTIONED COSTS: \$0

Criteria: Office of Management and Budget (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”.

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.

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Condition: For the quarter ending (QE) 6/30/15:

- 1) Administrative costs allocated were incorrect, which carried forward to the administrative costs reported on the QE 6/30/15 CMS-64 Report.
- 2) A prior period (PP) adjustment on CMS 64.10P Waiver - Line #8 was reported on the wrong line of the CMS 64 Report.

Cause: Due to employee turnover, the QE 6/30/15 cost allocation was performed by an employee for the first time and the following errors were not detected during review:

- The incorrect (prior quarter) Random Moments Time Study (RMTS) results were used (see note below);
- A formula error in two cells of the Excel cost allocation workbook caused the omission of allocated costs to Family Planning and PASAAR; and
- A data entry error in the CMS-64.10P Waiver – Line #8 for ABD Urban and ABD Rural.

Note: The RMTS results are used at the beginning of the cost allocation process to allocate Cost Pool 529, 533, and 534 administrative expenditures to specific programs. Those results are combined to determine the percentages for Cost Pool 702's allocations to specific programs. The combined allocations for the specific programs are eventually reported on the quarterly CMS Reports.

Effect: The allocated administrative costs reported on the QE 6/30/15 CMS 64 Report were understated by a total of \$96,710.28. See program breakdown in the table below:

CMS 64.10 Line #		(Overstated)/Understated
In-House MMIS	Line 4A-B	(55,224.45)
DD In-House MMIS	Line 2A-B	6,454.57
MC Eligibility MMIS IH	Line 28A-B	34,220.26
MC Eligibility MMIS Pvt	Line 28C (B)	2,482.65
MC Eligibility MMIS Pvt	Line 28E (B)	(19,336.30)
HIT Implementation In-House	Line 24C-B	5,783.18
Family Planning	Line 1-B	381.72
PASARR	Line 10-B	110,560.55
OHCA Other	Line 49-B	11,388.10

- 3) The following prior period (PP) adjustment on CMS 64.10P Waiver - Line #8 were reported on Line 2A – Design and Development of MMIS, In House and should have been reported on line 2B – Design and Development of MMIS, Private Sector Contractors:

ABD-Rural	\$28,498
ABD-Urban	\$37,402

Recommendation: We recommend the Authority include the appropriate prior period adjustments to the next quarter's CMS-21 Report to correct the QE 6/30/15 errors. We further recommend the Authority review the current procedures in place to determine where the breakdown in the internal control processes occurred and implement the necessary procedures to ensure accurate reporting of administrative costs on the CMS-64 Report in the future.

Views of Responsible Official(s)

Contact Person: Susan Crooke

Anticipated Completion Date: 4/29/2016

Corrective Action Planned: OHCA concurs with this finding and will make the appropriate prior period adjustments on the QE 3/31/2016 CMS 64 and 21 reports. The Federal Reporting Unit has review procedures in

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place. However, due to unusual circumstances, in order to meet the reporting deadline, the usual review could not be completed.

FINDING NO: 2015-034

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: United States Department of Health and Human Services

CFDA NO: 93.767

FEDERAL PROGRAM NAME: Children's Health Insurance Program

FEDERAL AWARD NUMBER: 1505OK5021

FEDERAL AWARD YEAR: 2015

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

QUESTIONED COSTS: \$0

Criteria: Office of Management and Budget (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”.

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

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

Condition: Administrative costs allocated in the quarter ending (QE) 6/30/15 were incorrect (based on prior period data), which carried forward to the administrative costs reported on the QE 6/30/15 CMS-21 Report.

Cause: Due to employee turnover, the QE 6/30/15 cost allocation was performed by an employee for the first time and errors were not detected during review.

Effect: The total administrative costs reported on the QE 6/30/15 CMS-21 Report were understated by \$6,879.12.

Recommendation: We recommend the Authority include the appropriate prior period adjustments to the next quarter's CMS-21 Report to correct the QE 6/30/15 administrative costs. We further recommend the Authority review the current procedures in place to determine where the breakdown in the internal control processes occurred and implement the necessary procedures to ensure accurate reporting of administrative costs on the CMS-21 Report.

Views of Responsible Official(s)

Contact Person: Susan Crooke

Anticipated Completion Date: 4/29/2016

Corrective Action Planned: OHCA concurs with this finding and will make the appropriate prior period adjustments on the QE 3/31/2016 CMS 64 and 21 reports. The Federal Reporting Unit has review procedures in place. However, due to unusual circumstances, in order to meet the reporting deadline, the usual review could not be completed.

FINDING NO: 2015-035 (Repeat)

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: United States Department of Health and Human Services

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CFDA NO: 93.778

FEDERAL PROGRAM NAME: Medical Assistance Program

FEDERAL AWARD NUMBER: 1405OK5MAP, 1505OK5MAP

FEDERAL AWARD YEAR: 2014 and 2015

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

QUESTIONED COSTS: \$86

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

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

Condition: Based on a medical professional's review of 74 claims for Medical Assistance Program recipients, one (1) claim had payment errors resulting in questioned costs. In addition, one (1) claim had documentation errors. For this claim, since the supporting documentation indicated the services provided did meet Medicaid policy/regulatory requirements and was adequately supported by medical records or other evidence indicating that the service was actually provided and/or necessary, we will not question the costs.

Cause: One (1) claim submitted by a provider was not appropriately supported by medical records, and one (1) claim had documentation submitted to the Authority which indicated a different prescription date than the provider documented in the supporting documentation.

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

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

Views of Responsible Official(s)

Contact Person: Kelly Shropshire

Anticipated Completion Date: June 30, 2016

Corrective Action Planned: OHCA will return federal share on June 30, 2016 CMS Expenditure Report.

FINDING NO: 2015-036 (Repeat)

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: United States Department of Health and Human Services

CFDA NO: 93.767

FEDERAL PROGRAM NAME: Children's Health Insurance Program

FEDERAL AWARD NUMBER: 1405OK5021 and 1505OK5021

FEDERAL AWARD YEAR: 2014 and 2015

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

QUESTIONED COSTS: \$94

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

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

Condition: Based on a medical professional's review of 74 claims for Children's Health Insurance Program recipients, three (3) claims (4.1%) had payment errors resulting in questioned costs. In addition, one (1) claim

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(1.45%) had documentation errors. For this claim, since the supporting documentation indicated the services provided did meet agency policy/regulatory requirements and was adequately supported by medical records or other evidence indicating that the service was actually provided and/or necessary, we will not question the costs.

Cause: Three (3) claims submitted by providers were not appropriately supported by medical records, and one (1) claim had documentation submitted to the Authority which indicated a different ordering provider than the provider documented in the supporting documentation.

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

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

Views of Responsible Official(s)

Contact Person: Kelly Shropshire

Anticipated Completion Date: June 30, 2016

Corrective Action Planned: OHCA will refund federal share on June 30, 2016 CMS-64 Expenditure Report.

FINDING NO: 2015-038 (Repeat)

STATE AGENCY: Oklahoma Health Care Authority

FEDERAL AGENCY: United States Department of Health and Human Services

CFDA NO: 93.778

FEDERAL PROGRAM NAME: Medical Assistance Program

FEDERAL AWARD NUMBER: 1405OK5MAP, 1505OK5MAP, 05-1505OKINCT

FEDERAL AWARD YEAR: 2014, 2015

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

QUESTIONED COSTS: \$0

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

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

Condition: Cash-basis Federal expenditures for the American Recovery and Reimbursement Act (ARRA) portion of the Medical Assistance Program (MAP) were overstated on the SFY 2015 Schedule of Expenditures of Federal Awards (SEFA) by \$312,843.

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

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

Recommendation: Since the Authority has previously revised the SEFA to correct the issue noted in this finding, we recommend management review the current procedures in place to determine where the breakdown in the internal control processes occurred and implement the necessary procedures to ensure accurate reporting of expenditures on the SEFA in the future.

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Views of Responsible Official(s)

Contact Person: Susan Crooke

Anticipated Completion Date: Completed

Corrective Action Planned: The calculation of Federal cash-basis expenditures for MAP-ARRA was reviewed by OHCA staff for accuracy prior to being reported on the SEFA. Management examined why the review did not detect the error and determined the error was not detected because the documentation provided for review supported the calculation reported on the SEFA. It was only after the SEFA was submitted to OMES it was discovered the support document used had been revised and a previous version had been used in the calculation.

OHCA procedures for reporting expenditures on the SEFA have been revised. Only the CMS 64 master file copy pulled from the Medicaid and Children's Health Insurance Program Budget and Expenditure System (MBES) will be accepted as support documentation for reporting expenditures on the SEFA.

Department of Health

FINDING NO: 2015-007

STATE AGENCY: Oklahoma State Department of Health

FEDERAL AGENCY: United States Department of Agriculture

CFDA NO: 10.557

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

FEDERAL AWARD NUMBER: 15156OK505W1003

FEDERAL AWARD YEAR: 2015

CONTROL CATEGORY: Part A/B – Activities Allowed/Unallowed and Allowable Costs/Cost Principles

QUESTIONED COSTS: \$0

Criteria: State agencies are required to notify the Oklahoma State Treasurer's Office (OST) in the event of a termination or retirement of an authorized employee, specifying the ACES user to be deleted.

Condition: We noted one employee whose employment terminated with the Oklahoma State Department of Health (OSDH) on January 6, 2015; however, WIC transactions were performed using the former employees' user ID for the Agency Check Entering System (ACES) from January 7, 2015 through February 17, 2015. It appears the Department continued to process transactions using the former employees' User ID after her employment terminated. In addition, it appears OST did not receive the form to delete the former employees' access to the system until July 14, 2015, which is approximately six months after the employee left the Department.

Cause: The agency failed to timely submit the required paperwork to OST to terminate an ACES users rights when they terminated.

Effect: Unauthorized and/or terminated personnel may be able to schedule payments on ACES without requiring approval. However, when sampling WIC transactions that were processed from January 7, 2015 through February 17, 2015, the transactions processed appear to be valid WIC expenditures.

Recommendation: We recommend the Department implement processes and procedures to contact OST immediately upon the termination, retirement, or position shift of any employee that has ACES access. In addition, we recommend the Department review the users that currently have access and verify that access is necessary for the user and if not, ensure the employee's access is revoked.

Views of Responsible Official(s)

Contact Person: Mark Davis, Chief Financial Officer

Anticipated Completion Date:

Corrective Action Planned: OSDH Financial Services will be creating a master database of all systems used by its staff. This database will identify each unique system used by Financial Services staff and each of its staff

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members' permissions in each system. When a staff member leaves the Department or changes positions, a member of Financial Services administration will check the database and initiate all necessary system deactivation requests. Centralizing this tracking of system permissions, will allow OSDH to ensure accesses are deactivated for separated employees and employees shifting positions. This procedure will be implemented by January 31, 2016. Additionally, OSDH Financial Services will review ACES system permissions on a quarterly basis to verify that access is necessary for the user and that no separated employees have access.

