



# STATE OF OKLAHOMA

## Single Audit Report

For the fiscal year ended June 30, 2020

**Cindy Byrd, CPA**  
State Auditor & Inspector

# OKLAHOMA 2020

**Single Audit Report**  
For the Fiscal Year Ended June 30, 2020

Prepared by  
Office of the State Auditor and Inspector

Cindy Byrd, CPA  
Oklahoma State Auditor and Inspector



Cindy Byrd, CPA | State Auditor & Inspector

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July 15, 2021

**To the Honorable J. Kevin Stitt, 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, 2020. The audit was conducted in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

This report is 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.

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

Sincerely,

A handwritten signature in blue ink that reads "Cindy Byrd".

CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR & INSPECTOR



**State of Oklahoma**  
**Single Audit Reporting Package**  
**Year Ended June 30, 2020**

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

## INDEPENDENT AUDITOR'S REPORT

**To the Honorable J. Kevin Stitt, 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, 2020. 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 Environmental Quality, the Department of Wildlife Conservation, and the Water Resources Board which were audited in accordance with the provisions of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The federal programs for the above referenced agencies represent 0.83% of total expenditures for federal programs reported on the Schedule of Expenditures of Federal Awards. Those 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, 2020. Our audit, described below, did not include the operations of those component units because they engaged other auditors to perform audits in accordance with Uniform Guidance.

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

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.



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

Our responsibility is to express an opinion on compliance for each of the State of Oklahoma's major federal programs based on our audit of the types of compliance requirements referred to above and the reports of other auditors. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the State of Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our disclaimers of opinion, qualified opinions, and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the State of Oklahoma's compliance.

### ***Basis for Disclaimer of Opinion on Children's Health Insurance Program and Medicaid Cluster***

As described in the accompanying schedules of findings and questioned costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the State of Oklahoma with Eligibility requirements regarding CFDA 93.767 Children's Health Insurance Program as described in finding number 2020-045 and 2020-084 and the Medicaid Cluster as described in finding numbers 2020-021, 2020-034, and 2020-045; consequently we were unable to determine whether the State of Oklahoma complied with this requirement applicable to those programs.

### ***Disclaimer of Opinion on Children's Health Insurance Program and Medicaid Cluster***

Due to the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, the auditor has not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion; accordingly, the auditor does not express an opinion on CFDA 93.767 Children's Health Insurance Program and the Medicaid Cluster regarding the Eligibility compliance requirement.

### ***Basis for Qualified Opinion on SNAP Cluster, Child and Adult Care Food Program, Unemployment Insurance, Coronavirus Relief Fund, TANF, Foster Care – Title IV-E, Adoption Assistance, Social Services Block Grant, Medicaid 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:

<b>Finding #</b>	<b>CFDA #</b>	<b>Program (or Cluster) Name</b>	<b>Compliance Requirement</b>
2020-058	10.551	SNAP Cluster	Special Tests (N3)
2020-002 2020-007 2020-047	10.558	Child and Adult Care Food Program	Activities Allowed/ Unallowed
2020-002 2020-007 2020-047	10.558	Child and Adult Care Food Program	Allowable Costs/ Cost Principles
2020-002 2020-007 2020-047	10.558	Child and Adult Care Food Program	Eligibility
2020-007 2020-074	10.558	Child and Adult Care Food Program	Procurement, Suspension & Debarment
2020-002 2020-007 2020-047 2020-072 2020-073	10.558	Child and Adult Care Food Program	Subrecipient Monitoring
2020-017	17.225	Unemployment Insurance	Activities Allowed/ Unallowed
2020-017	17.225	Unemployment Insurance	Allowable Costs/ Cost Principles
2020-017	17.225	Unemployment Insurance	Eligibility
2020-064	17.225	Unemployment Insurance	Reporting
2020-065	17.225	Unemployment Insurance	Special Tests (N5)
2020-080 2020-081	21.019	Coronavirus Relief Fund	Activities Allowed/ Unallowed
2020-080 2020-081	21.019	Coronavirus Relief Fund	Allowable Costs/ Cost Principles
2020-080 2020-081	21.019	Coronavirus Relief Fund	Period of Performance
2020-023 2020-033	93.558	TANF	Maintenance of Effort
2020-053	93.658	Foster Care – Title IV-E	Subrecipient Monitoring
2020-055 2020-056	93.659	Adoption Assistance	Maintenance of Effort
2020-055	93.659	Adoption Assistance	Reporting
2020-086	93.667	Social Services Block Grant	Activities Allowed/ Unallowed
2020-086	93.667	Social Services Block Grant	Allowable Costs/ Cost Principles
2020-051	93.778	Medicaid Cluster	Special Tests (N8)
2020-052 2020-066 2020-069	97.036	Disaster Grants - Public Assistance	Subrecipient Monitoring
2020-052 2020-069	97.036	Disaster Grants - Public Assistance	Special Tests (N1)

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 SNAP Cluster, Child and Adult Care Food Program, Unemployment Insurance, Coronavirus Relief Fund, TANF, Foster Care – Title IV-E, Adoption Assistance, Social Services Block Grant, Medicaid 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 the SNAP Cluster, Child and Adult Care Food Program, Unemployment Insurance, Coronavirus Relief Fund, TANF, Foster Care - Title IV-E, Adoption Assistance, Social Services Block Grant, Medicaid Cluster, and Disaster Grants - Public Assistance programs for the year ended June 30, 2020.

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

In our opinion, based on our audit and the report of other auditors, 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, 2020.

***Other Matters***

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

2020-002	2020-008	2020-011	2020-012	2020-018	2020-019
2020-021	2020-022	2020-023	2020-024	2020-025	2020-027
2020-028	2020-032	2020-035	2020-036	2020-037	2020-038
2020-039	2020-040	2020-041	2020-043	2020-045	2020-046
2020-050	2020-054	2020-057	2020-061	2020-062	2020-068
2020-069	2020-076	2020-079	2020-080	2020-082	2020-084
2020-085					

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 is described in the accompanying schedule of findings and questioned costs and corrective action plan. The State of Oklahoma’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of the State of Oklahoma is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In

planning and performing our audit of compliance, we considered the State of Oklahoma’s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the State of Oklahoma’s internal control over compliance.

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

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

2020-002	2020-007	2020-017	2020-019	2020-021	2020-023
2020-035	2020-038	2020-041	2020-051	2020-052	2020-053
2020-055	2020-057	2020-058	2020-061	2020-063	2020-064
2020-065	2020-074	2020-080	2020-081	2020-086	

*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.

2020-001	2020-002	2020-008	2020-011	2020-012	2020-018
2020-022	2020-024	2020-025	2020-026	2020-027	2020-028
2020-032	2020-033	2020-034	2020-036	2020-037	2020-039
2020-040	2020-043	2020-045	2020-046	2020-047	2020-050
2020-054	2020-056	2020-059	2020-062	2020-066	2020-069
2020-072	2020-073	2020-076	2020-078	2020-079	2020-082
2020-083	2020-084	2020-085			

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

### **Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance**

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma as of and for the year ended June 30, 2020, 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 January 29, 2021, which contained unmodified opinions on those financial statements. Our report included a reference to our reliance on other auditors. Our report also included emphasis paragraphs on the net deficit of the Multiple Injury Trust Fund and the adopted provisions of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance* effective May 2020.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Oklahoma's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirement for Federal Awards*, 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, based on our audit, the procedures performed as described previously, and the reports of other auditors, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



CINDY BYRD, CPA  
OKLAHOMA STATE AUDITOR AND INSPECTOR

July 14, 2021 except for our report on the Schedule of Expenditures of Federal Awards, for which the date is January 29, 2021

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

# Schedule of Findings

## Summary of Auditor's Results

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### Financial Statements

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

Internal control over financial reporting:

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

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

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

For fiscal year 2020, 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 under separate cover from the Comprehensive Annual Financial Report for the State of Oklahoma for the year ended June 30, 2020, dated January 29, 2021.

### Federal Awards

Internal control over major programs:

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

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

Type of auditor's report issued on compliance for major programs: Unmodified for all major programs except for the following:

#10.551 - SNAP Cluster	Qualified
#10.558 - Child and Adult Care Food Program	Qualified
#17.225 - Unemployment Insurance	Qualified
#21.019 - Coronavirus Relief Fund	Qualified
#93.558 - TANF	Qualified
#93.658 - Foster Care - Title IV-E	Qualified
#93.659 - Adoption Assistance	Qualified
#93.667 - Social Services Block Grant	Qualified
#93.767 - Children's Health Insurance Program	Disclaimer
#93.775/93.777/93.778 - Medicaid Cluster	Disclaimer/Qualified
#97.036 - Disaster Grants - Public Assistance	Qualified

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

Dollar threshold used to distinguish between type A and type B programs: ..... \$30,000,000

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

## Schedule of Findings

### Summary of Auditor's Results

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Identification of Major Programs:

		<b>CFDA Number and Program</b>	<b>State Agency Name</b>
SNAP Cluster	10.551	Supplemental Nutrition Assistance Program	Department of Human Services
	10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	
Child Nutrition Cluster	10.553	School Breakfast Program	Department of Education
	10.555	National School Lunch Program	Department of Education, 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, Department of Human Services
	10.558	Child and Adult Care Food Program	Department of Education
	12.401	National Guard Military Operations and Maintenance	Oklahoma Military Department
	14.228	Community Development Block Grant	Department of Commerce
Fish and Wildlife Cluster	14.231	Emergency Solutions Grant Program	Department of Commerce
	14.269	Hurricane Sandy Community Development Block Grant Disaster Recovery Grants	Department of Commerce
	15.605	Sport Fish Restoration Program	Department of Wildlife Conservation
	15.611	Wildlife Restoration and Basic Hunter Education	
15.626	Enhanced Hunter and Safety Education		
17.225	Unemployment Insurance	Employment Security Commission	
WIOA Cluster	17.258	WIOA Adult Programs	Department of Commerce
	17.259	WIOA Youth Activities	
	17.278	WIOA Dislocated Worker Formula Grants	
21.019	Coronavirus Relief Fund	State of Oklahoma (numerous agencies)	
Clean Water State Revolving Fund Cluster	66.458	Capitalization Grants for Clean Water State Revolving Funds	Water Resources Board
Drinking Water State Revolving Fund Cluster	66.468	Capitalization Grants for Drinking Water State Revolving Funds	Department of Environmental Quality
	81.042	Weatherization Assistance for Low-Income Persons	Department of Commerce
	84.010	Title I Grants to Local Educational Agencies	Department of Education, Office of Juvenile Affairs
Special Education	84.027	Special Education Grants to States	Department of Education, Office of

## Schedule of Findings

### Summary of Auditor's Results

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Cluster	84.173	Special Education Preschool Grants	Juvenile Affairs
	84.367	Supporting Effective Instruction State Grants	Department of Education, Office of Juvenile Affairs
TANF Cluster	93.558	Temporary Assistance for Needy Families	Department of Human Services, Department of Libraries, Department of Career and Technology Education, Department of Mental Health
	93.568	Low-Income Home Energy Assistance	Department of Human Services, Department of Commerce
	93.569	Community Services Block Grant	Department of Commerce
CCDF Cluster	93.575	Child Care and Development Block Grant	Department of Human Services
	93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund	
	93.658	Foster Care IV-E	Department of Human Services, Office of Juvenile Affairs
	93.659	Adoption Assistance	Department of Human Services
	93.667	Social Services Block Grant	Department of Human Services
	93.767	Children's Health Insurance Program	Health Care Authority, Department of Health, Department of Mental Health
Medicaid Cluster	93.775	State Medicaid Fraud Control Units	Attorney General
	93.777	State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	Department of Health
	93.778	Medical Assistance Program	Health Care Authority, Department of Human Services, Department of Health, Department of Mental Health, and Office of Juvenile Affairs
Disability Insurance/SSI Cluster	96.001	Social Security - Disability Insurance	Department of Rehabilitation Services
	96.006	Supplemental Security Income	
	97.036	Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Emergency Management, Department of Environmental Quality, Department of Transportation

# Schedule of Findings And Questioned Costs

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## ***FINANCIAL STATEMENT FINDINGS***

**Reference Number:** 20-340-016

**State Agency:** Oklahoma State Department of Health

**Fund Type:** Government-Wide – Governmental Activities; General Fund

**Other Information:** Clearing Account Expenditures

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

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

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

62 O.S. § 34.11 states in part, “The Division of Central Accounting and Reporting shall be responsible for accounting and auditing duties and the auditing and settlement of purchase orders, contracts, claims, payrolls, and other obligations..... (7) At the request of a state agency, assist in establishing standards, policies and procedures that ensure a strong and effective system of internal controls and regular monitoring of them.”

According to OMES website, “OMES’ division of Central Accounting and Reporting, directed by the state comptroller, is responsible for establishing the policies and procedures for state financial transactions and for executing those transactions in accordance with various state statutes, federal regulations and governmental accounting and reporting standards.”

The United States Center for Disease Control and Prevention has identified the potential public health threat by the novel coronavirus (COVID-19), as “high” both globally and in the United States. While impact in Oklahoma as of March 6, 2020 had been minimal to date, it was important for Oklahoma to be ready for this threat. Oklahoma Executive Order 2020-06 was issued on March 12, 2020 by J. Kevin Stitt, Governor of the State of Oklahoma, pursuant to the power of Section 2 of Article VI of the Oklahoma Constitution to declare and direct in part, “.....State agencies, in responding to this threat, may make necessary purchases to fully prepare for a potential outbreak within the State”.

**Condition:** We identified 62 electronic wire transfers totaling \$36,973,924 made from OSDH’s clearing account beginning in March 2020. In an effort to secure personal protective equipment (PPE), some vendors required electronic wire deposits for supplies at the time the order was placed, or that supplies be paid by electronic wire transfer once shipped and/or received.

During a review of each electronic wire transaction and the corresponding supporting documentation, we noted 18 SFY 2020 wire transfers totaling \$18,875,846 were not posted to the statewide accounting system during SFY 2020.

- Eight wire payments totaling \$11,222,372 were entered into the statewide accounting system after SFY 2020.
- Ten wire payments totaling \$7,653,474 were not entered into the statewide accounting as of September 30, 2020.

In addition to the unposted transactions, we noted the following internal control issues.

- 28 wire payments totaling \$20,431,981 were not supported by documentation to indicate receipt of goods.
- One vendor mistakenly received a duplicate payment of \$32,232 for the same invoice. As of 12/11/2020 the funds have not been returned to OSDH.

**Cause:** Due to the public health threat of COVID-19, normal purchasing procedures were relaxed in an effort to make emergency purchases. The Secretary of Health authorized OSDH to make advanced payments to vendors for securing PPE. However, making advanced payments did not negate the agency’s responsibility for recording the expenditure

## Schedule of Findings And Questioned Costs

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into the statewide accounting system. It appears, given the unusual circumstance of using clearing account funds and the rush to make, and in some cases, pre-pay necessary purchases, OSDH did not record the expenditure into the statewide accounting system.

**Effect:** Some PPE may not have been received after payments were made to some vendors totaling \$20,431,981. In addition, because wire transfer payments were made from the agency's clearing account, not all payments were recorded in the statewide accounting system, therefore creating an understatement in expenditures of \$18,875,846. An entry has been recorded by the Office of Management and Enterprise Services to correct the misstatement.

**Recommendation:** We recommend the agency review all wire transfer payments made and ensure all PPE supplies have been received or with assistance from the Attorney General, seek reimbursement from the vendor. The agency should also ensure that all electronic wire transfers made from the clearing account are recorded into the statewide accounting system at the time the wire transaction is made. Vendors should also provide all supporting documentation prior to OSDH authorizing the wire transfer.

**Agency Management Response:** Management concurs with the finding. Please see the OSDH corrective action plan located in the corrective action plan section of the report.

**Reference Number:** 20-340-004

**State Agency:** Oklahoma State Department of Health

**Fund Type:** General Fund

**Other Information:** Data Completeness

**Criteria:** GAO Standards for Internal Control in the Federal Government (Green Book), Principle 13 - Use Quality Information states in part:

13.04 Management obtains relevant data from reliable internal and external sources in a timely manner based on the identified information requirements.

13.06 Management processes relevant data from reliable sources into quality information within the entity's information system. An information system is the people, processes, data, and technology that management organizes to obtain, communicate, or dispose of information.

**Condition:** The Oklahoma State Department of Health uses FISCAL, their internal accounting system, to complete Generally Accepted Accounting Procedures (GAAP) Packages that are the accruals on the State of Oklahoma's Comprehensive Annual Financial Reports. As we conducted procedures to ensure that the expenditures per the agency's internal accounting system (FISCAL) and the Statewide Accounting System agreed, we noted the expenditures recorded in FISCAL were \$54,091,099 less than the expenditures in the Statewide Accounting System.

**Cause:** FISCAL requires a budget for each item within a fund before expenditures can be recorded. Although total budget may be available in the fund, if it is not available for the line item related to the expense, the system will not allow the expense to be recorded.

**Effect:** Material misstatements may not be prevented or detected in a timely manner during the financial reporting process. Further, the Oklahoma State Department of Health's GAAP Packages were submitted late because the agency had to get FISCAL's expenditures up-to-date before the GAAP Packages could be prepared.

**Recommendation:** The Oklahoma State Department of Health is in the process of transitioning to eventually replace the detailed level accounting in FISCAL with PeopleSoft/CORE, the Statewide Accounting System. We recommend the Oklahoma State Department of Health continue work on the transition.

**Agency Management Response:** Management concurs with the finding. Please see the OSDH corrective action plan located in the corrective action plan section of the report.

**Reference Number:** 20-290-009

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

## Schedule of Findings And Questioned Costs

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**Fund Type:** Government-Wide – Business Type Activities; Enterprise Fund

**Other Information:** Unemployment Insurance Benefit Expenditures

**Criteria:** The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 9.04 states, in part, “As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity’s internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.03 states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. ... Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.06 states, “Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity’s information technology. ... Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 11.13 states, in part, “Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today’s highly interconnected business environments, and continual effort is required to address these risks.”

*Oklahoma Statute 40 § 2-206* states, “The unemployed individual must have been unemployed for a waiting period of one (1) week. No week shall be counted as a week of unemployment for the purposes of this section:

- (1) Unless it occurs within the benefit year which includes the week with respect to which he claims payment of benefits;
- (2) If benefits have been paid with respect thereto;
- (3) Unless the individual was eligible for benefits with respect thereto.”

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

**Condition:** The OESC paid out roughly \$2.2 billion in Unemployment Insurance claims for state fiscal year 2020 (approximately ten times more than state fiscal year 2019), and the agency’s internal controls were insufficient to prevent fraudulent unemployment benefit payments. The agency’s internal controls failed at the start of the COVID-19 pandemic largely because 1) there was an massive influx of online claims for which OESC could not physically verify the identification of the claimant because of social distancing restrictions; 2) the agency had an antiquated system that lacked proper automated edits to help prevent, deter, and detect fraudulent claims; and 3) the one-week waiting period before claimants could be paid was waived. Without the controls noted above, verification of a claimant’s information to establish eligibility was not always performed, or could not be performed as needed, to detect fraudulent claims.

In addition, during our testing of 137 Unemployment Insurance individual claim payments (identified by check number per payment data) totaling \$66,609; we noted 27 claimant exceptions (or 19.7%) due to fraud totaling \$12,930. In isolating those 27 claimants from our entire population per the applicant identifier, we identified a total of \$102,775 corresponding to 204 fraudulent claims paid to those claimants in state fiscal year 2020.

## Schedule of Findings And Questioned Costs

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**Cause:** The lack of controls over the Unemployment Insurance benefit payments, at the insurgence of the COVID-19 pandemic, that led to the increase in fraud was a result of the following factors:

- Antiquated system that didn't allow for proper edits or matching of all necessary fields at the time a claim was filed
- Large number of stolen identities
- No longer being able to physically verify the identification of the claimant
- Dramatic increase in the number of claims
- Short amount of time to implement federal requirements with little guidance
- Emergency declaration by the Governor waiving the one week waiting period which allowed benefits to begin paying immediately
- Lack of adequate staffing to handle massive surge in claims
- Lack of adequate training for new staff hired to help with the massive surge in claims
- Delays in the process for employers to dispute claims since the process was largely manual through the mailing of notifications
- Lack of proper safeguards in place once funds were loaded onto the debit cards, including the lack of a restriction to prevent transfer of funds to personal bank accounts

**Effect:** Based on the control weaknesses noted above for the Unemployment Insurance program during the COVID-19 pandemic, verification of a claimant's information to establish eligibility was not always performed prior to payment. The result was a significant increase in fraud cases or claims, which helped deplete the Unemployment Insurance Trust Fund.

In addition, based on review of OESC commission minutes on July 7, 2020, the agency reported that almost 90,000 fictitious claims had been worked, and \$10,000,000 had been recaptured as of June 2020.

Lastly, with roughly \$2.2 billion in Unemployment Insurance claims paid out in state fiscal year 2020, we expect the dollar amount and number of fraudulent claims to be extensive. Efforts by OESC to identify and investigate known and suspected claims, and recover fraudulent claims, are ongoing. Because OESC is performing an exhaustive review of paid claims to determine which are fraudulent, we will not project our known fraud results to the population.

**Recommendation:** We recommend the OESC continue to work to improve internal controls over the automated system to better detect and prevent payment on fraudulent claims. Next, we recommend OESC continue to work to develop more analytics that will identify trends or anomalies in the data to catch fraudulent claims more timely and save taxpayer monies. We recommend the OESC work to automate the process whereby the separating employer is notified of a claim being filed via an electronic platform. In addition, we recommend the OESC implement identity verification questions as part of their eligibility determination process to help prevent fraudulent claims. Lastly, we recommend the OESC continue to work with the U.S. Department of Labor to recover the remaining fraudulent payments.

**Agency Management Response:** Management concurs with the finding. Please see the OESC corrective action plan located in the corrective action plan section of the report.

**Auditor Response:** Based on working with current OESC management since the early stages of the COVID-19 pandemic, we feel the agency has taken the weaknesses in internal control over the Unemployment Insurance program very seriously by being very proactive in their corrective action plans moving forward. We feel these corrective action measures should help reduce the amount of fraud and/or errors related to Unemployment Insurance claims in the future.

**Reference Number:** 20-290-032

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

**Fund Type:** Government-Wide – Business Type Activities; Enterprise Fund

**Other Information:** Accounts Payable

## Schedule of Findings And Questioned Costs

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**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.03 states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system...Management designs control activities so that all transactions are completely and accurately recorded.”

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.10 states, “Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. “Transactions” tends to be associated with financial processes (e.g., payables transactions), while “activities” is more generally applied to operational or compliance processes. For the purposes of this standard, “transactions” covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.”

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

*GASB 34 Paragraph 92* states, in part, “Proprietary fund statements of net assets and revenues, expenses, and changes in fund net assets should be presented using the economic resources measurement focus and the accrual basis of accounting.”

**Condition:** Based on reviewing the 2020 GAAP Package Form I-1 – *Accounts Payable and Encumbrance Summary*, the Oklahoma Employment Security Commission (OESC) reported zero payables for the Enterprise Fund. The current process for calculating Accounts Payable for the Enterprise Fund did not include Unemployment Insurance benefit payments to claimants that created an economic event or service date prior to the financial or fiscal year end, yet were not paid until after year-end. After requesting the Unemployment Insurance benefit payment data for July through November of 2020, we determined the Accounts Payable amount should have been \$240,995,661 based on a full-accrual basis of accounting.

**Cause:** The person responsible for preparing the GAAP Package was unaware of the proper method they should use to calculate payables for the Enterprise Fund, and the GAAP Package was not properly reviewed to ensure the accounting complied with GASB 34.

**Effect:** The OESC GAAP Package Form I-1 – *Accounts Payable and Encumbrance Summary* was understated by \$240,995,661. In addition, the *Proprietary Funds Statement of Net Position and Government-Wide - Business Type Activities Statement of Net Position* were understated by \$240,995,661. The entry has been recorded by the Office of Management and Enterprise Services to correct the misstatement.

Lastly, the OESC was not in compliance with accrual accounting under GASB 34 for Accounts Payable.

**Recommendation:** We recommend the OESC develop and implement controls to ensure all full-accrual Unemployment Insurance benefit payments get recorded on the GAAP Package Form I-1 – *Accounts Payable and Encumbrance Summary*.