FINDING NO: 2015-008 (Repeat)

STATE AGENCY: Oklahoma State Department of Health

FEDERAL AGENCY: United States Department of Agriculture

CFDA NO: 10.557

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

FEDERAL AWARD NUMBER: 15156OK505W1003 and 15156OK505W1006

FEDERAL AWARD YEAR: 2015

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

QUESTIONED COSTS: \$0

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

Condition: The Department is not reconciling the agency wide expenditure reconciliation with the Office of Management and Enterprise Services (OMES) in a timely manner. We noted during our WIC testing that the OSDH expenditure reconciliation for the month of September 2014 was not completed until March 3, 2015. The reconciliation for the month of March 2015 was not completed until June 11, 2015. Lastly, the reconciliation for the month of June 2015 was not completed until September 28, 2015.

Cause: It appears staff turnover within the Reconciliations Unit and shifts of workloads caused the reconciliation to not be prepared in a timely manner during the prior year audit and continued into the current year audit.

Effect: Unallowable activities and/or costs could occur and not be detected when timely reconciliations are not performed. In addition, without timely reconciliations there is the potential that federal expenditures for the SEFA could be misstated.

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

Views of Responsible Official(s)

Contact Person: Mark Davis, Chief Financial Officer

Anticipated Completion Date:

Corrective Action Planned: The lack of timely expenditure reconciliation was due to staff turnover and shifts of workloads. In February 2015, OSDH implemented an accelerated schedule to get caught up on its expenditure reconciliations. Reconciliations remained behind schedule through the end of SFY 2015. For SFY 2016, expenditure reconciliations have been completed within the one month timeline for 3 of the 4 months reconciled; the August 2015 expenditure reconciliation was completed 6 days late on 10/6/15. The Department has implemented a planning and monitoring process to ensure continued timeliness in reconciling expenditures with OMES by the end of the following month.

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Department of Human Services

FINDING NO: 2015-004 (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: 2014G992201(Cooling), 2015G992201 (Heating)

FEDERAL AWARD YEAR: 2014 (Cooling), 2015 (Heating)

CONTROL CATEGORY: Activities Allowed or Unallowed; Eligibility

QUESTIONED COSTS: \$940

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

Condition: In a sample of 60 of 1,307 duplicated household addresses, 7 households appear to have received multiple payments of a given benefit type (heating or cooling).

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

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

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

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: 7/1/16

Corrective Action Planned: Concur. OKDHS has had edits in place to ensure the same address cannot receive duplicate LIHEAP benefits. AFS LIHEAP will work with ISD to ensure the duplicate address edit continues to function properly. In addition, AFS LIHEAP staff will work with local county staff to provide guidance on how to properly screen applications for other open cases with a shared address and how to document the case when a duplicate payment is appropriate.

FINDING NO: 2015-005 (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: 2014G992201(Cooling), 2015G992201 (Heating)

FEDERAL AWARD YEAR: 2014 (Cooling), 2015(Heating)

CONTROL CATEGORY: Activities Allowed or Unallowed; Eligibility

QUESTIONED COSTS: \$5,160

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

Condition: 26 of the 348 LIHEAP benefit payments paid to OKDHS employees during SFY15 appear to be inappropriate because the employee's income is greater than the allowable income level per Appendix C-7.

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

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

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

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: 7/1/2016

Corrective Action Planned: Concur. AFS LIHEAP staff and AFS administrative staff met to discuss the feasibility of centralized processing of employee LIHEAP applications and develop a process to significantly reduce these errors. The LIHEAP application forms, LIHEAP-1-A and LIHEAP-1-B will be updated to include language regarding DHS employment status. Applications indicating a household member has been or is employed by DHS or is seeking employment with DHS will be routed to a supervisor for processing. Updates will be made to LIHEAP policy, ITS, and LIHEAP training documents to include instructions for verifying employment status and income verification with HRM or Payroll prior to processing application.

FINDING NO: 2015-006

STATE AGENCY: Oklahoma Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.568

FEDERAL PROGRAM NAME: Low-Income Home Energy Assistance Program

FEDERAL AWARD NUMBER: 14B1OKLIEA

FEDERAL AWARD YEAR: 2014

CONTROL CATEGORY: Reporting

QUESTIONED COSTS: \$0

Criteria: The United States Government Accountability Office's (GAO) Standards for Internal Control in the Federal Government states in part, "Key duties and responsibilities need to be divided or segregated among different people to reduce the risk of error or fraud."

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

Condition: The SF-425 Federal Financial Reports (FFR) submitted during SFY 2015 were prepared, approved, and submitted to the On-Line Data Collection (OLDC) system by the same OKDHS staff person. In addition, the FFY14 regular grant FFR tested contained errors that were not detected and corrected prior to submission to the OLDC.

Cause: Due to the unexpected loss of personnel in the CARE Unit, some duties previously segregated were not segregated during SFY2015. Additionally, human errors resulted in \$77,819 in receipts and disbursements related to the reallocation grant to be duplicated on the FFY14 regular grant FFR submitted for the 9/30/14 reporting period. Due to the lack of an independent review, the human errors were not detected and corrected prior to submission of the report.

Effect: The FFR's may be inaccurate.

Recommendation: We recommend the OKDHS implement procedures to ensure the FFR's are reviewed by someone other than the person preparing the report. Additionally, we recommend the OKDHS reevaluate backup roles assigned to agency personnel and ensure the backup plan allows for adequate segregation of duties. Based on discussion with OKDHS personnel, it was noted the specific error identified was corrected when the

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final report for FFY2014 was submitted during SFY16. Therefore we are not recommending modification of any reports.

Views of Responsible Official(s)

Contact Person: Deena Brown

Anticipated Completion Date: 11/4/2014

Corrective Action Planned: Concur. The SF-425 report was due immediately following the sudden loss of the employee working this grant and due to this unfortunate event, the report was submitted without review. Despite that the proper procedures to segregate the review and preparation of the report are in place, the timing of the loss and the submission of the report did not allow enough time for a proper review. The backup roles have been reevaluated and the segregation of duties for the preparation and review of the SF-425 report are in place.

FINDING NO: 2015-009

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.658

FEDERAL PROGRAM NAME: Foster Care – Title IV-E

FEDERAL AWARD NUMBER: 1401OK1401 and 1501OKFOST

FEDERAL AWARD YEAR: 2014 and 2015

CONTROL CATEGORY: Eligibility

QUESTIONED COSTS: \$0

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

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

Condition: The SFY15 Title IV-E Foster Care maintenance payment detail data provided for testing did not agree to the amounts that were reported on the quarterly CB-496 reports.

Cause: Department of Human Services IT data systems did not save a “historical snapshot” of the Foster Care maintenance payment data that was provided to finance to prepare the quarterly CB-496 reports.

Effect: Since a historical snapshot was not saved, the amounts reported on the CB-496 reports cannot be supported. DHS may not be in compliance with the above stated criteria.

Recommendation: We recommend that the Department save the “historical snapshot” that is sent to finance on a quarterly basis to prepare the CB-496 Reports.

Views of Responsible Official(s)

Contact Person: Deena Brown, Finance Administrator – OKDHS Financial Services/Cost Accounting & Revenue Enhancement Unit

Anticipated Completion Date: 3/7/2016

Corrective Action Planned: Concur. OMES-ISD staff has been reminded of the importance to maintain the “historical snapshot” of Foster Care maintenance payment data. Corrections to prior periods will be adjusted only in the current reporting period. Prior quarter data will remain unchanged (i.e. frozen) from the initial report generation date.

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FINDING NO: 2015-010 (Repeat)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.568

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

FEDERAL AWARD NUMBER: 2014G992201 (Cooling); 2015G992201 (Heating/ECAP)

FEDERAL AWARD YEAR: 2014/2015

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

QUESTIONED COSTS: \$1,297

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

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

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

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

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

Condition: For a sample of 60 of 93,931 LIHEAP benefit payments totaling \$12,259 we noted:

- One instance where the ECAP case record did not contain the required crisis documentation (Questioned Costs: \$242)
- Five instances where the application documentation and support did not coincide with the benefit authorization details (household sizes did not match, income levels didn’t match); therefore, we could not establish that a proper determination had been made (Questioned Costs: \$1,055)
- One instance where we could not determine the income was verified at the time of application (Questioned Costs: \$0)

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

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

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

Views of Responsible Official(s)

Contact Person: Cari Crittenden

Anticipated Completion Date: 7/1/16

Corrective Action Planned: Concur. AFS will provide LIHEAP training to appropriate staff emphasizing the importance of properly documenting eligibility. Due to budget constraints preventing travel, training documents will be available on the DHS Infonet and/or QUEST.

FINDING NO: 2015-013

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: G1501OKTANF

FEDERAL AWARD YEAR: 2014 and 2015

CONTROL CATEGORY: Eligibility

QUESTIONED COSTS: \$ 7,170

Criteria: 45 CFR 264.1(a)(1) states: "Subject to the exceptions in this section, no State may use any of its Federal TANF funds to provide assistance (as defined in §60.31 of this chapter) to a family that includes an adult head-of-household or a spouse of the head-of-household who has received Federal assistance for a total of five years (i.e., 60 cumulative months, whether or not consecutive)."

45 CFR 264.1(c) states: "States have the option to extend assistance paid for by Federal TANF funds beyond the five-year limit for up to 20 percent of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year, whichever the State elects. States are permitted to extend assistance to families only on the basis of: (1) Hardship, as defined by the State; or (2) The fact that the family includes someone who has been battered, or subject to extreme cruelty based on the fact that the individual has been subjected to: (i) Physical acts that resulted in, or threatened to result in, physical injury to the individual; (ii) Sexual abuse; (iii) Sexual activity involving a dependent child; (iv) Being forced as the caretaker relative of a dependent child to engage in nonconsensual sexual acts or activities; (v) Threats of, or attempts at, physical or sexual abuse; (vi) Mental abuse; or (vii) Neglect or deprivation of medical care."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(c)(1) states: "When the client meets all other eligibility factors and requests a hardship extension, the worker and applicant complete and sign Part I of Form 08TW024E, Extension Request for Temporary Assistance for Needy Families (TANF), during the face-to-face interview. The worker does not approve the application until a decision regarding the extension request is made."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(f) states: "When the client's hardship extension approval time frame is completed, the worker makes a home visit or sends the client Form 08AD092E requesting a face-to-face interview to discuss whether the client wishes to request an additional hardship extension."

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(f)(2) states in part: "When the client fails to respond to the interview request or marks on Form 08TW025E that a continued extension is not requested, the worker closes the TANF benefit for the next effective date."

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OAC INSTRUCTIONS TO STAFF 340:10-3-56 12 states: "When a recipient is approved for SSI, the removal date is the next effective date. When the initial SSI payment is received prior to the removal date, no overpayment exists."

Condition: When testing 15 of the 127 TANF cases receiving benefits for more than sixty months, we noted the following:

- Form (08TW024E) was not available in the case file documenting approval of hardship for extension of benefits prior to benefits being awarded for two cases. (Questioned Costs \$ 1,520)
- Form (08TW025E) was not available in the case file documenting approval of hardship for continued extension of benefits prior to benefits being awarded for four cases. (Questioned Costs \$ 5,650)

Cause: The Department did not follow policy in documenting the approval of a hardship which is required prior to awarding extended benefits.

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

Recommendation: We recommend the Department follow policy and document hardship approvals for TANF recipients as required. Also, we recommend the Department ensure hardship approval documentation is maintained in the case records.