**Agency Management Response:** Management concurs with the finding. Please see the OESC corrective action plan located in the corrective action plan section of the report.

**Reference Number:** 20-290-033

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

**Fund Type:** Government-Wide – Business Type Activities; Enterprise Fund

**Other Information:** Schedule of Expenditures of Federal Awards

**Criteria:** 2 CFR § 200.62, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the

## Schedule of Findings And Questioned Costs

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following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: (1) Permit the preparation of reliable financial statements and Federal reports.”

2 CFR § 200.510 (b), “Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended....”

2 CFR § 200.502 (a), “Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs....”

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

**Condition:** Based on review of the GAAP Package Z-1 *Schedule of Expenditures of Federal Awards (SEFA)* for the Unemployment Insurance Program (CFDA #17.225), which utilizes the modified-accrual basis of accounting, we noted that the OESC did not include Unemployment Insurance benefit payments as part of Accounts Payable when claimants created an economic event or service date prior to the fiscal year end, yet were not paid until after year-end. After requesting the Unemployment Insurance benefit payment data for July and August of 2020, we determined the total SEFA federal expenditures should have been \$2,321,760,631. The original SEFA amount without the Unemployment Insurance benefit payables was \$2,137,230,707.

**Cause:** The person responsible for preparing the GAAP Package Z-1 was unaware of the proper method they should use to calculate Accounts Payable, and the GAAP Package Z-1 was not properly reviewed to ensure all payables were recorded under a modified accrual basis of accounting.

**Effect:** The SEFA federal expenditures for the Unemployment Insurance Program (CFDA #17.225) was understated by \$184,529,924.

**Recommendation:** We recommend the OESC develop and implement controls to ensure all modified-accrual Unemployment Insurance benefit payments get recorded on the GAAP Package Form Z-1.

**Agency Management Response:** Management concurs with the finding. Please see the OESC corrective action plan located in the corrective action plan section of the report.

### *End of Financial Statement Findings*

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

Note: Findings are presented alphabetically by state agency

### ***STATE OF OKLAHOMA/CARES FORWARD TEAM***

**FINDING NO:** 2020-080

**STATE AGENCY:** State of Oklahoma

**FEDERAL AGENCY:** US Department of the Treasury

**CFDA NO:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund (CRF)

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

**QUESTIONED COSTS:** \$6,153,109

## Schedule of Findings And Questioned Costs

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

The Department of the Treasury Federal Register, Vol. 86, No. 10 states, “The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.”

This guidance further states, “...for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time.”

**Condition and Context:** Per the Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported \$65,319,379 in cash basis Coronavirus Relief Funds (CRF) expenditures during SFY20. Of this total, \$64,632,882 was expended at the State Department of Health (OSDH) and reimbursed from CRF dollars by the CARES FORWARD<sup>1</sup> team to OSDH. Because the OSDH activity represents 98.95% of the total dollars expended by the state during SFY20, we opted to only perform testing on the OSDH CRF reimbursements. We sampled \$61,239,971 of the \$64,632,882 reimbursed to OSDH and noted the following:

- While observing the reimbursement approval process as part of our documentation of internal controls, we noted a claim had been submitted by OSDH to CARES FORWARD for reimbursement during SFY20. We were unable to observe supporting documentation for this claim within the Statewide Accounting System as of 3/25/2021. Upon additional follow-up, we noted this claim totaling \$2,750,000 had been reimbursed by CARES FORWARD to OSDH; however, OSDH had cancelled the claim and did not make any payment to the associated vendor for the product noted on the reimbursement request. Therefore, the State of Oklahoma did not actually incur an expenditure in this situation, so we did not question these costs. However, these funds were paid from the CRF to OSDH for reimbursement and expenditures on the SEFA were overstated by the \$2,750,000.
- CARES FORWARD approved and paid CRF reimbursement requests to OSDH for 18 wire transaction payments, totaling \$17,086,141.
  - For 3 of these 18 wire transaction payments, totaling \$2,314,250, no evidence (bill of lading, packing slip, or other supporting documentation) could be provided to indicate that goods had been received prior to CRF reimbursement issuance. However, after follow-up, we noted these goods were either received or the funds were recouped shortly after year end and therefore we are not questioning these costs. We do consider this to be an internal control deficiency.
  - For an additional 4 of these 18 wire transaction payments totaling \$10,461,573, not all evidence could be provided to indicate the full order of goods had been received prior to CRF reimbursement. Since performance or delivery must occur in order to establish that a CRF cost has been incurred, we consider this to also be an internal control deficiency and also question \$4,884,289 in costs associated with these 4 wire transaction payments.
- CARES FORWARD approved and paid CRF reimbursement requests to OSDH for 4 claims totaling \$44,153,820. For one of these claims totaling \$1,268,820, no evidence (bill of lading, packing slip, or other supporting documentation) could be provided to indicate that goods had been received prior to CRF reimbursement issuance. Since performance or delivery must occur in order to establish that a CRF cost has been incurred, we are questioning the \$1,268,820 in payments for which no evidence of receipt could be provided.

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<sup>1</sup> Governor Kevin Stitt established [CARES FORWARD](#) to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

## Schedule of Findings And Questioned Costs

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**Cause:** Due to the public health threat of COVID-19, normal purchasing procedures were relaxed in an effort to make emergency purchases. The Secretary of Health authorized OSDH to make advanced payments to vendors for securing personal protective equipment (PPE) supplies. CRF reimbursements were submitted by OSDH to CARES FORWARD for these advance payments. Controls were not in place to ensure an expenditure had been incurred per the Department of Treasury guidance above before reimbursement was issued.

**Effect:** The State may have utilized CRF to pay for products that were not received. Further, without a process to ensure that items were received, the State is at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award. Additionally, the SEFA was overstated by \$2,750,000.

**Recommendation:** We recommend that the CARES FORWARD team design and implement appropriate controls to ensure expenditures are incurred, per the Department of Treasury guidance, prior to reimbursement. Additionally, we recommend CARES FORWARD review all reimbursements issued and ensure that the relevant support is present to prevent potential recoupment by the Department of the Treasury. Also, we recommend CARES FORWARD revise the SEFA to correct for the \$2,750,000 in overstated expenditures and request that this CRF funding be returned by OSDH.

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

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** Recoupment will be pending additional investigations in progress.

**Corrective Action Planned:** CARES Forward partially concurs with this finding. Please see the corrective action plan in the corrective action plan section of this report.

**Auditor Response:** The State Auditor's Office understands the crisis that not only Oklahoma, but the entire country, endured in the last year. The pandemic created a lot of uncertainty and caused many deviations from established procedures. However, we interpret the U.S. Treasury guidance to say that in order for a CRF cost to be incurred, product delivery must occur. We maintain our position that receiving documentation should have been obtained as part of the internal control process to establish a CRF cost had been incurred. This documentation may be in many forms, such as a packing slip, bill of lading, internally created receiving form/statement, or even notations on the invoice to indicate the items were received by the intended recipient. It is the view of the auditor that this documentation should have been obtained prior to issuance of the CRF reimbursement. In addition, for each of the items where costs have been questioned, we were unable to determine based on the additional documentation provided that the specific products invoiced had been received.

**FINDING NO:** 2020-081

**STATE AGENCY:** State of Oklahoma

**FEDERAL AGENCY:** US Department of the Treasury

**CFDA NO:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund (CRF)

**CONTROL CATEGORY:** Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Period of Performance

**QUESTIONED COSTS:** \$11,223

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

The Department of the Treasury Federal Register, Vol. 86, No. 10 states, "The CARES [Coronavirus Aid, Relief, & Economic Security Act] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021."

## Schedule of Findings And Questioned Costs

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This guidance further states, "...for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time."

**Condition and Context:** Per the Schedule of Expenditures of Federal Awards (SEFA), the State of Oklahoma reported \$20,486,650 in modified accrual basis Coronavirus Relief Funds (CRF) accounts payable transactions for SFY20. We sampled 63 of the 335 transactions and noted that for 11 of the 63 sampled transactions, CARES FORWARD<sup>2</sup> approved CRF reimbursement requests totaling \$108,283 as of 6/30/2020 and paid these reimbursements after year-end with no evidence (bill of lading, packing slip, or other supporting documentation) to indicate that goods had been received. We consider this to be an internal control deficiency for these 11 transactions since performance or delivery must occur in order to establish that a CRF cost has been incurred.

During our audit, CARES FORWARD was able to obtain proof of delivery for 9 of the 11 sampled transactions and therefore, we will not question costs on those 9 transactions. For the remaining 2 transactions, we are questioning \$11,223 in payments for which no evidence of receipt was provided.

**Cause:** Due to the public health threat of COVID-19, normal purchasing procedures were relaxed in an effort to make emergency purchases. Further, adequate controls were not in place to ensure the reimbursement approval process utilized by the CARES FORWARD team included verification that accounts payable transactions had been incurred per the Department of Treasury guidance above before the reimbursement was approved.

**Effect:** The State may have utilized CRF to pay for products that were not received. Further, without a process to ensure that items were received the State is at risk of being out of compliance with Federal statutes, regulations, and the terms and conditions for the Federal award.

**Recommendation:** We recommend that the CARES FORWARD team design and implement appropriate controls to ensure expenditures are incurred, per the Department of Treasury guidance, prior to reimbursement approval. Additionally, we recommend CARES FORWARD review all approved reimbursements and ensure that the relevant support is present to prevent potential recoupment by the Department of the Treasury.

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

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** CARES Forward partially concurs with this finding. Please see the corrective action plan in the corrective action plan section of this report

**Auditor Response:** The State Auditor's Office interprets the U.S. Treasury guidance to say that in order for a CRF cost to be incurred, product delivery must occur. We maintain our position that receiving documentation should have been obtained as part of the internal control process to establish a CRF cost had been incurred prior to reimbursement. This documentation may be in many forms, such as a packing slip, bill of lading, internally created receiving form/statement, or even notations on the invoice to indicate the items were received by the intended recipient. It is the view of the auditor that this documentation should have been obtained prior to issuance of the CRF reimbursement.

**FINDING NO:** 2020-083

**STATE AGENCY:** State of Oklahoma

**FEDERAL AGENCY:** US Department of the Treasury

**CFDA NO:** 21.019

**FEDERAL PROGRAM NAME:** Coronavirus Relief Fund (CRF)

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<sup>2</sup> Governor Kevin Stitt established [CARES FORWARD](#) to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

## Schedule of Findings And Questioned Costs

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

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

2 CFR §200.332 - *Requirements for pass-through entities* states in part, “All pass-through entities must: (d) Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved...”

The Department of the Treasury Federal Register, Vol. 86, No. 10 states, “The CARES [Coronavirus Aid, Relief, & Economic Security] Act provides that payments from the Fund may only be used to cover costs that— 1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID–19); 2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and 3. were incurred during the period that begins on March 1, 2020, and ends on December 31, 2021.”

This guidance further states, “...for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time.”

**Condition and Context:** Transactions for 19 subrecipients totaling \$3,824,358 were included in the Coronavirus Relief Fund (CRF) accounts payable balance for SFY20. We performed subrecipient monitoring testing for 4 of these 19 subrecipients with transactions totaling \$1,272,129. For 2 of the 4 sampled subrecipients, we noted they had submitted claims totaling \$2,532 requesting reimbursement for goods without providing receiving documentation (bill of lading, packing slip, or other supporting documentation). CARES FORWARD<sup>3</sup> approved these requests for CRF reimbursement. Since performance or delivery must occur in order to establish that a CRF cost has been incurred, the monitoring of these subrecipient activities does not provide reasonable assurance that the financial activities of the subrecipients were in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award prior to payment. However, CARES FORWARD was able to request and obtain proof of delivery from these 2 subrecipients therefore, we consider this to be a deficiency in internal control but are not questioning costs.

**Cause:** Adequate controls were not in place to ensure the monitoring process utilized by the CARES FORWARD team considered the above noted Department of Treasury guidance when determining the financial activities of the subrecipients were in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award prior to payment.

**Effect:** Without a process to ensure subrecipients are effectively monitored, subrecipients and the State of Oklahoma risk noncompliance with Federal statutes, regulations, and the terms and conditions for the Federal award.

**Recommendation:** We recommend that the CARES FORWARD team design and implement additional internal controls to ensure subrecipient activities comply with all applicable requirements of the Federal award.

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

**Contact Person:** Brandy Manek

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** CARES Forward does not concur with this finding. Please see the corrective action plan in the corrective action plan section of this report.

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<sup>3</sup> Governor Kevin Stitt established [CARES FORWARD](#) to administer CRF. This team is made up of various cabinet secretaries and state employees who have an expertise in state government, finance, and federal awards.

## Schedule of Findings And Questioned Costs

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**Auditor Response:** The State Auditor’s Office interprets the U.S. Treasury guidance to say that in order for a CRF cost to be incurred, product delivery must occur. We maintain our position that receiving documentation should have been obtained as part of the internal control process to establish a CRF cost had been incurred prior to reimbursement. This documentation may be in many forms, such as a packing slip, bill of lading, internally created receiving form/statement, or even notations on the invoice to indicate the items were received by the intended recipient. It is the view of the auditor that this documentation should have been obtained prior to issuance of the CRF reimbursement.

### OKLAHOMA DEPARTMENT OF EDUCATION

**FINDING NO:** 2020-002 (Repeat #2019-058)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.558

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program (CACFP)

**FEDERAL AWARD NUMBER:** 6OK300330, 6OK300349

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

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

7 CFR § 226.6(k)(7) – *Administrative reviews of institutions and responsible principals and responsible individuals – Results of Administrative Reviews* states, “The State agency must maintain searchable records of all administrative reviews and their disposition.”

7 CFR § 226.16 (g) & (h) - *Sponsoring Organization Provisions* states in part:

“(g) Each sponsoring organization electing to receive advance payments of program funds for day care homes shall disburse the full amount of such payments within five working days of receipt from the State agency. . .

(h) Sponsoring organizations shall make payments of program funds to child care centers, adult day care centers, emergency shelters, at-risk afterschool care centers, or outside-school-hours care centers within five working days of receipt from the State agency, on the basis of the management plan approved by the State agency, and may not exceed the Program costs documented at each facility during any fiscal year; except in those States where the State agency has chosen the option to implement a meals times rates payment system. In those States which implement this optional method of reimbursement, such disbursements may not exceed the rates times the number of meals documented at each facility during any fiscal year.”

**Condition and Context:** While documenting internal controls over Family Day Care Home (FDCH) Administrative Reviews (AR) and performing AR tracking and completeness procedures, we determined that for 6 out of 8, or 75% of the population of FDCH ARs performed during SFY 2020, OSDE did not obtain adequate supporting documentation that would enable a reviewer to confirm that the consultant performed the AR appropriately and the consultant’s conclusions were valid. Because adequate supporting documentation was not retained by OSDE for a majority of the ARs performed, SAI is unable to adequately audit OSDE’s compliance with the following requirements:

- Activities Allowed/Allowable Costs
- Procurement, Suspension and Debarment
- Eligibility (Individual participant eligibility, Categorical eligibility)
- Monitoring of Subrecipients

## Schedule of Findings And Questioned Costs

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We did review the 2 out of 8 FDCH ARs for which OSDE did obtain supporting documentation, and we noted the following issues related to the site reviews of individual providers:

- For two of 10, or 20% of the individual Providers reviewed, the supporting Provider records did not include current enrollment forms for several children listed as in attendance on the day of the site visit or 5-day reconciliation, or claimed during the review month, and the consultant did not identify the issue or disallow the applicable meals.
- For 3 of 10, or 30% of the individual Providers reviewed, the 5-day reconciliation procedures were inadequately performed by the consultant (i.e. incorrect calculation, incorrect procedure, or Provider records did not agree to AR).
- For 1 of 10, or 10% of the individual Providers reviewed, some children listed as present for the day of the site visit on the AR do not agree with the daily in/out site records or provider meal records
- For 1 of 10, or 10% of Providers reviewed, the Provider was not approved for AM snacks per the Provider's application; however, the Provider claimed AM Snacks for every day of the claim month.

**Cause:** The Child Nutrition Program department did not timely obtain the necessary supporting documentation for all FDCH ARs performed in SFY 2020 during the audit period. Also, OSDE did not implement an appropriate management review process during the audit period and, OSDE is not adequately identifying and tracking the ARs reviewed by management.

**Effect:** OSDE is not in compliance with 7 CFR § 226.6(k)(7). In addition, consultants may not have conducted AR reviews appropriately to ensure subrecipient noncompliance issues are accurately.

**Recommendation:** We recommend that OSDE develop adequate policies and procedures/controls to ensure sufficient information and documentation is timely obtained and maintained by OSDE for all FDCH Administrative Reviews that would allow a reviewer to evaluate whether the tests performed are appropriate and accurate, and whether the analyses conducted, and conclusions reached by the consultants, are valid. Additionally, we recommend that OSDE develop policies and procedures/controls to ensure that Administrative Reviews are appropriately reviewed by management.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** Oct 2020

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-007 (Repeat #2019-057)

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.558

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program (CACFP)

**FEDERAL AWARD NUMBER:** 60K300330, 60K300349

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Procurement, Suspension & Debarment, Eligibility, Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

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

7 CFR § 226.6(k)(7) – *Administrative reviews of institutions and responsible principals and responsible individuals* – *Results of Administrative Reviews* states, “The State agency must maintain searchable records of all administrative reviews and their disposition.”

## Schedule of Findings And Questioned Costs

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7 CFR § 226.6(m)(6) – *Program Assistance - Frequency and number of required institution reviews states in part, “The State agency must review institutions according to the following schedule:*

- (i) Independent centers and sponsoring organizations of 1 to 100 facilities must be reviewed at least once every three years. A review of such a sponsoring organization must include reviews of 10 percent of the sponsoring organization's facilities;
- (ii) Sponsoring organizations with more than 100 facilities must be reviewed at least once every two years. These reviews must include reviews of 5 percent of the first 1,000 facilities and 2.5 percent of the facilities in excess of 1,000; and
- (iii) New institutions that are sponsoring organizations of five or more facilities must be reviewed within the first 90 days of Program operations.”

**Condition and Context:** While documenting internal controls over Child and Adult Day Care Center (CADCC) Administrative Reviews (AR) and performing AR tracking and completeness procedures, we determined that OSDE did not obtain and/or maintain adequate supporting documentation that would enable a reviewer to confirm that the OSDE consultant performed the AR appropriately and to confirm that the consultant’s conclusions were valid for 193 out of 277, or approximately 70% of the population of ARs performed during SFY 2020. Because adequate supporting documentation was not retained by OSDE for a majority of the ARs performed, we were unable to adequately test OSDE’s compliance with the following requirements:

- Activities Allowed/Allowable Costs
- Procurement, Suspension and Debarment
- Eligibility (Individual participant eligibility, Categorical eligibility)
- Monitoring of Subrecipients

OSDE does not have documented management review procedures.

We did test 15 of the 84 ARs for which OSDE did obtain supporting documentation and noted the following issues:

- For 4 of 15, or 26.67% of the ARs tested, all applicable AR forms were not completed appropriately.
- For 1 of 15 or 6.67% ARs tested, the supporting daily meal count records and/or food production records for one site reviewed do not agree with the counts recorded on the AR for the claim month and the consultant did not identify the issue in the AR or disallow the overclaim.
- For 1 of 15 or 6.67% of ARs tested, overclaims appear to be significant for over half of SFY20 claims but the consultant only adjusted the claim for the review month because the overclaims were not over 25%. While the OSDE’s current AR instructions do not require a rating of serious deficiency for overclaims under 25% in the review month, OSDE’s lack of adequate risk assessment procedures in addition to the high risk nature of the exceptions identified in the review month warrant further follow-up procedures to ensure compliance with Activities Allowed/Allowable Costs requirements.

**Cause:** The Child Nutrition Program department was unable to implement procedures to obtain the necessary supporting documentation for all ARs performed in SFY 2020 within the audit period due to inadequate staffing. It also appears that OSDE did not develop adequate policies and procedures to ensure that Administrative Reviews are appropriately reviewed by management. Also, OSDE’s current AR procedures are not sufficient to ensure high risk claims are identified and appropriately reviewed.

**Effect:** OSDE is not in compliance with 7 CFR § 226.6(k)(7) and 7 CFR § 226.6(m)(6). In addition, consultants may not have conducted the AR reviews appropriately to ensure subrecipient noncompliance issues were accurately detected.

**Recommendation:** We recommend that OSDE develop adequate policies and procedures/controls to ensure information and documentation is obtained and maintained by OSDE for all CACFP Administrative Reviews sufficient to allow a reviewer to evaluate whether the tests performed are appropriate and accurate, and whether the analysis conducted, and conclusions reached, by the consultants are valid. Additionally, we recommend that OSDE

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develop policies and procedures/controls to ensure that Administrative Reviews are appropriately reviewed by management.

We also recommend that OSDE develop policies and procedures to ensure that high risk claims are identified and adequately reviewed.

**Views of Responsible Official(s)** Jennifer Weber, Executive Director of Child Nutrition

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** October 2022

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-008 (Partial repeat #2019-006)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.559

**FEDERAL PROGRAM NAME:** Child Nutrition Cluster

**FEDERAL AWARD NUMBER:** 60K300329

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$0

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

7 CFR § 225.7(d) – *Program monitoring and assistance* states in part, “The State agency shall conduct Program monitoring and provide Program assistance according to the following provisions:

(1) *Pre-approval visits.* The State agency shall conduct pre-approval visits of sponsors and sites, as specified below, to assess the applicant sponsor's or site's potential for successful Program operations and to verify information provided in the application. The State agency shall visit prior to approval:

(i) All applicant sponsors which did not participate in the program in the prior year. However, if a sponsor is a school food authority, has been reviewed by the State agency under the National School Lunch Program during the preceding 12 months, and had no significant deficiencies noted in that review, a pre-approval visit may be conducted at the discretion of the State agency. In addition, pre-approval visits of sponsors proposing to operate the Program during unanticipated school closures during the period from October through April (or at any time of the year in an area with a continuous school calendar) may be conducted at the discretion of the State agency;

(ii) All applicant sponsors which, as a result of operational problems noted in the prior year, the State agency has determined need a pre-approval visit; and

(iii) All sites which the State agency has determined need a pre-approval visit.

(2) *Sponsor and site reviews -*

(i) *General.* The State agency must review sponsors and sites to ensure compliance with Program regulations, the Department's non-discrimination regulations (7 CFR part 15) and any other applicable instructions issued by the Department. In determining which sponsors and sites to review, the State agency must, at a minimum, consider the sponsors' and sites' previous participation in the Program, their current and previous Program performance, and the results of previous reviews of the sponsor and sites. When the same school food authority personnel administer this Program as well as the National School Lunch Program (7 CFR part 210), the State agency is not required to conduct a review of the Program in the same year in which the National School Lunch Program operations have been reviewed and determined to be satisfactory.”

7 CFR § 225.7(d)(5) – *Program monitoring and assistance - Records* states in part, “Documentation of Program assistance and the results of such assistance shall be maintained on file by the State agency.”

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**Condition and Context:** While documenting controls, we determined that for FY 19 (summer 2019) SFSP Sponsor Reviews, OSDE did not obtain adequate supporting documentation that would enable a reviewer to confirm that the OSDE consultant performed the Sponsor Review appropriately and to confirm that the consultant's conclusions were valid.

While performing SFSP Sponsor Review tracking and completeness procedures, we noted that one SFSP Sponsor marked as not participating on the Sponsor Review Log had \$10,913.98 in SFSP claims and should have been included in the 2020 review cycle.