Views of Responsible Official(s)

Contact Person: Paulette Bushers

Anticipated Completion Date: May 31, 2016

Corrective Action Planned: Concur. The appropriate County Directors and Deputy Directors for each county with cases in error are being advised of the error on the cases. AFS will require Back-to-Basics trainings for all appropriate staff regarding policy and procedure for Hardship extension requests and reviews.

FINDING NO: 2015-014 (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: G1501OKTANF

FEDERAL AWARD YEAR: 2015

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 performed testwork on the SFY 2015 G1DX Exception and Clearance Reports. We noted the following:

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ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	3,639	25,393	14.33%
IEV	0	0	0%
OWG	2,450	26,671	9.19%
SDX	7,073	87,640	8.07%
SNH	5,348	52,116	10.26%
UIB	764	8,167	9.35%
TOTAL	19,274	199,987	9.64%

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: Helen Goulden

Anticipated Completion Date: 4/1/2016

Corrective Action Planned: Concur. In an effort to better utilize information provided through the Income Eligibility Verification System (IEVS), the DHS Adult and Family Services Division will be centralizing this function. The function will focus on the timely investigation and utilization of information conveyed through the IEVS. As of 03/01/2016 these positions are being developed and we hope to begin utilizing them by 04/01/2016.

FINDING NO: 2015-015 (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: G1501OKTANF

FEDERAL AWARD YEAR: 2015

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

QUESTIONED COSTS: \$0

Criteria: Each State is required to participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. The State is required to review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits or services under the TANF program. DHS Policy OAC 340:65-3-4-4 (C) states in part, "Automated data exchange with other agencies provides benefit, wage, tax information, and verification of Social Security numbers. The information obtained is electronically compared with data stored within OKDHS electronic records to determine if there are discrepancies that need to be addressed."

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Condition: During testing of 5 of the 18 IEVS data exchange jobs, we noted 2 of the jobs were not run as scheduled. See below:

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
EVSXXMT	SSA	Monthly	July 2014 through June 2015
CB077M	IRS	Monthly	July 2014 through June 2015

Cause: Lack of oversight in maintaining the IEVS process on the EVSXXMT job. The CB077M job was not run due to lack of oversight during SFY 2014 which was detected in February 2015. Therefore, the IRS file was not received until 6/23/15 and not loaded on the IEVS system until after SFY 2015 on 7/8/15.

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

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

Views of Responsible Official(s)

Contact Person: Helen Goulden

Anticipated Completion Date: 4/1/2016

Corrective Action Planned: Concur. In an effort to better utilize information provided through the Income Eligibility Verification System (IEVS), the DHS Adult and Family Services Division will be centralizing this function. The function will focus on the timely investigation and utilization of information conveyed through the IEVS. As of 03/01/2016 these positions are being developed and we hope to begin utilizing them by 04/01/2016.

FINDING NO: 2015-016

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: G1501OKTANF

FEDERAL AWARD YEAR: 2015

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

QUESTIONED COSTS: \$ 239

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 (OKDHS) 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: When testing 60 of 5,557 child support non-cooperation occurrences, we 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 and the overpayments have not been recouped.

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Cause: The PS2 computer system automation did not automatically apply the 25% penalty when non-cooperation was determined.

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. According to the OMB A-133 Child Support Non-Cooperation Compliance Requirement HHS may penalize a State for up to 5% of the State Family Assistance Grant for failure to substantially comply with the required State child support program.

Recommendation: We recommend the Department ensure benefits are reduced or denied for child support non-cooperation and recoup any overpayments. In addition, we recommend OKDHS research the cause of why the system did not automatically apply the 25% penalty when non-cooperation was determined to ensure non-cooperation penalties are applied in a timely manner.

Views of Responsible Official(s)

Contact Person: Paulette Bushers

Anticipated Completion Date: May 31st, 2016

Corrective Action Planned: Concur. DHS has a system edit in place to identify this type of situation and automatically apply the penalty through the use of a system edit. While, the case in question met the criteria for the system edit to automatically apply the penalty, it is unclear what caused the system edit to not function properly. A request has been submitted to identify the cause of the system error and a correction will be made. An over-issuance did occur in this case; however, the proper paperwork has been submitted and the agency is taking all measures to recover the over-issuance.

FINDING NO: 2015-017 (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: G1501OKTANF

FEDERAL AWARD YEAR: 2015

CONTROL CATEGORY: Activities Allowed or Unallowed and Eligibility

QUESTIONED COSTS: \$ 2,798

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

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

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

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

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

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

Condition: When testing 60 of 12,476 TANF cases, we noted the following:

- One case where the documentation for a TANF eligibility redetermination consisted of case notes documenting an interview conducted over the telephone. (Questioned Costs \$0)
- One case where the TANF eligibility redetermination was not performed in a timely manner. (Questioned Costs \$0)
- Two cases where no documentation of a TANF eligibility redetermination was found in the case file for benefits paid during SFY 2015. (Questioned Costs \$2,405)
- One case where no documentation of a TANF eligibility determination was found in the case file for benefits paid during SFY 2015. (Questioned Costs \$393)

Cause: In the case of the interview conducted by phone, this redetermination was not performed according to DHS policy. In the case of the three redeterminations and one determination that could not be located, these redeterminations and determination were either not performed, not performed in a timely manner, or were not properly documented.

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

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

Views of Responsible Official(s)

Contact Person: Paulette Bushers

Anticipated Completion Date: April 29, 2016

Corrective Action Planned: Concur. The appropriate County Directors and Deputy Directors will be notified of the errors. In addition, a Back-to-Basics training will be conducted in the counties with errors. The training will focus on reviewing the proper forms that must be completed and uploaded into the case record on both eligibility determinations and redeterminations. Furthermore, emphasis will also be placed on policy and procedure regarding all TANF eligibility determinations and redeterminations must be completed with a face to face interview rather than by telephone.

FINDING NO: 2015-018 (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: G1501OKTANF

FEDERAL AWARD YEAR: 2015

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

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

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

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

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

Condition: When testing 60 of 12,476 cases, we noted two cases where no documentation could be found in the case file requiring the applicant to cooperate with the State in obtaining child support or requiring the applicant to assign the support rights to the State for benefits paid during SFY 2015.

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

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

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

Views of Responsible Official(s)

Contact Person: Paulette Bushers

Anticipated Completion Date: April 29, 2016

Corrective Action Planned: Back to Basics training will be held for staff in each relevant county regarding existing policy and procedure. In addition, emphasis will be made on completing and uploading the proper forms to ensure the case has appropriate documentation to support child support cooperation.

FINDING NO: 2015-019 (Repeat)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.558

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FEDERAL PROGRAM NAME: Temporary Assistance for Needy Families

FEDERAL AWARD NUMBER: G1501OKTANF

FEDERAL AWARD YEAR: 2015

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

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."

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

Condition: When testing 60 of 12,476 cases, we noted one case in which no income verification documentation was found in the case file for the time period tested.

Cause: The initial verification of income is a manual process performed by the social worker. This process was either omitted or not documented when determining eligibility.

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

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

Views of Responsible Official(s)

Contact Person: Paulette Bushers

Anticipated Completion Date: April 29, 2016

Corrective Action Planned: Concur. The case file did not contain the documentation needed to properly document the income verification. However, based on case notes, it appears income verification was performed and no overpayment occurred. AFS will notify the appropriate County Director and Deputy Director of this error. AFS will also continue to stress the importance of existing policy and procedures. A Back-to-Basics training will be held, for appropriate staff, with a focus on reviewing and documenting income verification. Based on prior year audit findings, DHS has reduced findings in this area by 11.7% to only 1.6% of the population sampled.

FINDING NO: 2015-021

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: G1501OKTANF

FEDERAL AWARD YEAR: 2015

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CONTROL CATEGORY: Special Tests and Provisions – Penalty for Failure to Comply with Work Verification Plan

QUESTIONED COSTS: \$0

Criteria: 45 CFR Section 261.62(a) states, “To ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report and, if applicable, the SSP–MOE Data Report, each State must establish and employ procedures for determining whether its work activities may count for participation rate purposes; establish and employ procedures for determining how to count and verify reported hours of work; establish and employ procedures for identifying who is a work-eligible individual; establish and employ internal controls to ensure compliance with the procedures...”

TANF Data Report – Section One Adult Work Participation Activities Guidance states in part, “A State must support each individual’s hours of participation through documentation in the case file. In accordance with 45 CFR Section 261.62, a State must describe in its Work Verification Plan the documentation it uses to verify hours of participation in each activity.”

TANF Data Report – Section One Adult Work Participation Activities Guidance states in part, “For an individual who is not employed, the documentation for substantiating hours of participation may consist of, but is not limited to, time sheets, service provider attendance records, or school attendance records...”

TANF Data Report – Section One Adult Work Participation Activities Guidance 57 Vocational Education Training Definition states in part, “vocational education training must be supervised on an ongoing basis no less frequently than once each day in which the individual is scheduled to participate.”

OAC INSTRUCTIONS TO STAFF 340:10-2-8 #8 states, “Form 08TW013E, Time and Progress Report, instructs the participant to submit pages one and two to the local county office by the 20th of the current month and pages three and four by the fifth of the next month.”

OAC INSTRUCTIONS TO STAFF 340:10-2-8 #9 states, “The worker enters the hours per day the participant participates in TANF Work activities in the ETPANEW transaction using information provided by the recipient on Form 08TW013E for that month. The worker rounds down to the next whole hour any portion of an hour equal to, or less than 29 minutes, and rounds up to the next whole hour any portion of an hour equal to, or greater than 30 minutes.”

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

Condition: We selected 45 of 11,820 cases to test the Penalty for Failure to Comply with Work Verification Plan requirement and noted the following:

- Two cases where the work participation hours recorded on the TANF Data Report were not documented in the case file.
- One case where the work participation hours recorded on the TANF Data Report do not agree with the work participation hours documented in the case file. The work participation hours recorded on the TANF Data Report were overstated according to the work participation hours documented in the case file.

Cause: The TANF work participation hours recorded on the ACF-199 report were not adequately documented and documentation of work participation hours was not received by the Department before the TANF Data Report was submitted.

Effect: The Department may not be in compliance with the above stated regulations, which may result in ineligible individuals receiving TANF benefits as well as inaccurate reporting on the TANF Data Report.

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Recommendation: We recommend the Department follow policy and procedures for verifying reported hours of work to ensure accuracy in the reporting of work activities by work-eligible individuals on the TANF Data Report.

Views of Responsible Official(s)

Contact Person: Paulette Bushers, TANF Program Manager

Anticipated Completion Date: April 29, 2016

Corrective Action Planned: Concur. The appropriate County Director and Deputy Director will be notified of the errors. In addition, a Back-to-Basics training will be held with a focus on properly filing and imaging of forms. Furthermore, a Back-to-Basics training with appropriate county TANF staff will be held with a focus on existing policy regarding properly coding Homework/ Study hours and how to properly document this action in case notes.

FINDING NO: 2015-028 (Repeat)

STATE AGENCY: Department of Human Services

FEDERAL AGENCY: Department of Health and Human Services

CFDA NO: 93.575, 93.596

FEDERAL PROGRAM NAME: Child Care and Development Fund

FEDERAL AWARD NUMBER: 1401OKCCDF and 1501OKCCDF

FEDERAL AWARD YEAR: 2014 and 2015

CONTROL CATEGORY: Health and Safety Requirements

QUESTIONED COSTS: \$0

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

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

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

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

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

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

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

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

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

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

Condition: We noted the following during testing of 60 of 2,035 daycare centers and homes:

- 7 centers/homes where the health inspector or fire inspector visits were not up to date
- 45 centers/homes where we could not determine that monitoring checklists were adequately documented in relation to compliance with the health and safety requirements
- 3 centers/homes that were not monitored in accordance with their Monitoring Frequency Plan.