We tested 6 of the 23 FY20 SFSP Sponsor Reviews (which included 26 individual site reviews) for which OSDE did obtain supporting documentation and noted the following issues:

- For 6 of 6 or 100% of Sponsor Reviews tested, the supporting documentation was incomplete, and we were unable to verify the counts recorded for the day of the site visit and/or the 5-day reconciliation in the Sponsor Review agreed with the site records.
- For 2 of 6 or 33.33% of Sponsor Reviews tested, the supporting documentation was incomplete, and we were unable to verify the menu items and food quantity recorded for the day of the site visit in the Sponsor Review agreed with the site records.
- For 1 of 6 or 16.67% of Sponsor Reviews tested, the OSDE consultant did not verify at least one claim month for the Sponsor and/or site visited.
- For 5 of 6 or 83.33% of Sponsor Reviews tested for which the OSDE consultant did verify at least one claim month, supporting records (daily meal counts, menus/food production records, delivery receipts) for the claim month were missing or incomplete.
- For 1 of 6 or 16.67% of Sponsor Reviews tested, the Sponsor had an excess balance that was not identified by the consultant on the Sponsor Review.
- For 4 of 26 or 15.38% of individual sites reviewed, the supporting meal count records did not agree with the counts recorded on the site review portion of the Sponsor Review.
- For 7 of 26 or 26.92% of individual sites reviewed, the 5-day reconciliation procedures were inadequately performed by the consultant (i.e. incorrect calculation, incorrect procedure, or site records did not agree to site review portion of the Sponsor Review).
- For 4 of 26 or 15.38% of individual sites reviewed, the average # of meals per the 5-day reconciliation was significantly less than site cap, however, the site cap was not revised.

**Cause:** We determined that a lack of risk assessments, a lack of understanding of certain compliance requirements, and a lack of an adequate management review process contributed to the deficiencies noted. OSDE does not have adequate controls in place to ensure Sponsor reviews are adequately reviewed by management to ensure compliance with the following requirements:

- Activities Allowed/Allowable Costs
- Eligibility (Individual participant eligibility, Categorical eligibility)

We also determined that OSDE did not implement the procedures to obtain supporting documentation for the Sponsor Reviews until the FY20 SFSP Sponsor Reviews were performed starting in late May of 2020, and consequently, did not have sufficient time to effectively implement the procedures.

**Effect:** Subrecipient noncompliance and overclaims may not be detected or prevented due to inadequate procedures for verifying actual meal counts and for appropriately reviewing an adequate number of monthly claims.

In addition, significant overclaims may not be prevented due to inflated site caps. While it is reasonable to approve site caps that are in excess of the average daily participation due to the fluctuations in the attendance for summer programs, there are not adequate procedures in place to ensure site caps are reasonable and limit the possibility for overclaims.

**Recommendation:** We recommend that OSDE continue to improve their policies and procedures/controls to ensure sufficient documentation is obtained and maintained by OSDE for all SFSP Sponsor Reviews that would allow internal

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or external reviewers to evaluate whether the tests performed are appropriate and accurate, and whether the analysis conducted, and conclusions reached, by the consultants are valid. We also recommend that OSDE develop policies and procedures/controls to ensure that all SFSP Sponsor Reviews are adequately reviewed by management based on the documentation maintained.

In addition, we recommend that OSDE develop adequate policies and procedures/controls to ensure that an adequate number of monthly claims are reviewed and, that adequate risk assessments are performed to identify high risk claims and to ensure site caps are set at appropriate levels.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** This is an ongoing issue, January 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-011

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.553; 10.555

**FEDERAL PROGRAM NAME:** Child Nutrition Cluster

**FEDERAL AWARD NUMBER:** 60K300329

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$0

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

7 CFR § 245.9(c) - Special assistance certification and reimbursement alternatives states in part,

“(c) *Extension of Provision 2.* At the end of the initial cycle, and each subsequent 4-year cycle, the State agency may allow a school to continue under Provision 2 for another 4 years using the claiming percentages calculated during the most recent base year if the local educational agency can establish, through available and approved socioeconomic data, that the income level of the school's population, as adjusted for inflation, has remained stable, declined or has had only negligible improvement since the base year.

(1) *Extension criteria.* Local educational agencies must submit to the State agency available and approved socioeconomic data to establish whether the income level of a school's population, as adjusted for inflation, remained constant with the income level of the most recent base year.

(i) *Available and approved sources of socioeconomic data.* Pre-approved sources of socioeconomic data which may be used by local educational agencies to establish the income level of the school's population are: local data collected by the city or county zoning and economic planning office; unemployment data; local SNAP certification data including direct certification; Food Distribution Program on Indian Reservations data; statistical sampling of the school's population using the application or equivalent income measurement process; and, Temporary Assistance for Needy Families data (provided that the eligibility standards were the same or more restrictive in the base year as the current year with allowance for inflation). To grant an extension using pre-approved socioeconomic data sources, State agencies must review and evaluate the socioeconomic data submitted by the local educational agency to ensure that it is reflective of the school's population, provides equivalent data for both the base year and the last year of the current cycle, and demonstrates that the income level of the school's population, as adjusted for inflation, has remained stable, declined or had only negligible improvement. If the local educational agency wants to establish the income level of the school's population using alternate sources of socioeconomic data, the use of such data must be approved by the Food and Nutrition

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Service. Data from alternate sources must be reflective of the school's population, be equivalent data for both the base year and the last year of the current cycle, and effectively measure whether the income level of the school's population, as adjusted for inflation, has remained stable, declined or had only negligible improvement.

(ii) *Negligible improvement.* The change in the income level of the school's population shall be considered negligible if there is a 5 percent or less improvement, after adjusting for inflation, over the base year in the level of the socioeconomic indicator which is used to establish the income level of the school's population.

(2) *Extension not approved.* The State agency shall not approve an extension of Provision 2 procedures in those schools for which the available and approved socioeconomic data does not reflect the school's population, is not equivalent data for the base year and the last year of the current cycle, or shows over 5 percent improvement, after adjusting for inflation, in the income level of the school's population.”

**Condition and Context:** We tested all (11) Provision 2 SFAs with a 2019 Reconsideration year and noted the following issues:

- For 9 of 11 or 81.82% of Provision 2 reconsiderations tested, OSDE inappropriately approved the SFAs Provision 2 extension and the SFAs used inappropriate claiming percentages for all of SFY 2020.
- For 2 of 11 or 18.18% of Provision 2 reconsiderations tested, OSDE inappropriately approved the SFAs Provision 2 extension in the prior reconsideration year as well, which resulted in the SFAs also using inappropriate claiming percentages for the four years prior to SFY 2020.

**Cause:** OSDE did not adequately review and evaluate the socioeconomic data submitted by the local educational agency to ensure the following:

1. The socioeconomic data provides equivalent data for both the base year and the last year of the current cycle.

For example: If the unemployment rate is used, the month selected for comparison must be the same for both the base year and the reconsideration year. For a 2019 reconsideration year (school year 2018-19) with a 2016 base year (school year 2015-16), the October 2018 unemployment rate would be compared to the October 2015 unemployment rate.

2. The socioeconomic data demonstrates that the income level of the school's population, as adjusted for inflation, has remained stable, declined or had only negligible (defined as 5 % or less) improvement.

For example: If the local area unemployment rate in October 2015 is 8.2 and the local area unemployment rate in October 2018 is 5.2, the unemployment rate has decreased 3 points (8.2 – 5.2) but the percentage change in the unemployment rate is 36.59%  $(8.2-5.2) / 8.2$  which is significantly more than the 5% negligible improvement limit. In this instance, the extension cannot be approved.

In addition, the supporting documentation required for Provision 2 extensions was not appropriately reviewed and approved by management

We also determined that a lack of understanding of some of the compliance requirements contributed to the deficiencies noted.

**Effect:** If the income level of a school's population in the reconsideration year has improved materially (5% or more improvement) from the income level of most recent base year, and a Provision 2 extension is approved inappropriately, the School Food Authority (SFA) would be allowed to use incorrect claiming percentages resulting in overclaims.

**Recommendation:** We recommend that OSDE develop adequate policies and procedures/controls to ensure supporting documentation for Provision 2 initial approvals and extensions is retained and appropriately reviewed by management, and that the reconsideration procedures appropriately ensure that the socioeconomic data submitted by the local educational agency provides equivalent data for both the base year and the last year of the current cycle, and demonstrates that the income level of the school's population, as adjusted for inflation, has remained stable, declined or had only negligible (5% change or less) improvement.

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In addition, we recommend that OSDE develop policies and procedures/controls to ensure staff has adequate training in order to fully understand the compliance requirements.

**Views of Responsible Official(s)**

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** SY 21-22

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-012

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.010; 84.367

**FEDERAL PROGRAM NAME:** Title I Grants to Local Educational Agencies; Title II Supporting Effective Instruction State Grant

**FEDERAL AWARD NUMBER:** S010A190036; S367A190035

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Level of Effort - Maintenance of Effort

**QUESTIONED COSTS:** \$0

**Criteria:** Title I, Section 8521(a) of the ESEA (20 USC § 7901) *Maintenance of Effort* states in part,

“(a) IN GENERAL, a local educational agency may receive funds under a covered program for any fiscal year only if the State educational agency finds that either the combined fiscal effort per student or the aggregate expenditures of the agency and the State with respect to the provision of free public education by the agency for the preceding fiscal year was not less than 90 percent of the combined fiscal effort or aggregate expenditures for the second preceding fiscal year, subject to the requirements of subsection (b).

(b) REDUCTION IN CASE OF FAILURE TO MEET

(1) IN GENERAL - The State educational agency shall reduce the amount of the allocation of funds under a covered program in any fiscal year in the exact proportion by which a local educational agency fails to meet the requirement of subsection (a) of this section by falling below 90 percent of both the combined fiscal effort per student and aggregate expenditures (using the measure most favorable to the local agency), if such local educational agency has also failed to meet such requirement (as determined using the measure most favorable to the local agency) for 1 or more of the 5 immediately preceding fiscal years.”

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

**Condition and Context:** While performing testwork on two of seven LEAs that failed to maintain effort in SFY 2018 applicable to allocation reduction in SFY 2020, we noted that no reduction in the allocations was made for one LEA that failed to maintain effort in the current year and one or more of the five preceding fiscal years in the amount of \$4,145.02 for Title I, Part A and \$438.13 for Title II, Part A.

**Cause:** We noted that the MOE reduction column was not added to the SFY 2020 Allocation Spreadsheets and it appears that the Title I, Part A and Title II, Part A Allocation spreadsheets were not adequately reviewed by someone other than the preparer.

**Effect:** Federal funds for Title I, Part A and Title II, Part A were allocated incorrectly

**Recommendation:** We recommend that OSDE strengthen their policies and procedures by ensuring that Title I Part A and Title II Part A allocation procedures and calculations are appropriately reviewed and approved by someone other than the preparer.

**Views of Responsible Official(s)**

**Contact Person:** Nancy Hughes

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**Anticipated Completion Date:** January 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-018 (Repeat #2019-049)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

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

**CFDA NO:** 84.010

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

**FEDERAL AWARD NUMBER:** S010A190036

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Earmarking and Special Tests and Provisions – Access to Federal Funds for New or Significantly Expanding Charter Schools

**QUESTIONED COSTS:** \$0

**Criteria:** 34 CFR § 76.787 *What definitions apply to this subpart?* - states in part, “For purposes of this subpart - *Significant expansion of enrollment* means a substantial increase in the number of students attending a charter school due to a significant event that is unlikely to occur on a regular basis, such as the addition of one or more grades or educational programs in major curriculum areas. The term also includes any other expansion of enrollment that the SEA determines to be significant.”

ESEA § 4306(b)(1) – “In General. – The measures described in subsection (a) shall include provision for appropriate adjustments, through recovery of funds or reduction of payments for the succeeding year, in cases where payments made to a charter school on the basis of estimated or projected enrollment data exceed the amounts that the school is eligible to receive on the basis of actual or final enrollment data.”

ESEA § 4306(c) – “For purposes of implementing the hold-harmless protections in sections 1122(c) and 1125A(f)(3) of the ESEA for a newly opened or significantly expanded charter school LEA, an SEA must calculate a hold-harmless base for the prior year that reflects the new or significantly expanded enrollment of the charter school LEA.”

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

**Condition and Context:** When testing 2 newly opened and 2 significantly expanding charter schools in FY 2020, we determined the following:

- For 1 significantly expanding charter school, the wrong hold harmless limit of 95% was used instead of 85%, which resulted in their Title I, Part A allocation being \$574.00 more than it should have been.
- The Federal programs department did not adjust Title I, Part A allocations for newly expanded charter schools based upon correct, actual enrollment figures.

**Cause:** The Federal programs department does not have procedures in place to make necessary adjustments to Title I, Part A allocations for newly expanded charter schools to account for over- or under-allocations once actual eligibility and enrollment data becomes available. In addition, the charter school allocations, including the hold harmless limits, were not adequately reviewed by someone other than the preparer.