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

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

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

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

Views of Responsible Official(s)

Contact Person: Lesli Blazer

Anticipated Completion Date: April 30, 2016

Corrective Action Planned: Concur. AFS Child Care Services (CCS) will stress to staff the importance of existing policy and procedures to ensure that health and fire inspections are up to date. Additionally, CCS staff will be reminded of the significance for the monitoring frequency plans to ensure each facility is adequately monitored. Furthermore, per a prior year audit finding, DHS policy has been modified (as of March 18th, 2015) to require a statement on the monitoring checklists that indicates no non-compliance was noted. As of January 1, 2016 the statement indicating "no-noncompliance noted" was incorporated into the monitoring checklists. Finally, CCS staff has been required to attend rigorous training to ensure the monitoring visits and checklists are completed in accordance with DHS policy.

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Department of Rehabilitation Services

FINDING NO: 2015-029 (Partial Repeat)

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

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

FEDERAL AWARD NUMBER: H126A-140053, H126A-150053

FEDERAL AWARD YEAR: 2014, 2015

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

QUESTIONED COSTS: \$0

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

- 612:10-7-20 – Case Recording: A case record will be established and maintained on each individual who applies for and/or receives vocational rehabilitation services. Narrative recordings of activities are mandatory at application, at eligibility, the development of the plan, program/financial reviews, and case closure. An action in any case is not considered effective until all required approvals have been obtained in accordance with Department policy. Documentation must be factual and conform to ethical and professional standards.
- 612:10-722.1 – Application: (a) **Application for services.** An individual is considered to have submitted an application when the individual, or the individual's authorized representative, as appropriate:
 - (1) has completed and signed an application form or has otherwise requested services (includes, but is not limited to requests made verbally, by telephone, in writing, by facsimile, etc.);
 - (2) has submitted the application form, or other documentation meeting the requirements of paragraphs (a) & (b), to the receiving office where it will be date-stamped;
 - (3) has provided information necessary to initiate an assessment to determine eligibility and priority for services; and
 - (4) is available to complete the assessment process.
- 612:10-7-22.1 – Application: (d) **Application Status.** While the client is in this status, the counselor will secure sufficient information to make a determination of eligibility and priority group assignment, determine ineligibility for vocational rehabilitation services, or to make a decision to conduct a Trial Work Experience or an Extended Evaluation. The VR Professional will determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days from the date of application.
- 612:10-7-24.2 – Assessment for determining eligibility: (b) The counselor will determine whether an individual is eligible for vocational rehabilitation services within a reasonable period of time, not to exceed 60 days after the individual has submitted an application for services. This time period may be extended only when unforeseen and exceptional circumstances beyond the control of the Department preclude completing the determination of eligibility within the 60 days and the individual agrees a specific extension of time is warranted as documented on the Need for Extension of Time to Determine Eligibility form; or a trial work period or an extended evaluation is needed to determine the individual's ability to benefit from VR services.
- 612:10-3-3 – Client participation in services cost and financial status determination: b) Before an individual can be provided services other than those listed in DRS policy, the counselor must evaluate the client's financial situation to determine if the client must participate in the cost of services, and if so, the amount of such participation.
- 612:10-7-2 – Field staff responsibilities: (f) The counselor will complete a financial status determination form prior to the provision of any service (other than exempt services listed in 612:10-3-4) to determine if the client will be required to participate in the cost of services.

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- 612:10-7-51 – Individualized Plan for Employment: (a) **Options for developing the Individualized Plan for Employment (IPE).** (2) For cases in an open priority group, the IPE must be completed and signed as soon as possible, consistent with the needs of the individual, but not more than 90 calendar days following the eligibility determination, unless the individual or the authorized representative and the VR or VRBVI counselor jointly agree to an extension of time of a specific duration. The 90-day time frame for development of the IPE will be applied from the date a closed priority group is reopened.

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

According to The Workforce Innovation and Opportunity Act (WIOA), which amends The Rehabilitation Act of 1973, when an IPE is required for the provision of VR services, the State VR Agency must develop the IPE as soon as possible but no later than 90 days after the individual has been determined eligible for VR services. The only exception to this is if the State VR agency and the eligible individual agree to an extension of that deadline to a specific date by which the IPE must be completed.

Condition: For our sample of 72 of 6,191 client case files:

- Two (2) of 72 (2.78%) did not contain a signed and dated application.
- For two (2) of 72 (2.78%) the system application date did not agree with the date (date stamp or date signed by client if no date stamp was present) on the application in the client's file.
- Four (4) of 72 (5.56%) did not contain an eligibility form.
- In five (5) of 72 (6.95%) the system eligibility determination date did not agree with the supporting documentation (eligibility form, eligibility letter, case notes, etc) in the client's file.
- In nine (9) of 72 (12.50%) the system IPE date did not agree with the supporting documentation (signed IPE) in the client's file.
- In twelve (12) of 72 (16.67%) eligibility was not determined within 60 days of the application date, and there was no evidence of an extension.
- In five (5) of 72 (6.95%) the IPE was not completed and signed by the required parties (Counselor, client and Counselor's Supervisor, when applicable) within 90 days of the eligibility determination date and no appropriate plan development extension was included in the file.
- In ten (10) of 72 (13.89%) the client did not have a signed IPE on file or a signed plan development extension and the case closure date was over 90 days from the appropriate eligibility determination date.
- In four (4) of 72 (5.56%) the Financial Status Determination was not completed before the plan start date in the system.

Cause: The Department has not implemented adequate internal controls to ensure:

- Eligibility and IPE development are determined in accordance with agency procedures and Federal requirements;
- Eligibility is determined within 60 days of the application date;
- Appropriate supporting documentation is maintained; and
- IPE's are completed appropriately (or the case is closed) within 90 days of the eligibility determination date.

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

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

Views of Responsible Official(s)

Contact Person: Mark Kinnison

Anticipated Completion Date: September 30, 2016

Corrective Action Planned: OKDRS will review internal policies and procedures and make improvements through proper training to enhance compliance with Federal requirements.

FINDING NO: 2015-030

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

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

FEDERAL AWARD NUMBER: H126A-140053, H126A-150053

FEDERAL AWARD YEAR: 2014 and 2015

CONTROL CATEGORY: Allowable Costs/Cost Principles; Reporting

QUESTIONED COSTS: \$18,807

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 Indian Tribal Governments (OMB Circular A-87) establishes principles and standards to provide a uniform approach for determining allowable costs. Appendix 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.” Appendix B 8.h.4 states, “Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection 8.h.(5) of this appendix unless a statistical sampling system. . . or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on: (a) More than one Federal award. . .”

Condition: We noted one (1) (1.67%) employee that worked 50% on the Older Blind Program and 50% on the Vocational Rehabilitation (VR) program in our sample of 60 of the 384 employees directly charged to the VR program. However, the entire payroll cost was charged to the VR program.

Cause: The central office tracks monthly employee payroll certifications on a tracking sheet. However, we noted one split funded employee's pay was charged entirely to the VR Program. There appears to be insufficient monitoring of split funded employee's to ensure appropriate funding is used.

Effect: Unallowable Federal expenditures of \$18,807 were charged to the federal award.

Recommendation: We recommend the agency re-evaluate current policies and procedures to determine where the breakdown in controls occurred and determine if a change in policy is necessary to effectively monitor split funded employees. In addition, we recommend the financial report be amended to reflect actual expenditures to the VR grant.

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Views of Responsible Official(s)

Contact Person: Paula Nelson

Anticipated Completion Date: 3/31/2016

Corrective Action Planned: OKDRS Finance (FSD) has implemented processes to notify the payroll department prior to the running of payroll regarding split funded employees. FSD also has a monthly process to identify and correct any errors that may occur. OKDRS will check with the granting entity as to the necessity to amend any of the effected federal reports.

FINDING NO: 2015-031

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

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

FEDERAL AWARD NUMBER: H126A-140053, H126A-150053

FEDERAL AWARD YEAR: 2014 and 2015

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. Per Office of Management and Budget (OMB) Circular 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.”

With regard to the key line items identified in the A-133 Compliance Supplement (4.84.126-8), the instructions for completion of the Annual Vocational Rehabilitation Program Case Service Report (RSA-911) (Policy Directive RSA-PD-14-01 dated October 25, 2013) state the following:

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

24. Significance of Disability - Enter a one-digit code to indicate whether the individual was considered a person with a significant disability or a most significant disability at any time during his/her VR program.

- 0 No Significant Disability
- 1 Significant Disability
- 2 Most Significant Disability

46. Date of Eligibility Determination - Enter the date (year, month, and day) that an eligibility determination was made regardless of whether the individual was determined ineligible later in the VR process because of changed circumstances.

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

215. Date of Closure - Record the date when the individual’s service record was closed by the State VR agency.

Condition: For our sample of 45 of 7,691 closed client case files we noted the following:

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- Four (4) (8.89%) files where the application is not date stamped and the client's signature date does not match the application date in the system.
- Six (6) (13.33%) files where the application date stamp does not match the application date in the system.
- One (1) (2.22%) file where the application is not date stamped and the client did not sign or date the application.
- One (1) (2.22%) file where there is not an application on file for the client.
- Twenty-two (48.89%) files where the data reported for line 24 does not agree with the supporting documentation in the client's file.
- Three (3) (6.67%) files where the eligibility form dates do not agree with the eligibility determination date in the system.
- Twelve (26.67%) files where there is not an eligibility form on file for the client and the system shows that the person was determined eligible for services.
- One (1) (2.22%) file where the client's file does not contain an IPE which has been approved by appropriate parties and the system indicates that a plan was approved.
- Five (5) (11.11%) files where the system plan (IPE) date does not agree with the signed IPE in the client's file.
- Seven (7) (15.56%) files that did not contain a closure letter.
- Five (5) (11.11%) files where the system closure date does not agree with the supporting documentation in the client's file.

Cause: The agency did not timely identify system programming issues related to line 24, 'Significance of Disability' which caused the incorrect codes to be reported on the RSA-911. In addition, the Department has not implemented adequate internal controls to ensure application dates, eligibility determination dates, IPE completion dates and closure dates are appropriately entered into the AWARE system, and that appropriate supporting documentation is maintained.

Effect: Failure to adhere to agency policies and procedures and failure to maintain adequate supporting documentation could result in inaccurate reporting on the RSA-911 report. In addition, failure to review the reported data on the RSA-911 prior to submission could result in system programming issues going undetected.

Recommendation: We recommend management review the data reported on the RSA-911 report prior to submission in order to identify any system programming errors. We further recommend management ensure appropriate follow-up procedures are performed to ensure corrections are made to the FFY 2014 RSA-911 report. In addition, we recommend management review the current internal controls in place to determine where improvements can be made to ensure that application dates, eligibility determination dates, IPE completion dates and closure dates are appropriately entered into the AWARE system and accurately reported on the RSA-911 report, and that adequate documentation is maintained to support the results.

Views of Responsible Official(s)

Contact Person: Mark Kinnison

Anticipated Completion Date: September 30, 2016

Corrective Action Planned: OKDRS will review the data reported on the RSA-911 report prior to submission to identify system programming errors. OKDRS will initiate any follow up procedures necessary to ensure corrections are made to enhance future RSA-911 reporting. OKDRS will implement case management training to ensure that application dates, eligibility determination dates, IPE completion dates and closure dates are appropriately entered into the AWARE system to enhance or improve consistent RSA-911 reporting along with appropriate case documentation.

FINDING NO: 2015-032

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: Social Security Administration

CFDA NO: 96.001 and 96.006

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FEDERAL PROGRAM NAME: Social Security - Disability Insurance; Supplemental Security Income

FEDERAL AWARD NUMBER: 1404OKDI00; 1504OKDI00

FEDERAL AWARD YEAR: 2014; 2015

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

QUESTIONED COSTS: \$0

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

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

The agency’s internal *Procedures for Documentation of Licensure/Certification for all CE Providers* states, “Each CE Provider is also required to sign annually, at the time of the MOU [Memorandum of Understanding], a ‘Statement of Agreement’ (License and Credentials Certification) documenting his or her **type of license, license number, date issued and **date of expiration.” In addition, “Each PRO [Professional Relations Officer] shall actively research all licenses and certifications for all active CE Providers and their support staff a minimum of **two times per year.”

Condition: For our sample of 37 of 366 active CE provider case files we noted:

- 37 instances (100%) where documentation of bi-annual (agency policy) licensure verification via the State licensing boards was not included in the provider’s file.
- 37 instances (100%) where documentation of bi-annual (agency policy) verification the provider was not an excluded provider on SAM was not included in the provider’s file.
- 29 instances (78%) where documentation of an annual (Federal requirement) licensure verification via the State licensing board was not included in the provider’s file.
- 35 instances (95%) where documentation of an annual (Federal requirement) verification the provider was not an excluded provider on SAM was not included in the provider’s file.
- 21 instances (56.75%) where the CE provider’s file did not contain a signed *License and Credentials Certification* statement (Statement of Agreement or Statement of Eligibility) covering the audit period.

Cause: The Department has not implemented adequate internal controls to ensure:

- Verification of the CE provider’s status via the SAM (i.e. the provider is not on the exclusion listing) is properly documented in accordance with agency procedures and Federal requirements;
- Verification of the CE provider’s medical licensure status (via the State licensing boards) is properly documented in accordance with agency procedures and Federal requirements; and
- The CE provider has submitted the appropriate certifications (Statement of Agreement or Statement of Eligibility) in accordance with agency procedures and Federal requirements.

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

Schedule of Findings

Federal Award Findings

And Questioned Costs

Recommendation: We recommend management review current internal controls in place to determine where improvements can be made to ensure that active CE provider's medical licenses and suspension and debarment status on SAM are verified and documented appropriately, and the appropriate certifications are obtained timely.

Views of Responsible Official(s)

Contact Person: Brian Nickles, Interim Division Administrator

Anticipated Completion Date: April 8, 2016 and May 31, 2016

Corrective Action Planned: The findings of the audit reveal that documentation was not included in the file confirming that license and credential verification had taken place for some sampled providers. Also, some of the sampled files did not contain a signed Statement of Agreement from the provider. We are in the process of verifying the license and credential verification for each provider, including active providers as well as any new providers. We expect this process should be completed by April 8, 2016. In addition, we are in the process of obtaining a current Signed Statement of Agreement from any provider's whose file does not contain one, which is expected to be completed by mid-April.

Lastly, in collaboration with the DRS and DDD IT staff, an electronic platform is being developed to house all provider file information including the documents referenced above. This platform will provide a central point for document location, allowing for real-time display of management information and oversight. The anticipated date of implementation is May 31, 2016.

FINDING NO: 2015-041

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: United States Department of Education

CFDA NO: 84.126

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

FEDERAL AWARD NUMBER: H126A-140053, H126A-150053

FEDERAL AWARD YEAR: 2014 and 2015

CONTROL CATEGORY: Eligibility

QUESTIONED COSTS: \$426

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

- 612:10-7-20 – Case Recording: A case record will be established and maintained on each individual who applies for and/or receives vocational rehabilitation services. Narrative recordings of activities are mandatory at application, at eligibility, the development of the plan, program/financial reviews, and case closure. An action in any case is not considered effective until all required approvals have been obtained in accordance with Department policy. Documentation must be factual and conform to ethical and professional standards.

Subpart C §.300 of Office of Management and Budget (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: For our sample of 72 of 28,118 direct client services claims:

- Three (3) claims (4.16%) did not have an Individualized Plan for Employment (IPE) approved by the client included in the file.
- One (1) claim (1.38%) did not have an IPE covering the services on the authorization that was approved by the client and the counselor prior to the authorization date included in the file.
- One (1) claim (1.38%) did not have an IPE covering the services on the authorization included in the file (only this claim will result in questioned costs).

Schedule of Findings

Federal Award Findings

And Questioned Costs

Cause: The Department has not implemented adequate internal controls to ensure appropriate supporting documentation is maintained.

Effect: It appears claims were paid without appropriate supporting documentation to verify the services reimbursed were covered under a properly approved IPE. This could result in the Department having to reimburse the Federal grantor for the undocumented costs.

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

Views of Responsible Official(s)

Contact Person: Mark Kinnison

Anticipated Completion Date: September 30, 2016

Corrective Action Planned: OKDRS will investigate the claims in question, and take appropriate steps to recoup funds if necessary. OKDRS will review internal controls, policies, and procedures, and provide necessary training to staff to enhance compliance with Federal requirements.

FINDING NO: 2015-043

STATE AGENCY: Department of Rehabilitation Services

FEDERAL AGENCY: Social Security Administration

CFDA NO: 96.001 and 96.006

FEDERAL PROGRAM NAME: Social Security - Disability Insurance; Supplemental Security Income

FEDERAL AWARD NUMBER: 1404OKDI00; 1504OKDI00

FEDERAL AWARD YEAR: 2014; 2015

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

QUESTIONED COSTS: \$0

Criteria: According to Program Operations Manual System (POMS) DI 39569, section C.1.a. – New CE (Consultative Examination) Providers, “Prior to using the services of any CE provider (including CE providers who are also treating sources): 1. check the System of Award Management (SAM), 2. verify medical licenses, credentials, and certifications with state medical boards, psychology boards, and other state professional certifications bodies, 3. annotate the provider file with the: date and name of the DDS employee verifying the license and the source of verification (e.g., state licensing agency webpage, SAM database); or name of the individual who provided the credential verification, 4. obtain a signed License and Credentials Certification from the CE provider and retain it in a file.”

The agency’s internal *Procedures for Documentation of Licensure/Certification for all CE Providers* states, “A new recruit will sign the MOU [Memorandum of Understanding], Statement of Agreement (License and Credentials Certification), Acknowledgement of Confidentiality, W-9 and provide a photocopy of his or her current license or certification.” It also states, “Each PRO [Professional Relations Officer] shall actively research all licenses and certifications for all active CE Providers and their support staff a minimum of **two times per year.”

Condition: For our sample of 8 of 78 new CE provider case files we noted:

- Three (3) (38%) instances where the provider's file did not contain documentation verifying that the provider was not an excluded provider on the System of Award Management (SAM) prior to using the services of the CE provider
- Two (2) (25%) instances where the provider's file did not contain documentation verifying provider's medical licensure status [via the State licensing boards] prior to using the services of the CE Provider
- Two (2) (25%) instances where the provider's file did not contain the appropriate certifications (Statement of Agreement or Statement of Eligibility) prior to using the services of the CE Provider.

Schedule of Findings

Federal Award Findings

And Questioned Costs

Cause: The Department has not implemented adequate internal controls to ensure that, prior to using the services of a CE Provider:

- Verification of the prospective CE provider's status (i.e., not on the exclusion listing) via the System of Award Management (SAM) is properly documented in accordance with agency procedures and Federal requirements;
- Verification of the prospective CE provider's medical licensure status (via the State licensing boards) is properly documented in accordance with agency procedures and Federal requirements; and
- The prospective CE provider has submitted the appropriate certifications (Statement of Agreement or Statement of Eligibility) in accordance with agency procedures and Federal requirements.

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

Recommendation: We recommend management review current internal controls in place to determine where improvements can be made to ensure that prospective CE provider's medical licenses and suspension and debarment status on SAM are verified and documented appropriately, and the appropriate certifications are obtained timely.

Views of Responsible Official(s)

Contact Person: Brian Nickles, Interim Division Administrator

Anticipated Completion Date: April 8, 2016 and May 31, 2016

Corrective Action Planned: The findings of the audit reveal that documentation was not included in the file confirming that license and credential verification had taken place for some sampled providers. Also, some of the sampled files did not contain a signed Statement of Agreement from the provider. We are in the process of verifying the license and credential verification for each provider, including active providers as well as any new providers. We expect this process should be completed by April 8, 2016. In addition, we are in the process of obtaining a current Signed Statement of Agreement from any provider's whose file does not contain one, which is expected to be completed by mid-April.

Lastly, in collaboration with the DRS and DDD IT staff, an electronic platform is being developed to house all provider file information including the documents referenced above. This platform will provide a central point for document location, allowing for real-time display of management information and oversight. The anticipated date of implementation is May 31, 2016.

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Summary Schedule of Prior Findings

Summary Schedule of Prior Findings

Summary Schedule of Prior Findings

Note: Findings are presented alphabetically by state agency.

Department of Education

Finding No: 12-265-006, 2013-046, 2014-049

CFDA No: 10.558, 10.553, 10.555, 10.556, & 10.559

Federal Agency: U.S. Department of Agriculture

Control Category: Reporting – Federal Funding Accountability and Transparency Act (FFATA)

Finding Summary: The Department did not timely submit subaward information to USAspending.gov for the federal award numbers listed above.

Status: Corrected.

Department of Emergency Management

Finding No: 2014-042

CFDA No: 97.036

Federal Agency: U.S. Department of Homeland Security

Control Category: Reporting: Federal Funding Accountability and Transparency Act (FFATA)

Finding Summary: The Department did not ensure subawards were timely and properly reported.

Status: Corrected.

Employment Security Commission

Finding No: 09-290-001, 10-290-003, 11-290-002, 12-290-001, 2013-007, 2014-039

CFDA No: 17.225

Federal Agency: U.S. Department of Labor

Control Category: Reporting

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

Status: Corrected.

Department of Health

Finding No: 2014-010

CFDA No: 10.557

Federal Agency: U.S. Department of Agriculture

Control Category: Reporting

Finding Summary: The Department is not reconciling with the Office of Management and Enterprise Services (OMES) in a timely manner.

Status: Partially corrected. See current year finding #2015-008. The lack of timely expenditure reconciliation was due to staff turnover and shifts of workloads. In February 2015, OSDH implemented an accelerated schedule to get caught up on its expenditure reconciliations. Reconciliations remained behind schedule through the end of SFY 2015. For SFY 2016, expenditure reconciliations have been completed within the one month timeline for 3 of the 4 months reconciled; the August 2015 expenditure reconciliation was completed 6 days late on 10/6/15. The Department has implemented a planning and monitoring process to ensure continued timeliness in reconciling expenditures with OMES by the end of the following month.