**Effect:** Federal funds for Title I, Part A were calculated incorrectly.

**Recommendation:** We recommend OSDE strengthen their policies and procedures regarding using correct and actual enrollment figures for new or significantly expanded charter schools. In addition, we recommend that OSDE strengthen their controls over the review and approval of allocations.

**Views of Responsible Official(s)**

**Contact Person:** Nancy Hughes, Director of Finance

**Anticipated Completion Date:** July 2021

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**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-025

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

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.367

**FEDERAL PROGRAM NAME:** Title II Supporting Effective Instruction State Grant

**FEDERAL AWARD NUMBER:** S367A190035

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Eligibility and Special Tests and Provisions – Access to Federal Funds for New or Significantly Expanding Charter Schools

**QUESTIONED COSTS:** \$0

**Criteria:** Section 2102 of the ESEA – Subgrants to Local Educational Agencies states in part,

“(a) ALLOCATION OF FUNDS TO LOCAL EDUCATIONAL AGENCIES

(2) ALLOCATION FORMULA.-From the funds described in paragraph (1), the State educational agency shall allocate to each of the eligible local educational agencies in the State for a fiscal year the sum of—

(A) an amount that bears the same relationship to 20 percent of such funds for such fiscal year as the number of individuals aged 5 through 17 in the geographic area served by the agency, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in the geographic areas served by all eligible local educational agencies in the State, as so determined; and

(B) an amount that bears the same relationship to 80 percent of the funds for such fiscal year as the number of individuals aged 5 through 17 from families with incomes below the poverty line in the geographic area served by the agency, as determined by the Secretary on the basis of the most recent satisfactory data, bears to the number of those individuals in the geographic areas served by all the eligible local educational agencies in the State, as so determined.”

ESEA § 4306(b)(1) – “In General. – The measures described in subsection (a) shall include provision for appropriate adjustments, through recovery of funds or reduction of payments for the succeeding year, in cases where payments made to a charter school on the basis of estimated or projected enrollment data exceed the amounts that the school is eligible to receive on the basis of actual or final enrollment data.”

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

**Condition and Context:** While performing testwork on 2 new and 2 significantly expanded charter schools, we noted the following:

- 1 newly opened charter school’s Title II Allocation was \$67.98 more than it should have been.
- The Federal programs department did not adjust Title II allocations for newly opened or significantly expanded charter schools based upon actual or final enrollment data

**Cause:** The Federal programs department does not have procedures in place to make necessary adjustments to Title II, Part A allocations for newly expanded charter schools to account for over- or under-allocations once actual eligibility and enrollment data becomes available. In addition, the charter school allocation calculations were not adequately reviewed by someone other than the preparer.

**Effect:** Title II allocations for all LEAs were incorrect due to allocations being calculated on total enrollment figures.

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**Recommendation:** We recommend that OSDE strengthen their policies and procedures with regard to the adjustment of allocations using actual or final enrollment data for new and significantly expanded charter schools.

**Views of Responsible Official(s)**

**Contact Person:** Nancy Hughes, Director of Finance

**Anticipated Completion Date:** July 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-026

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.010

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

**FEDERAL AWARD NUMBER:** S010A190036

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

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

Title I, Section 1114 of the ESEA (20 USC 6314), states in part:

“(b)Schoolwide program plan

An eligible school operating a schoolwide program shall develop a comprehensive plan (or amend a plan for such a program that was in existence on the day before December 10, 2015) that—

(1) is developed during a 1-year period, unless—

(A) the local educational agency determines, in consultation with the school, that less time is needed to develop and implement the schoolwide program; or

(B) the school is operating a schoolwide program on the day before December 10, 2015, in which case such school may continue to operate such program, but shall develop amendments to its existing plan during the first year of assistance after that date to reflect the provisions of this section;

(2) is developed with the involvement of parents and other members of the community to be served and individuals who will carry out such plan, including teachers, principals, other school leaders, paraprofessionals present in the school, administrators (including administrators of programs described in other parts of this subchapter), the local educational agency, to the extent feasible, tribes and tribal organizations present in the community, and, if appropriate, specialized instructional support personnel, technical assistance providers, school staff, if the plan relates to a secondary school, students, and other individuals determined by the school;

(3) remains in effect for the duration of the school’s participation under this part, except that the plan and its implementation shall be regularly monitored and revised as necessary based on student needs to ensure that all students are provided opportunities to meet the challenging State academic standards;

(4) is available to the local educational agency, parents, and the public, and the information contained in such plan shall be in an understandable and uniform format and, to the extent practicable, provided in a language that the parents can understand; and

(5) if appropriate and applicable, is developed in coordination and integration with other Federal, State, and local services, resources, and programs, such as programs supported under this chapter, violence prevention programs, nutrition programs, housing programs, Head Start programs, adult education programs, career and technical education programs, and schools implementing comprehensive support and improvement activities or targeted support and improvement activities under section 6311(d) of this title;

(6) is based on a comprehensive needs assessment of the entire school that takes into account information on the academic achievement of children in relation to the challenging State academic standards, particularly the needs

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of those children who are failing, or are at-risk of failing, to meet the challenging State academic standards and any other factors as determined by the local educational agency; and

(7) includes a description of—

(A) the strategies that the school will be implementing to address school needs, including a description of how such strategies will—

(i) provide opportunities for all children, including each of the subgroups of students (as defined in section 6311(c)(2) of this title) to meet the challenging State academic standards;

(ii) use methods and instructional strategies that strengthen the academic program in the school, increase the amount and quality of learning time, and help provide an enriched and accelerated curriculum, which may include programs, activities, and courses necessary to provide a well-rounded education; and

(iii) address the needs of all children in the school, but particularly the needs of those at risk of not meeting the challenging State academic standards, through activities which may include—

(I) counseling, school-based mental health programs, specialized instructional support services, mentoring services, and other strategies to improve students' skills outside the academic subject areas;

(II) preparation for and awareness of opportunities for postsecondary education and the workforce, which may include career and technical education programs and broadening secondary school students' access to coursework to earn postsecondary credit while still in high school (such as Advanced Placement, International Baccalaureate, dual or concurrent enrollment, or early college high schools);

(III) implementation of a schoolwide tiered model to prevent and address problem behavior, and early intervening services, coordinated with similar activities and services carried out under the Individuals with Disabilities Education Act (20 U.S.C. 1400 et seq.);

(IV) professional development and other activities for teachers, paraprofessionals, and other school personnel to improve instruction and use of data from academic assessments, and to recruit and retain effective teachers, particularly in high-need subjects; and

(V) strategies for assisting preschool children in the transition from early childhood education programs to local elementary school programs; and

(B) if programs are consolidated, the specific State educational agency and local educational agency programs and other Federal programs that will be consolidated in the schoolwide program.

**Condition and Context:** While determining the completeness of our population of schools which operated under a Schoolwide Program for the first time during SFY 2020, we determined that OSDE reviewers had mistakenly marked 25 sites' schoolwide plans as 'previously reviewed', when they were actually new schoolwide plans which had not been reviewed.

**Cause:** OSDE does not have adequate procedures to ensure new schoolwide plans in the Grants Management System are adequately reviewed and approved appropriately.

**Effect:** Twenty-five sites were allowed to operate under a schoolwide program without having a schoolwide plan approved.

**Recommendation:** We recommend that OSDE strengthen policies and procedures by ensuring that schoolwide plans are adequately reviewed and approved by first and second reviewers.

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

**Contact Person:** Debbie Pham

**Anticipated Completion Date:** July 1, 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-027 (Repeat #2019-035)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.010

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

**FEDERAL AWARD NUMBER:** S010A190036

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**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Special Tests and Provisions – Participation of Private School Children

**QUESTIONED COSTS:** \$0

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

34 CFR 200.62 - *Responsibilities for providing services to private school children* states,

“(a) After timely and meaningful consultation with appropriate officials of private schools, an LEA must -

- (1) In accordance with §§ 200.62 through 200.67 and section 1120 of the ESEA, provide special educational services or other benefits under subpart A of this part, on an equitable basis and in a timely manner, to eligible children who are enrolled in private elementary and secondary schools; and
- (2) Ensure that teachers and families of participating private school children participate on a basis equitable to the participation of teachers and families of public school children receiving these services in accordance with § 200.65.

(b)

- (1) Eligible private school children are children who -
  - (i) Reside in participating public school attendance areas of the LEA, regardless of whether the private school they attend is located in the LEA; and
  - (ii) Meet the criteria in section 1115(b) of the ESEA.
- (2) Among the eligible private school children, the LEA must select children to participate, consistent with § 200.64.

(c) The services and other benefits an LEA provides under this section must be secular, neutral and nonideological.”

34 CFR 200.64 - *Factors for determining equitable participation of private school children* states in part,

“(a) *Equal expenditures.*

(1) Funds expended by an LEA under subpart A of this part for services for eligible private school children in the aggregate must be equal to the amount of funds generated by private school children from low-income families under paragraph (a)(2) of this section.

(2) An LEA must meet this requirement as follows:

(i)

(A) If the LEA reserves funds under § 200.77 to provide instructional and related activities for public elementary or secondary school students at the district level, the LEA must also provide from those funds, as applicable, equitable services to eligible private school children.

(B) The amount of funds available to provide equitable services from the applicable reserved funds must be proportionate to the number of private school children from low-income families residing in participating public school attendance areas.

(ii) The LEA must reserve the funds generated by private school children under § 200.78 and, in consultation with appropriate officials of the private schools, may -

(A) Combine those amounts, along with funds under paragraph (a)(2)(i) of this section, if appropriate, to create a pool of funds from which the LEA provides equitable services to eligible private school children, in the aggregate, in greatest need of those services; or

(B) Provide equitable services to eligible children in each private school with the funds generated by children from low-income families under § 200.78 who attend that private school.

(b) *Services on an equitable basis.*

(1) The services that an LEA provides to eligible private school children must be equitable in comparison to the services and other benefits that the LEA provides to public school children participating under subpart A of this part.

(2) Services are equitable if the LEA -

(i) Addresses and assesses the specific needs and educational progress of eligible private school children on a comparable basis as public school children;

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- (ii) Meets the equal expenditure requirements under paragraph (a) of section; and
- (iii) Provides private school children with an opportunity to participate that -
  - (A) Is equitable to the opportunity provided to public school children; and
  - (B) Provides reasonable promise of the private school children achieving the high levels called for by the State's student academic achievement standards or equivalent standards applicable to the private school children."

ESEA SEC. 1117 (a) (4) (A) *Determination*, states,

- “(i) In General.—Expenditures for educational services and other benefits to eligible private school children shall be equal to the proportion of funds allocated to participating school attendance areas based on the number of children from low-income families who attend private schools.
- (ii) Proportional Share.—The proportional share of funds shall be determined based on the total amount of funds received by the local educational agency under this part prior to any allowable expenditures or transfers by the local educational agency.”

According to the *Title I Non-Regulatory Guidance: Fiscal Changes and Equitable Services Requirements section N-7*, the following provisions are applicable for private school carry-over funds:

“In general, to ensure that equitable services are provided in a timely manner, an LEA must obligate the funds allocated for equitable services under all applicable programs in the year for which they are appropriated. (ESEA sections 1117(a)(4)(B) and 8501(a)(4)(B).) There may be extenuating circumstances, however, in which an LEA is unable to obligate all funds within this timeframe in a responsible manner. Under these circumstances, the funds may remain available for the provision of equitable services under the respective program during the subsequent school year. In determining how such carryover funds will be used, the LEA must consult with appropriate private school officials. (ESEA sections 1117(b) and 8501(c).)”

**Condition and Context:** For our sample of 4 of the 13 LEA's that provide program services for equitable participation of private school children under Title I Part A, we noted the following issues:

- For 1 of 4 (25%) LEAs, the private school information on the Low Income Step #4 calculation in the Title IA application did not agree with the Participating Private Schools tracking spreadsheet;
- For 3 of 4 (75%) LEAs, the amount budgeted for Title IA private schools (account code 5500) did not agree to the current year allocation amount calculated by the GMS plus prior year carryover amounts, indicating the approval of the Title IA applications by a Program Specialist or Grants Associate and Gloria Bayouth, Executive Director did not denote an adequate review;
- For 2 of 4 (50%) LEAs, educational services that were planned were not provided and actual services provided for private school students were not equitable to services provided to public school students;
- For 3 of 4 (75%) LEAs, the LEA did not correctly budget the amount to be provided to nonpublic school children.