Finding No: 12-340-003, 2013-039, 2014-024

CFDA No: 10.557

Federal Agency: U.S. Department of Agriculture

Control Category: Reporting - FFATA

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

Status: Corrected.

Summary Schedule of Prior Findings

Health Care Authority

Finding No: 2014-009

CFDA No: 93.778

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

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

Finding Summary: The completed Behavioral Health Inspections of Care (IOC) reviews were not audited by the Provider Services Unit.

Status: Corrected.

Finding No: 2014-012

CFDA No: 93.778

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

Control Category: Reporting, Special Tests and Provisions: R2 – Presentation on the Schedule of Expenditures of Federal Awards (SEFA) and Data Collection Form

Finding Summary: Cash-basis Federal expenditures for the American Recovery and Reimbursement Act (ARRA) portion were overstated on the SEFA.

Status: Not corrected. See current year finding #2015-038. The calculation of Federal cash-basis expenditures for MAP-ARRA was reviewed by OHCA staff for accuracy prior to being reported on the SEFA. Management examined why the review did not detect the error and determined the error was not detected because the documentation provided for review supported the calculation reported on the SEFA. It was only after the SEFA was submitted to OMES it was discovered the support document used had been revised and a previous version had been used in the calculation.

OHCA procedures for reporting expenditures on the SEFA have been revised. Only the CMS 64 master file copy pulled from the Medicaid and Children's Health Insurance Program Budget and Expenditure System (MBES) will be accepted as support documentation for reporting expenditures on the SEFA.

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

CFDA No: 93.767

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

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

Questioned Costs: SFY 2012 - \$240, SFY 2013 - \$498, SFY 2014 - \$108 (Activities Allowed or Unallowed and Allowable Costs/Cost Principles) SFY 2013 - \$197 (Reporting)

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

Status: Not corrected. See current year finding #2015-036. OHCA will refund federal share on June 30, 2016 CMS-64 Expenditure Report.

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

CFDA No: 93.778

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

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

Questioned Costs: SFY 2012 - \$474, SFY 2013 - \$275, SFY 2014 - \$84 (Activities Allowed or Unallowed and Allowable Costs/Cost Principles) and SFY 2013 - \$29 (Reporting)

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

Status: Not corrected. See current year audit finding #2015-035. OHCA will return federal share on June 30, 2016 CMS Expenditure Report.

Finding No: 2014-043

CFDA No: 93.778

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

Control Category: Reporting

Questioned Costs: \$703,300

Summary Schedule of Prior Findings

Finding Summary: *Prepaid Ambulatory Health Plan* Federal expenditures and *Evaluation and Management* Federal Expenditures were not properly reported on Form CMS-64.
Status: Corrected.

Department of Human Services

Finding No: 2013-050; 2014-001

CFDA No: 93.568

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

Control Category: Reporting

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

Status: Corrected.

Finding No: 2014-003

CFDA No: 93.568

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

Control Category: Reporting

Finding Summary: The same LIHEAP expenditures were reported on both the FFY12 and FFY13 LIHEAP Federal Financial Reports.

Status: Corrected.

Finding No: 2014-005

CFDA No: 93.568

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

Control Category: Subrecipient Monitoring

Finding Summary: The Department did not communicate the CFDA title and number, award name and number, if the award is research and development, the name of the Federal Awarding Agency, or applicable compliance requirements to the subrecipient. In addition, subrecipient expenditures incurred were not reviewed to ensure they are administering the award in accordance with the grant requirements and an annual A-133 audit was not obtained.

Status: Not Corrected. There is no related current year finding because this requirement was determined to not have a material impact on the program.

Finding No: 2013-023, 2014-006

CFDA No: 93.658, 93.778

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

Control Category: Allowable Costs/Cost Principles – Random Moment Time Summary

Questioned Costs: SFY 2013 - \$49,595, SFY 2014 - \$313,380

Finding Summary: The Random Moment Responses by Code Report was understated.

Status: Corrected.

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

CFDA No: 93.558

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

Control Category: Activities Allowed or Unallowed and Eligibility

Questioned Costs: SFY 2007 - \$9,155, SFY 2008 - \$348, SFY 2009 - \$8,994, SFY 2010 - \$1,645, SFY 2011 - \$2,052, SFY 2012 - \$553, SFY 2013 - \$261 and SFY 2014 - \$435

Finding Summary: We noted cases where no documentation of a TANF eligibility redetermination was found in the case file for benefits paid, and one case where the documentation for a TANF eligibility redetermination consisted of case notes documenting an interview conducted over the telephone.

Status: Partially corrected. See current year finding #2015-017. The appropriate County Directors and Deputy Directors will be notified of the errors. In addition, a Back-to-Basics training will be conducted in the counties with errors. The training will focus on reviewing the proper forms that must be completed and uploaded into the case record on both eligibility determinations and redeterminations. Furthermore, emphasis will also be placed on policy

Summary Schedule of Prior Findings

and procedure regarding all TANF eligibility determinations and redeterminations must be completed with a face to face interview rather than by telephone.

Finding No: 12-830-002, 2013-017, 2014-016

CFDA No: 93.558

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

Control Category: Reporting

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

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

Status: Corrected.

Finding No: 2013-031, 2014-017

CFDA No: 93.558

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

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

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

Status: Partially corrected. See current year finding #2015-018. Back to Basics training will be held for staff in each relevant county regarding existing policy and procedure. In addition, emphasis will be made on completing and uploading the proper forms to ensure the case has appropriate documentation to support child support cooperation.

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

CFDA No: 93.558

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

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

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

Status: Partially corrected. See current year finding #2015-19. The case file did not contain the documentation needed to properly document the income verification. However, based on case notes, it appears income verification was performed and no overpayment occurred. AFS will notify the appropriate County Director and Deputy Director of this error. AFS will also continue to stress the importance of existing policy and procedures. A Back-to-Basics training will be held, for appropriate staff, with a focus on reviewing and documenting income verification. Based on prior year audit findings, DHS has reduced findings in this area by 11.7% to only 1.6% of the population sampled.

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

CFDA No: 93.558

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

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

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

Status: Partially corrected. See current year finding #2015-014. In an effort to better utilize information provided through the Income Eligibility Verification System (IEVS), the DHS Adult and Family Services Division will be centralizing this function. The function will focus on the timely investigation and utilization of information

Summary Schedule of Prior Findings

conveyed through the IEVS. As of 03/01/2016 these positions are being developed and we hope to begin utilizing them by 04/01/2016.

Finding No: 2014-021

CFDA No: 93.558

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

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

Finding Summary: Income Eligibility and Verification System Jobs were not run as scheduled.

Status: Not corrected. See current year finding #2015-015. In an effort to better utilize information provided through the Income Eligibility Verification System (IEVS), the DHS Adult and Family Services Division will be centralizing this function. The function will focus on the timely investigation and utilization of information conveyed through the IEVS. As of 03/01/2016 these positions are being developed and we hope to begin utilizing them by 04/01/2016.

Finding No: 04-830-019, 05-830-011, 06-830-011, 07-830-003, 08-830-012, 09-830-020, 10-830-024, 11-830-013, 12-830-010, 2013-040, 2014-022

CFDA No: 93.568

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

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

Questioned Costs: SFY 2004 - \$1,640, SFY 2005 - \$142, SFY 2006 - \$545, SFY 2007 - \$2,409, SFY 2008 - \$1,164, SFY 2009 - \$480, SFY 2010 - \$760, SFY 2011 - \$950, SFY 2012 - \$450, SFY 2013 - \$799, and SFY 2014 - \$2,232

Finding Summary: We observed instances where the case record did not contain adequate ECAP crisis documentation, the case files could not be located for testing, the LIHEAP Walk-In checklist was not complete, an energy bill was not obtained to support the payment, and the application documentation and support did not coincide with the benefit authorization details.

Status: Not corrected. See current year finding #2015-010. AFS will provide LIHEAP training to appropriate staff emphasizing the importance of properly documenting eligibility. Due to budget constraints preventing travel, training documents will be available on the DHS Infonet and/or QUEST.

Finding No: 2014-027

CFDA No: 93.575, 93.596

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

Control Category: Health and Safety Requirements

Finding Summary: Health inspector visits were not up to date and we could not determine monitoring checklists were adequately documented in relation to compliance with the health and safety requirements. In addition, monitoring visit tracking methods in place vary greatly amongst workers and/or locations. The system generated tracking mechanism is not being incorporated into the tracking process at times.

Status: Partially corrected. See current year finding #2015-028. AFS Child Care Services (CCS) will stress to staff the importance of existing policy and procedures to ensure that health and fire inspections are up to date. Additionally, CCS staff will be reminded of the significance for the monitoring frequency plans to ensure each facility is adequately monitored. Furthermore, per a prior year audit finding, DHS policy has been modified (as of March 18th, 2015) to require a statement on the monitoring checklists that indicates no non-compliance was noted. As of January 1, 2016 the statement indicating “no-noncompliance noted” was incorporated into the monitoring checklists. Finally, CCS staff has been required to attend rigorous training to ensure the monitoring visits and checklists are completed in accordance with DHS policy.

Finding No: 2014-029

CFDA No: 93.575, 93.596

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

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

Questioned Costs: \$467

Finding Summary: We were unable to determine if the parent was working and therefore we were unable to determine if the participant was truly eligible for one case.

Status: Corrected.

Summary Schedule of Prior Findings

Finding No: 04-830-032, 05-830-012, 06-830-010, 08-830-012, 09-830-020, 09-830-031, 10-830-018, 11-830-007, 12-830-007, 12-830-008, 2013-020, 2013-022, 2014-030

CFDA No: 93.568

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

Control Category: Activities Allowed or Unallowed; Eligibility

Questioned Costs: SFY 2004 - \$8,864, SFY 2005 - \$11,848, SFY 2006 - \$400, SFY 2008 - \$1,164, SFY 2009 - \$2,383 (\$480 for 09-830-020 and \$1,903 for 09-830-031), SFY 2010 - \$1,556, SFY 2011 - \$1,190, SFY 2012 - \$306 (\$190 for 12-830-007 and \$116 for 12-830-008), SFY 2013 - \$1,776 (\$740 for 2013-020 and \$1,036 for 2013-022), and SFY 2014 - \$959

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

Status: Not corrected. See current year finding #2015-004. OKDHS has had edits in place to ensure the same address cannot receive duplicate LIHEAP benefits. AFS LIHEAP will work with ISD to ensure the duplicate address edit continues to function properly. In addition, AFS LIHEAP staff will work with local county staff to provide guidance on how to properly screen applications for other open cases with a shared address and how to document the case when a duplicate payment is appropriate.

Finding No: 2014-031

CFDA No: 93.568

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

Control Category: Activities Allowed or Unallowed; Eligibility

Questioned Costs: \$1,333

Finding Summary: Benefit payments made to OKDHS employees appear to be inappropriate because the employee's income was greater than the allowable income level, and some benefits were preauthorized based on an income level that was a year old.

Status: Not corrected. See current year finding #2015-005. AFS LIHEAP staff and AFS administrative staff met to discuss the feasibility of centralized processing of employee LIHEAP applications and develop a process to significantly reduce these errors. The LIHEAP application forms, LIHEAP-1-A and LIHEAP-1-B will be updated to include language regarding DHS employment status. Applications indicating a household member has been or is employed by DHS or is seeking employment with DHS will be routed to a supervisor for processing. Updates will be made to LIHEAP policy, ITS, and LIHEAP training documents to include instructions for verifying employment status and income verification with HRM or Payroll prior to processing application.

Finding No: 2014-038

CFDA No: 93.658

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

Control Category: Allowable Costs/Cost Principles

Questioned Costs: \$249,309

Finding Summary: Employee compensation for employees not dedicated solely to the Foster Care program was incorrectly charged as a direct cost to direct cost pool 306.

Status: Corrected.

Office of Management and Enterprise Services

Finding No: 12-090-003, 2013-063, 2014-054

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 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: No longer valid - follow-up cannot be performed because FFY2013 was the final year of this grant.

Summary Schedule of Prior Findings

Department Of Rehabilitation Services

Finding No: 2014-041

CFDA No: 84.126

Federal Agency: U.S. Department of Education

Control Category: Reporting – Schedule of Expenditures of Federal Awards (SEFA)

Finding Summary: Federal cash basis expenditures included amounts funded by state matching funds. These expenditures were also reported as state matching funds on the SEFA.

Status: Corrected.

Finding No: 2014-045

CFDA No: 84.126

Federal Agency: U.S. Department of Education

Control Category: Eligibility

Finding Summary: Eligibility was not determined within 60 days of the application date, and there was no evidence of an extension.

Status: Not corrected. See current year audit finding #2015-029. OKDRS will review internal policies and procedures and make improvements through proper training to enhance compliance with Federal requirements.

Department Of Transportation

Finding No: 2014-002

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Reporting: Federal Funding Accountability and Transparency Act (FFATA)

Finding Summary: Reports were not timely submitted.

Status: Corrected.

Finding No: 10-345-023, 11-345-006, 12-345-005, 2013-010, 2014-007

CFDA No: 20.509

Federal Agency: United States Department of Transportation

Control Category: Reporting: Special Report

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

Status: Corrected.

Finding No: 2013-005, 2014-032

CFDA No: 20.205

Federal Agency: United States Department of Transportation

Control Category: Special Tests & Provisions – Quality Assurance Program

Finding Summary: Supporting documentation for evaluations performed could not be found.

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

Attorney General

93.671	Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services
93.775	State Medicaid Fraud Control Units

Agriculture, Department of

10.025	Plant and Animal Disease, Pest Control, and Animal Care
10.069	Conservation Reserve Program
10.162	Inspection Grading and Standardization
10.163	Market Protection and Promotion
10.170	Specialty Crop Block Grant Program - Farm Bill
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection
10.652	Forestry Research
10.664	Cooperative Forestry Assistance
10.676	Forest Legacy Program
10.912	Environmental Quality Incentives Program
15.035	Forestry on Indian Lands
15.524	Recreation Resources Management
66.700	Consolidated Pesticide Enforcement Cooperative Agreements
93.103	Food and Drug Administration - Research

Career and Technology Education, Department of

12.002	Procurement Technical Assistance For Business Firms
84.002	Adult Education - Basic Grants to States
84.048	Career and Technical Education - Basic Grants to States

Commerce, Department of

11.307	Economic Adjustment Assistance
14.228	Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii
14.231	Emergency Solutions Grant Program
14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)
17.258	WIA/WIOA Adult Program
17.259	WIA/WIOA Youth Activities
17.261	WIA/WIOA Pilots, Demonstrations, and Research Projects
17.267	Incentive Grants - WIA Section 503
17.268	H-1B Job Training Grants
17.277	WIOA National Dislocated Worker Grants / WIA National Emergency Grants
17.278	WIA/WIOA Dislocated Worker Formula Grants
81.041	State Energy Program
81.042	Weatherization Assistance for Low-Income Persons
81.042	ARRA - Weatherization Assistance for Low-Income Persons
81.128	ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)
93.569	Community Services Block Grant
93.600	Head Start
21.UNK	Other Federal Assistance - State Small Business Credit Initiative

Conservation Commission

10.902	Soil and Water Conservation
15.252	Abandoned Mine Land Reclamation (AMLR) Program
15.631	Partners for Fish and Wildlife

Corporation Commission

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

Schedule of Federal Programs by State Agency

Corrections, Department of

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

District Attorneys Council

16.017	Sexual Assault Services Formula Program
16.554	National Criminal History Improvement Program (NCHIP)
16.575	Crime Victim Assistance
16.576	Crime Victim Compensation
16.582	Crime Victim Assistance/Discretionary Grants
16.588	Violence Against Women Formula Grants
16.589	Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program
16.590	Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program
16.593	Residential Substance Abuse Treatment for State Prisoners
16.738	Edward Byrne Memorial Justice Assistance Grant Program
16.742	Paul Coverdell Forensic Sciences Improvement Grant Program
16.751	Edward Byrne Memorial Competitive Grant Program
16.816	John R. Justice Prosecutors and Defenders Incentive Act

Education, Department of

10.553	School Breakfast Program
10.555	National School Lunch Program
10.556	Special Milk Program for Children
10.558	Child and Adult Care Food Program
10.559	Summer Food Service Program for Children
10.560	State Administrative Expenses for Child Nutrition
10.579	Child Nutrition Discretionary Grants Limited Availability
10.582	Fresh Fruit and Vegetable Program
84.002	Adult Education - Basic Grants to States
84.010	Title I Grants to Local Educational Agencies
84.011	Migrant Education - State Grant Program
84.013	Title I State Agency Program for Neglected and Delinquent Children and Youth
84.027	Special Education - Grants to States
84.144	Migrant Education - Coordination Program
84.173	Special Education - Preschool Grants
84.181	Special Education - Grants for Infants and Families
84.196	Education for Homeless Children and Youth
84.287	Twenty-First Century Community Learning Centers
84.323	Special Education - State Personnel Development
84.358	Rural Education
84.365	English Language Acquisition State Grants
84.366	Mathematics and Science Partnerships
84.367	Improving Teacher Quality State Grants
84.369	Grants for State Assessments and Related Activities
84.372	Statewide Longitudinal Data Systems
84.377	School Improvement Grants
84.388	ARRA - School Improvement Grants, Recovery Act
12.UNK	Troops to Teachers

Election Board, State

90.401	Help America Vote Act Requirements Payments
93.617	Voting Access for Individuals with Disabilities - Grants for States

Emergency Management, Department of

20.703	Interagency Hazardous Materials Public Sector Training and Planning Grants
97.023	Community Assistance Program State Support Services Element (CAP-SSSE)
97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)
97.039	Hazard Mitigation Grant

Schedule of Federal Programs by State Agency

97.042	Emergency Management Performance Grants
97.045	Cooperating Technical Partners
97.046	Fire Management Assistance Grant
97.047	Pre-Disaster Mitigation

Employment Security Commission

17.002	Labor Force Statistics
17.207	Employment Service/Wagner-Peyser Funded Activities
17.225	Unemployment Insurance
17.225	ARRA-Unemployment Insurance
17.235	Senior Community Service Employment Program
17.245	Trade Adjustment Assistance
17.271	Work Opportunity Tax Credit Program (WOTC)
17.273	Temporary Labor Certification for Foreign Workers
17.280	WIA/WIOA Dislocated Worker National Reserve Demonstration Grants
17.801	Disabled Veterans' Outreach Program (DVOP)
17.804	Local Veterans' Employment Representative Program

Environmental Quality, Department of

12.113	Cost Reimbursement Contract - State Memorandum of Agreement Program for the Reimbursement of Technical Services
15.616	Clean Vessels Act Program
66.034	Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act
66.454	Water Quality Management Planning
66.460	Nonpoint Source Implementation Grant
66.461	Regional Wetland Program Development Grants
66.468	Capitalization Grants for Drinking Water State Revolving Fund
66.605	Performance Partnership Grants
66.708	Pollution Prevention Grants Program
66.802	Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements
66.817	State and Tribal Response Program Grants
66.818	Brownfields Assessment and Cleanup Cooperative Agreements

Health, Department of

10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
10.578	WIC Grants to States (WGS)
93.069	Public Health Emergency Preparedness
93.070	Environmental Public Health and Emergency Response
93.074	Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreement
93.079	Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance
93.092	Affordable Care Act (ACA) Personal Responsibility Education Program
93.110	Maternal and Child Health Federal Consolidated Programs
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs
93.130	Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices
93.136	Injury Prevention and Control Research and State and Community Based Programs
93.169	Demonstration Grants on Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse)
93.217	Family Planning - Services
93.235	Affordable Care Act (ACA) Abstinence Education Program
93.251	Universal Newborn Hearing Screening
93.262	Occupational Safety and Health Program
93.268	Immunization Cooperative Agreements
93.270	Adult Viral Hepatitis Prevention and Control
93.283	Centers for Disease Control and Prevention - Investigations and Technical Assistance
93.292	National Public Health Improvement Initiative
93.296	State Partnership Grant Program to Improve Minority Health
93.305	National State Based Tobacco Control Programs

Schedule of Federal Programs by State Agency

93.323	Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)
93.336	Behavioral Risk Factor Surveillance System
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
93.521	The Affordable Care Act: Building Epidemiology, Laboratory, and Health Information Systems Capacity in the Epidemiology and Laboratory Capacity for Infectious Disease (ELC) and Emerging Infections Program (EIP) Cooperative Agreements; PPHF
93.539	PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance financed in part by Prevention and Public Health Funds
93.590	Community-Based Child Abuse Prevention Grants
93.624	ACA - State Innovation Models: Funding for Model Testing Assistance
93.735	State Public Health Approaches for Ensuring Quitline Capacity - Funding in part by Prevention and Public Health (PPHF) Program
93.745	PPHF: Health Care Surveillance/Health Statistics – Surveillance Program Announcement: Behavioral Risk Factor Surveillance System Financed in Part by Prevention and Public Health Fund
93.753	Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program
93.757	State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)
93.758	Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)
93.773	Medicare-Hospital Insurance
93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare
93.889	National Bioterrorism Hospital Preparedness Program
93.917	HIV Care Formula Grants
93.940	HIV Prevention Activities - Health Department Based
93.944	Human Immunodeficiency Virus (HIV)/Acquired Immunodeficiency Virus Syndrome (AIDS) Surveillance
93.945	Assistance Programs for Chronic Disease Prevention and Control
93.946	Cooperative Agreements to Support State - Based Safe Motherhood and Infant Health Initiative Programs
93.977	Preventive Health Services-Sexually Transmitted Diseases Control Grants
93.994	Maternal and Child Health Services Block Grant to the States

Historical Society

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

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
17.235	Senior Community Service Employment Program
20.513	Enhanced Mobility of Seniors and Individuals with Disabilities
93.041	Special Programs for the Aging-Title VII, Chapter 3-Programs for Prevention of Elder Abuse, Neglect, and Exploitation
93.042	Special Programs for the Aging-Title VII, Chapter 2-Long Term Care Ombudsman Services for Older Individuals
93.043	Special Programs for the Aging-Title III, Part D-Disease Prevention and Health Promotion Services
93.044	Special Programs for the Aging-Title III, Part B-Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Aging-Title III, Part C-Nutrition Services
93.048	Special Programs for the Aging - Title IV and Title II Discretionary Projects