**Cause:** OSDE does not have adequate policies and procedures to ensure the following:

- All participating private school children are included on the tracking spreadsheet;
- Equitable services or set asides for private school students were determined correctly and actually provided, and
- Funds allocated for equitable services or set-asides are correctly calculated and obligated in the year for which they were appropriated, or adequate verification of extenuating circumstances is documented for amounts carried forward in the following year.

Also, discrepancies in the Consolidated Applications were not identified due to inadequate review procedures.

**Effect:** Equitable services to Private/ Nonpublic School children were not properly funded and provided.

**Recommendation:** We recommend that OSDE continue to work to strengthen their policies and procedures to ensure the following:

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- All participating private school children are included on the tracking spreadsheet;
- Equitable services or set-asides for private school students are determined correctly and actually provided; and
- Funds allocated for equitable services or set-asides are correctly calculated and obligated in the year for which they were appropriated, or adequate verification of extenuating circumstances is documented for amounts carried forward in the following year.

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

**Contact Person:** Naomi Ward, Ombudsman

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-028 (Repeat #2019-036)

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.367

**FEDERAL PROGRAM NAME:** Title II Supporting Effective Instruction State Grants

**FEDERAL AWARD NUMBER:** S367A190035

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Special Tests and Provisions – Participation of Private School Children

**QUESTIONED COSTS:** \$0

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

34 CFR 200.62 - *Responsibilities for providing services to private school children* states,

“(a) After timely and meaningful consultation with appropriate officials of private schools, an LEA must -

- (1) In accordance with §§ 200.62 through 200.67 and section 1120 of the ESEA, provide special educational services or other benefits under subpart A of this part, on an equitable basis and in a timely manner, to eligible children who are enrolled in private elementary and secondary schools; and
- (2) Ensure that teachers and families of participating private school children participate on a basis equitable to the participation of teachers and families of public school children receiving these services in accordance with § 200.65.

(b)

(1) Eligible private school children are children who -

- (i) Reside in participating public school attendance areas of the LEA, regardless of whether the private school they attend is located in the LEA; and
- (ii) Meet the criteria in section 1115(b) of the ESEA.

(2) Among the eligible private school children, the LEA must select children to participate, consistent with § 200.64.

(c) The services and other benefits an LEA provides under this section must be secular, neutral and nonideological.”

34 CFR § 299.7 *What are the factors for determining equitable participation of children and teachers in private schools?* – states,

“(a) *Equal expenditures.*

(1) Expenditures of funds made by an agency or consortium of agencies under a program listed in § 299.6

(b) for services for eligible private school children and their teachers and other educational personnel must be equal on a per-pupil basis to the amount of funds expended for participating public school children and

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their teachers and other educational personnel, taking into account the number and educational needs of those children and their teachers and other educational personnel.

(2) Before determining equal expenditures under paragraph (a)(1) of this section, an agency or consortium of agencies shall pay for the reasonable and necessary administrative costs of providing services to public and private school children and their teachers and other educational personnel from the agency's or consortium of agencies' total allocation of funds under the applicable ESEA program.

(b) *Services on an equitable basis.*

(1) The services that an agency or consortium of agencies provides to eligible private school children and their teachers and other educational personnel must also be equitable in comparison to the services and other benefits provided to public school children and their teachers or other educational personnel participating in a program under this subpart.”

According to the *Title II Non-Regulatory Guidance*, the following provisions are applicable for private school carry-over funds:

“In general, to ensure that equitable services are provided in a timely manner, an LEA must obligate the funds allocated for equitable services under all applicable programs in the year for which they are appropriated. (ESEA sections 1117(a)(4)(B) and 8501(a)(4)(B).) There may be extenuating circumstances, however, in which an LEA is unable to obligate all funds within this timeframe in a responsible manner. Under these circumstances, the funds may remain available for the provision of equitable services under the respective program during the subsequent school year. In determining how such carryover funds will be used, the LEA must consult with appropriate private school officials. (ESEA sections 1117(b) and 8501(c).)”

ESEA SEC. 1117 (a) (4) (A) *Determination*, states,

“ (i) In General.—Expenditures for educational services and other benefits to eligible private school children shall be equal to the proportion of funds allocated to participating school attendance areas based on the number of children from low-income families who attend private schools.

(ii) Proportional Share.—The proportional share of funds shall be determined based on the total amount of funds received by the local educational agency under this part prior to any allowable expenditures or transfers by the local educational agency.”

20 U.S. Code § 7881(a)(4). *Participation by private school children and teachers – Private School Participation – Expenditures*

– states:

“(B) Obligation of funds

Funds allocated to a local educational agency for educational services and other benefits to eligible private school children shall be obligated in the fiscal year for which the funds are received by the agency.”

The U.S. Department of Education publication *Title II, Part A – Teacher and Principal Training and Recruiting Fund Equitable Services to Private School Teachers*, states in part:

“G-2. What is meant by “equitable participation?”

Participation is considered to be equitable if the public and private educational agencies and institutions: (1) assess, address, and evaluate the needs and progress of both groups of teachers in the same manner; (2) provide approximately the same amount of training and, where appropriate, instruction to teachers with similar needs; (3) spend an equal amount of funds per student to serve public and private school teachers; and (4) provide private school teachers with an opportunity to participate in Title II, Part A program activities equivalent to the opportunity provided public school teachers.

....

G-9. Must the expenditures that the LEA provides for professional development for private school teachers be equal on a per-pupil basis?

Title IX, Section 9501 of ESEA requires that Title II, Part A services for professional development that are provided to private school teachers and other educational personnel be equitable in comparison to those

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provided to public school teachers. It also requires that funds provided for professional development for private school teachers be equal on a per-pupil basis.”

**Condition and Context:** OSDE did not verify that 1) the private school information on the ‘Nonpublic Equitable Share Title IIA’ tab in the Consolidated Application agreed with the PS Packets and the amount calculated for the ‘Nonpublic Equitable Share for Title IIA’ in the Consolidated Application was correct; 2) the amount budgeted for Title IIA private schools agreed with the amount calculated by the GMS, and the funds budgeted for Private school students was in compliance with equitable share requirements; and 3) the review was adequate.

In addition, for our sample of 8 of the 30 LEA’s that provide program services for equitable participation of private school children under Title II Part A, we noted that for 3 LEA’s, the educational services that were planned were not provided.

**Cause:** OSDE does not have adequate policies and procedures to review/verify the following:

- Private/ Nonpublic School allocations are calculated correctly, and the appropriate amounts are set aside for private school children.
- Equitable services for private school students were actually provided;
- Funds allocated for equitable services are obligated in the year for which they were appropriated, or adequate verification of extenuating circumstances is documented for amounts carried forward in the following year; and
- Amounts that should have been used to provide services to private school children in the current year are carried forward to be used to provide services to private school children in the following year.

**Effect:** Inadequate policies and procedures and an inadequate review process could result in a failure to correctly fund and provide equitable services to Private/Nonpublic School children.

**Recommendation:** We recommend that OSDE continue to work to strengthen their policies and procedures to verify the following:

- Private/ Nonpublic School allocations are calculated correctly and, the appropriate amounts are set aside for private school children.
- Equitable services for private school students are actually provided,
- Funds allocated for equitable services are obligated in the year for which they were appropriated, or adequate verification of extenuating circumstances is documented for amounts carried forward in the following year; and
- Amounts that should have been used to provide services to private school children in the current year are carried forward to be used to provide services to private school children in the following year.

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

**Contact Person:** Naomi Ward, State Ombudsman/Program Specialist

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-032 (Repeat #2019-055)

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

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.010

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

**FEDERAL AWARD NUMBER:** S010A190036

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Level of Effort – Supplement not Supplant

**QUESTIONED COSTS:** \$0

**Criteria:** 20 U.S. Code § 6321 - *Fiscal requirements* states in part:

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“(b) *Federal funds to supplement, not supplant, non-Federal funds -*

(1) *IN GENERAL* - A State educational agency or local educational agency shall use Federal funds received under this part only to supplement the funds that would, in the absence of such Federal funds, be made available from non-Federal sources for the education of pupils participating in programs assisted under this part, and not to supplant such funds.

(2) *COMPLIANCE* – To demonstrate compliance with paragraph (1), a local educational agency shall demonstrate that the methodology used to allocate State and local funds to each school receiving assistance under this part ensures that such school receives all of the State and local funds it would otherwise receive if it were not receiving assistance under this part.”

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

**Condition and Context:** While performing testwork on 40 of 542 districts, we noted the following:

- For three of 40 Districts (including 13 individual school sites), the District did not submit an appropriate methodology (or methodologies) to allocate State and local funds to each Title I school that adequately ensures that the school receives all of the State and local funds it would otherwise receive if it were not receiving Title I funds, and the OSDE Office of Federal Programs (OFP) did not perform appropriate procedures to ensure that the LEA implemented its methodology and complied with supplement not supplant requirements; and,
- For one of 40 Districts (including two individual school sites), the District’s methodologies did not agree with the tracking spreadsheet utilized by OSDE Office of Federal Programs (OFP) to monitor compliance with *Supplement not Supplant* requirements and, it appears that the OSDE OFP did not perform appropriate procedures to ensure that the District implemented its methodology.

Also, it appears that the tracking spreadsheet utilized by OSDE OFP to monitor compliance with *Supplement not Supplant* requirements does not adequately identify the following:

- Whether Districts with both Title I and non-Title I schools are allocating State and local funds irrespective of a school's Title I status.
- If the District reserves state and local funds for District level activities, whether the District conducts activities with those funds in a manner that does not take into account a school’s Title I status.

**Cause:** The Department of Federal Programs does not have an adequate tracking system to ensure all Districts have submitted the appropriate methodologies and, to ensure that Districts with Title I and non-Title I schools are adequately complying with all *Supplement not Supplant* requirements.

**Effect:** OSDE is unable to accurately identify if Federal funds are being used inappropriately to supplant funds from non-Federal sources.

**Recommendation:** We recommend that OSDE strengthen their policies and procedures to ensure Districts submit appropriate methodologies as required. We also recommend that OSDE revise their *Supplement not Supplant* tracking spreadsheet and review procedures to ensure that adequate comparisons are made between Title I and non-Title I schools and to ensure District level activities are in compliance with *Supplement not Supplant* requirements.

**Views of Responsible Official(s)**

**Contact Person:** Gloria Bayouth, Executive Director

**Anticipated Completion Date:** August 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-043

**STATE AGENCY:** Oklahoma State Department of Education (OSDE)

**FEDERAL AGENCY:** United States Department of Education (USDE)

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**CFDA NO:** 84.027; 84.173

**FEDERAL PROGRAM NAME:** Special Education Cluster (IDEA)

**FEDERAL AWARD NUMBER:** H027A190051 – 19A; H173A190084

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Procurement, Suspension and Debarment

**QUESTIONED COSTS:** \$0

**Criteria:** § 200.318 General procurement standards, states in part:

“(b) Non-Federal entities must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.”

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

**Condition and Context:** While determining the completeness of Special Education administrative contracts, we determined that OSDE does not have an appropriate system to track and review all administrative contracts and contract expenditures.

**Cause:** The Special Education Department does not have an appropriate system to track all contracts and contract expenditures.

**Effect:** Failure to appropriately review and adequately track contracts and contract expenditures could result in contracts not complying with procurement or suspension and debarment requirements.

**Recommendation:** We recommend that the department develop policies and procedures to adequately track and review administrative contracts.

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

**Contact Person:** Todd Loftin

**Anticipated Completion Date:** August 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-047 (Partial repeat #2019-059)

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.558

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program (CACFP)

**FEDERAL AWARD NUMBER:** 60K300330, 60K300349

**FEDERAL AWARD YEAR:** 2020

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

**QUESTIONED COSTS:** \$114,461.51

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

The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.06 states, “Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity’s information technology. Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology

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continues to operate properly.”

The GAO Standards for Internal Control in the Federal Government 11.06 states in part, “Management designs appropriate types of control activities in the entity’s information system for coverage of information processing objectives for operational processes.”