Schedule of Federal Programs by State Agency

93.052	National Family Caregiver Support, Title III, Part E
93.053	Nutrition Services Incentive Program
93.071	Medicare Enrollment Assistance Program
93.072	Lifespan Respite Care Program
93.086	Healthy Marriage Promotion and Responsible Fatherhood Grants
93.517	Affordable Care Act – Aging and Disability Resource Center
93.550	Transitional Living for Homeless Youth
93.556	Promoting Safe and Stable Families
93.558	Temporary Assistance for Needy Families
93.563	Child Support Enforcement
93.564	Child Support Enforcement Research
93.566	Refugee and Entrant Assistance - State Administered Programs
93.568	Low-Income Home Energy Assistance
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
93.597	Grants to States for Access and Visitation Programs
93.599	Chafee Education and Training Vouchers Program (ETV)
93.630	Developmental Disabilities Basic Support and Advocacy Grants
93.643	Children's Justice Grants to States
93.645	Stephanie Tubbs Jones Child Welfare Services Program
93.652	Adoption Opportunities
93.658	Foster Care-Title IV-E
93.659	Adoption Assistance
93.667	Social Services Block Grant
93.669	Child Abuse and Neglect State Grants
93.670	Child Abuse and Neglect Discretionary Activities
93.674	Chafee Foster Care Independence Program
93.734	Empowering Older Adults and Adults with Disabilities through Chronic Disease Self-Management Education Programs – financed by Prevention and Public Health Funds (PPHF)
94.011	Foster Grandparent Program

Insurance, Department of

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

Labor, Department of

17.005	Compensation and Working Conditions
17.504	Consultation Agreements
66.701	Toxic Substances Compliance Monitoring Cooperative Agreements

Libraries, Department of

45.310	Grants to States
45.312	National Leadership Grants
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
16.745	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
93.764	PPHF - Cooperative Agreements to Implement the National Strategy for Suicide Prevention (Short Title: National Strategy Grants)
93.958	Block Grants for Community Mental Health Services
93.959	Block Grants for Prevention and Treatment of Substance Abuse

Schedule of Federal Programs by State Agency

93.982	Mental Health Disaster Assistance and Emergency Mental Health
93.UNK	Cost Reimbursement Contract - State Outcome Measurement & Management System
93.UNK	Cost Reimbursement Contract - Implementation Alcohol/ Drug Data Collection
93.UNK	Cost Reimbursement Contract - Client Level Projects
93.UNK	Cost Reimbursement Contract - CSAP Prevention Fellowship
93.UNK	Cost Reimbursement Contract - State Epidemiological Outcomes Workgroup

Military Department

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

Mines, Department of

15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining
17.600	Mine Health and Safety Grants

Narcotics/Dangerous Drugs Control

16.710	Public Safety Partnership and Community Policing Grants
16.754	Harold Rogers Prescription Drug Monitoring Program
16.UNK	Cost Reimbursement Contract - High Intensity Drug Trafficking Area
99.UNK	Other Federal Assistance - Marijuana Eradication Suppression Program

Office of Management and Enterprise Services

11.549	State and Local Implementation Grant Program
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
16.735	PREA Program: Demonstration Projects to Establish "Zero Tolerance" Cultures for Sexual Assault in Correctional Facilities

Oklahoma Aeronautics Commission

20.106	Airport Improvement Program
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Oklahoma Health Care Authority

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

Public Safety, Department of

20.218	National Motor Carrier Safety
20.232	Commercial Driver's License Program Improvement Grant
20.600	State and Community Highway Safety
20.601	Alcohol Impaired Driving Countermeasures Incentive Grants I
20.608	Minimum Penalties for Repeat Offender for Driving While Intoxicated
20.610	State Traffic Safety Information System Improvement Grants
20.612	Incentive Grant to Increase Motorcyclist Safety
20.614	Cost Reimbursement Contract - National Highway Traffic Safety Administration (NHTSA)
	Discretionary Safety Grants
20.616	National Priority Safety Programs

Schedule of Federal Programs by State Agency

97.012	Boating Safety Financial Assistance
97.052	Emergency Operations Center
97.053	Citizens-Community Resilience Innovation Challenge
97.071	Metropolitan Medical Response System
97.073	State Homeland Security Program (SHSP)

Rehabilitation Services, Department of

84.126	Rehabilitation Services - Vocational Rehabilitation Grants to States
84.169	Independent Living - State Grants
84.177	Rehabilitation Services - Independent Living Services for Older Individuals Who are Blind
84.187	Supported Employment Services for Individuals with the Most Significant Disabilities
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit In-Service Training
96.001	Social Security - Disability Insurance
96.006	Supplemental Security Income

State Arts Council

45.025	Promotion of the Arts-Partnership Agreements
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State Auditor and Inspector

15.427	Cost Reimbursement Contract: Federal Oil and Gas Royalty Management State and Tribal Coordination
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State Bureau of Investigation

16.543	Missing Children's Assistance
16.550	State Justice Statistics Program for Statistical Analysis Centers
16.741	DNA Backlog Reduction Program

Supreme Court

93.586	State Court Improvement Program
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Tourism & Recreation, Department of

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

Transportation, Department of

20.200	Highway Research and Development Program
20.205	Highway Planning and Construction
20.215	Highway Training and Education
20.500	Federal Transit - Capital Investment Grants
20.505	Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research
20.509	Formula Grants for Rural Areas
20.516	Job Access and Reverse Commute Program
20.521	New Freedom Program

Veterans Affairs, Department of

64.005	Grants to States for Construction of State Home Facilities
64.015	Veterans State Nursing Home Care
64.124	All-Volunteer Force Educational Assistance

Water Resources Board

66.202	Congressionally Mandated Projects
66.458	Capitalization Grants for Clean Water State Revolving Funds
97.041	National Dam Safety

Wildlife Conservation, Department of

10.902	Soil and Water Conservation
10.912	Environmental Quality Incentives Program
15.605	Sport Fish Restoration Program
15.608	Fish and Wildlife Management Assistance
15.611	Wildlife Restoration and Basic Hunter Education
15.615	Cooperative Endangered Species Conservation Fund

Schedule of Federal Programs by State Agency

15.626	Enhanced Hunter Education and Safety Program
15.631	Partners for Fish and Wildlife
15.633	Landowner Incentive Program
15.634	State Wildlife Grants
15.649	Service Training and Technical Assistance (Generic Training)
15.650	Research Grants (Generic)
15.669	Cooperative Landscape Conservation
15.UNK	Cost Reimbursement Contract - 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, 2015

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
Total Revenues	\$ 75,643,717	\$ 144,599,822	\$ 26,973,819	\$ 55,384,270	\$ 302,601,628
Total Expenditures	93,064,535	321,667,667	26,401,429	69,436,724	510,570,355
Revenues Over (Under) Expenditures	(17,420,818)	(177,067,845)	572,390	(14,052,454)	(207,968,727)
Other Financing Sources (Uses)					
Operating Transfers In	17,047,409	1,482,618	-	3,790,976	22,321,003
Operating Transfers Out	-	-	-	(1,385)	(1,385)
Bond Proceeds	-	189,250,000	-	-	189,250,000
Premium from Bond Issue	-	18,397,588	-	-	18,397,588
Bond Refunding	-	-	-	-	-
Total Other Financing Sources (Uses)	17,047,409	209,130,206	-	3,789,591	229,967,206
Revenues and Other Sources Over (Under) Expenditures and Other Uses	(373,409)	32,062,361	572,390	(10,262,863)	21,998,479
Fund Balances - Beginning of Year	1,689,108	558,665,562	18,779,341	125,542,007	704,676,018
Fund Balances - End of Year	\$ 1,315,699	\$ 590,727,923	\$ 19,351,731	\$ 115,279,144	\$ 726,674,497

Selected Activities for Internal Service Type Funds

UNAUDITED

Selected Activities for Internal Service Type Funds For the Year Ended June 30, 2015

	Office of Management and Enterprise Services - ISD	Capitol Improvement Authority	Department of Corrections - Oklahoma Correctional Industries	Division of Capital Assets Management	Total
June 30, 2014					
Ending Fund Balance	1,626,109	558,665,562	18,779,340	125,542,007	704,613,018
July 1, 2014					
Beginning Fund Balance	1,689,108	558,665,562	18,779,341	125,542,007	704,676,018
Cash Basis Data -					
FY 2015 Revenues	\$ 75,643,717	\$ 144,599,822	\$ 26,973,819	\$ 55,384,270	\$ 302,601,628
FY 2015 Expenditures	\$ 93,064,535	\$ 321,667,667	\$ 26,401,429	\$ 69,436,724	\$ 510,570,355
FY 2014 Revenues	\$ 95,512,859	\$ 131,138,901	\$ 25,288,715	\$ 81,738,643	\$ 333,679,118
FY 2014 Expenditures	97,119,356	431,218,029	25,030,017	66,826,529	620,193,931
FY 2013 Revenues	\$ 80,482,831	\$ 124,025,962	\$ 22,860,910	\$ 64,422,496	\$ 291,792,199
FY 2013 Expenditures	82,224,526	280,575,183	25,338,235	56,146,085	444,284,029
FY 2012 Revenues	\$ 28,890,324	\$ 111,931,906	\$ 22,206,194	\$ 45,807,262	\$ 208,835,686
FY 2012 Expenditures	28,945,335	260,113,867	19,816,560	50,062,785	358,938,547
FY 2011 Revenues	\$ 10,599,134	\$ 91,008,414	\$ 21,927,122	\$ 52,584,771	\$ 176,119,441
FY 2011 Expenditures	9,626,513	299,665,293	23,119,503	48,718,423	381,129,732
FY 2010 Revenues	\$ 8,944,675	\$ 120,486,454	\$ 26,936,319	\$ 48,321,028	\$ 204,688,476
FY 2010 Expenditures	11,057,255	224,360,747	15,834,002	51,864,887	303,116,891
FY 2009 Revenues	\$ 8,894,799	\$ 108,061,528	\$ 29,480,394	\$ 55,255,882	\$ 201,692,603
FY 2009 Expenditures	11,627,053	212,531,116	30,446,485	48,649,719	303,254,373
FY 2008 Revenues	\$ 7,541,485	\$ 143,248,377	\$ 24,886,304	\$ 51,693,664	\$ 227,369,830
FY 2008 Expenditures	7,473,315	226,944,763	25,059,214	48,623,628	308,100,920

Selected Activities for Internal Service Type Funds

UNAUDITED

Selected Activities for Internal Service Type Funds
For the Year Ended June 30, 2015

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 2015 Revenue to Prior Years				
FY14	79.20%	110.26%	106.66%	67.76%
FY13	93.99%	116.59%	117.99%	85.97%
FY12	261.83%	129.19%	121.47%	120.91%
FY11	713.68%	158.89%	123.02%	105.32%
FY10	845.68%	120.01%	100.14%	114.62%
Comparison of FY 2015 Expenditures to Prior Years				
FY14	95.82%	74.60%	105.48%	103.91%
FY13	113.18%	114.65%	104.20%	123.67%
FY12	321.52%	123.66%	133.23%	138.70%
FY11	966.75%	107.34%	114.20%	142.53%
FY10	841.66%	143.37%	166.74%	133.88%
Revenues expressed as a percent of expenditures				
FY15	81.28%	44.95%	102.17%	79.76%
FY14	98.35%	30.41%	101.03%	122.31%
FY13	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%

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