The GAO Standards for Internal Control in the Federal Government 11.07 states, “Information system general controls (at the entity-wide, system, and application levels) are the policies and procedures that apply to all or a large segment of an entity’s information systems. General controls facilitate the proper operation of information systems by creating the environment for proper operation of application controls. General controls include security management, logical and physical access, configuration management, segregation of duties, and contingency planning.”

**Condition and Context:** While performing CACFP claims testwork, we noted that the CACFP eClaims system overrides prior CACFP application data related to approved meal types, approved number of meal seatings, and license capacity every time the information is revised in the system, and therefore does not provide an appropriate audit trail that documents the approved meal types, approved number of meal seatings, and license capacity for any revision prior to the most recent change. In addition, OSDE does not retain supporting documentation to verify CACFP application changes that are made.

While performing CACFP claim data analysis procedures, we noted that 81,535 meals were claimed either for meal types that were not approved per the CACFP eClaims system application or for meals that exceeded approved seating limits per the CACFP eClaims system application. Those claims resulted in a total of \$114,461.51 in overpayments. OSDE was unable to provide supporting documentation to verify the claims were paid appropriately by the time of this report.

While performing testwork related to Child and Adult Day Care Administrative Reviews, we noted that all claims for one sponsor with 55 sites did not include the 'Days of Operation' per month for any claims in SFY 2020; however, we did not identify any meals claimed for unapproved days.

**Cause:** A lack of appropriate audit trails in the CACFP eClaims system and, the failure to retain adequate supporting documentation for eClaims system changes contributed to the deficiencies noted.

**Effect:** Adequate audit evidence is not available to support review and analysis of historical claims or, to determine if the CACFP eClaims system edits prevented 1) the payment of claims for meal types that were not approved on the CACFP eClaims system application, or 2) the payment of claims for meals that exceed the meal seating limits in the approved CACFP eClaims system application.

Subrecipient noncompliance and overclaims may not be detected or prevented due to inadequate procedures for verifying 1) that eClaims system edits are working appropriately, and 2) whether the edits are sufficient to prevent payment of claims for unapproved meals or for meals that exceed applicable limits.

**Recommendation:** We recommend that OSDE update the CACFP eClaims system to ensure adequate audit trails are maintained. We also recommend that OSDE develop adequate policies and procedures/controls to ensure that adequate supporting documentation is maintained by OSDE to verify CACFP application changes that are made.

We recommend that OSDE develop adequate policies and procedures/controls to ensure that eClaims system edits are properly designed and working appropriately to prevent overclaims. We also recommend that OSDE develop adequate policies and procedures/controls to ensure that CACFP site claims are adequately reviewed, and that adequate risk assessments are performed to identify high risk claims and to ensure meal seating times and limits are set at appropriate levels.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** July 1, 2021

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**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-050 (Partial repeat #2019-005)

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

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

**FEDERAL PROGRAM NAME:** Child Nutrition Cluster

**FEDERAL AWARD NUMBER:** 60K300329

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility, Procurement, Special Tests and Provisions – Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions – Paid Lunch Equity

**QUESTIONED COSTS:** \$0

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

7 CFR § 210.18(o) – *Recordkeeping* states in part, “Each State agency must keep records which document the details of all reviews and demonstrate the degree of compliance with the critical and general areas of review. Records must be retained as specified in § 210.23(c) and include documented corrective action, and documentation of withholding of payments and fiscal action, including recoveries made. Additionally, the State agency must have on file:

- (1) Criteria for selecting schools for administrative reviews in accordance with paragraphs (e)(2)(ii) and (i)(2)(ii) of this section.
- (2) Documentation demonstrating compliance with the statistical sampling requirements in accordance with paragraph (g)(1)(i) of this section, if applicable.”

**Condition and Context:** Based on our tests of 23 of the 94 Child Nutrition Program Administrative Reviews (ARs), we noted the following issues:

ARs with incomplete supporting documentation:

- For 17 of 23 or 73.91% of SFA ARs tested, the supporting documentation for claim counts (edit checks) and/or menu records applicable for the claim month reviewed and the day of the on-site visit was incomplete
- For 4 of 17 or 23.53% of LEAs required to perform verification procedures for household applications, the supporting documentation for the sample selected for verification and eligibility status changes were missing.

ARs with procedure errors:

- 1 of 17, or 5.88% of Administrative Reviews tested, the LEA did not select and verify the required sample of approved applications for verification and the AR does not reflect that the number of applications verified was incorrect.
- For 1 of 5 or 20% of SFAs that contract with a Food Service Management Company (FSMC) for meal preparation or delivery, the supporting contract invoices for the claim month reviewed during the procurement review did not agree with the claim.
- For 7 of 12, or 58.33% of Administrative Reviews tested for which the SFA was subject to paid lunch equity requirements (pricing SFA), OSDE did not perform adequate procedures (calculations) to verify compliance with the following Paid Lunch Equity requirements during the AR:
  - The SFA is actually charging students the required paid lunch price in accordance with the results of the PLE (7 SFAs).
  - The SFA met the (PLE) equity requirement by furnishing additional funds from non-Federal sources (1 SFA).

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- The amount of non-Federal funds provided was sufficient to cover the difference between the amount calculated by the SFA on the approved PLE Tool and the amount actually charged for paid lunches (1 SFA).

**Cause:** OSDE did not have controls in place to ensure the procedures were performed timely to 1) obtain supporting documentation for the ARs and, 2) perform a management review of a sample of ARs to provide reasonable assurance of compliance with applicable requirements of the federal program.

**Effect:** Consultants did not conduct the Administrative Reviews appropriately to ensure subrecipient noncompliance with procurement, verification, and paid lunch requirements were accurately detected.

**Recommendation:** We recommend that OSDE continue to improve their policies and procedures/controls to ensure sufficient documentation is obtained and maintained by OSDE for all Administrative Reviews that would allow internal or external reviewers to evaluate whether the tests performed are appropriate and accurate, and whether the analysis conducted, and conclusions reached, by the consultants are valid. We also recommend that OSDE continue to improve their policies and procedures/controls to ensure that all Administrative Reviews are adequately reviewed by management based on the documentation maintained.

In addition, we recommend that OSDE develop adequate policies and procedures/controls to ensure that amounts paid in relation to FSMC contracts are correct, and perform adequate procedures (calculations) to verify compliance with the following Paid Lunch Equity requirements during the AR:

- The SFA is actually charging students the required paid lunch price in accordance with the results of the PLE.
- The SFA met the (PLE) equity requirement by furnishing additional funds from non-Federal sources.
- The amount of non-Federal funds provided was sufficient to cover the difference between the amount calculated by the SFA on the approved PLE Tool and the amount actually charged for paid lunches.

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

**Contact Person:** Jennifer Weber & Dana Parker

**Anticipated Completion Date:** July 1, 2021, SY 21-22

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-062 (Repeat #2019-056)

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

**FEDERAL AGENCY:** United States Department of Education (USDE)

**CFDA NO:** 84.367

**FEDERAL PROGRAM NAME:** Title II, Part A, Supporting Effective Instruction State Grant

**FEDERAL AWARD NUMBER:** S367A190035

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Level of Effort – Supplement not Supplant

**QUESTIONED COSTS:** \$0

**Criteria:** 20 U.S. Code § 6691 – Supplement, not Supplant states, “Funds made available under this subchapter shall be used to supplement, and not supplant, non-Federal funds that would otherwise be used for activities authorized under this subchapter.”

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

**Condition and Context:** We reviewed the *Title II Supplement not Supplant Review Process* and the Supplement not Supplant, Title II State, Local, Federal Professional Development spreadsheet and noted the following issues:

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1. While the Office of Federal Programs completed the Supplement not Supplant spreadsheet, it was not completed timely.
2. In reviewing the *Title II, Part A Supplement Not Supplant Review Process* and the Supplement not Supplant spreadsheet, we determined that adequate procedures were not in place to compare current year services to prior year services in order to fully comply with procedure 2.2b from the 2020 Compliance Supplement:

“b.The SEA or LEA used Federal funds to provide services that the SEA or LEA provided with non-Federal funds (or for Title III, Part A, other Federal funds, as noted below) in the prior year.”

**Cause:** OSDE did not fully develop their Supplement not Supplant review procedures during the current audit period. In addition, it appears that OSDE did not fully understand all aspects of the *Level of Effort – Supplement not Supplant* compliance requirements resulting in inadequate procedures.

**Effect:** OSDE is unable to accurately identify if Federal funds are being used inappropriately to supplant funds from non-Federal sources as required by 20 U.S. Code § 6691.

**Recommendation:** We recommend that OSDE revise their policies and procedures to ensure that federal expenditures are in compliance with all aspects of the *Level of Effort – Supplement not Supplant* requirements.

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

**Contact Person:** Adam Whitefield, Program Specialist

**Anticipated Completion Date:** October 31, 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-072

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.558

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program (CACFP)

**FEDERAL AWARD NUMBER:** 60K300330, 60K300349

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** 7 CFR § 226.6(m)(6) – *Program Assistance - Frequency and number of required institution reviews states in part*, “The State agency must review institutions according to the following schedule:

(i)Independent centers and sponsoring organizations of 1 to 100 facilities must be reviewed at least once every three years. A review of such a sponsoring organization must include reviews of 10 percent of the sponsoring organization's facilities;

(ii) Sponsoring organizations with more than 100 facilities must be reviewed at least once every two years. These reviews must include reviews of 5 percent of the first 1,000 facilities and 2.5 percent of the facilities in excess of 1,000; and

(iii)New institutions that are sponsoring organizations of five or more facilities must be reviewed within the first 90 days of Program operations.”

*Child and Adult Day Care Monitoring Handbook*, (page 9) states "The State system should allow it to know at a glance, anytime during the review year, that it is meeting the number of reviews required or whether modifications need to be made in the schedule or caseload."

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

## Schedule of Findings And Questioned Costs

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**Condition and Context:** During our control testwork related to Administrative Review tracking of the frequency and number of required reviews, we noted the following issues:

- The AR was not performed timely for one Child Daycare Sponsor with 38 sites. The AR should have been performed in FY19 but was not performed until FY20 (9/10/2020).
- For three Child Daycare Sponsors with 5 or more sites, the facilities were not reviewed within the first 90 days of Program operations.
- Of the 58 FY19 Child and Adult Daycare facilities with a prior year serious deficiency (SD) noted during the Administrative Review, four institutions were not appropriately re-monitored in FY20.
- One Child Daycare that had an Administrative Review performed during FY20 was not included on any of the AR tracking logs.

**Cause:** Adequate tracking procedures are not in place to ensure Child and Adult Daycare Center Administrative Reviews are performed timely and adequately documented.

**Effect:** All facilities were not monitored timely and facilities may not be operating in compliance with program requirements.

**Recommendation:** We recommend that OSDE develop and implement a system to ensure all Administrative Review tracking logs are kept current. We also recommend OSDE develop and implement procedures to ensure that the Administrative Review tracking logs are reviewed by someone other than the preparer to ensure Administrative Reviews occur timely and are adequately documented.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** FY 22

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-073

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.558

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program (CACFP)

**FEDERAL AWARD NUMBER:** 60K300330, 60K300349

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR § 200.331(b) – *Requirements for pass-through entities* states, “All pass-through entities must evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward for purposes of determining the appropriate subrecipient monitoring, which may include consideration of such factors as:

- (1) The subrecipient’s prior experience with the same or similar subawards;
- (2) The results of previous audits including whether or not the subrecipient receives a Single Audit in accordance with Subpart F - Audit Requirements of this part, and the extent to which the same or similar subaward has been audited as a major program;
- (3) Whether the subrecipient has new personnel or new or substantially changed systems; and
- (4) The extent and results of Federal awarding agency monitoring (e.g., if the subrecipient also receives Federal awards directly from a Federal awarding agency).”

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

**Condition and Context:** The OSDE Child Nutrition Department did not adequately evaluate each subrecipient’s risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the Child and Adult Care Food Program subawards for purposes of determining the appropriate subrecipient monitoring.

**Cause:** The OSDE Child Nutrition Department has not designed and implemented risk assessment procedures to adequately identify potential risk factors related to the Child and Adult Care Food Program subawards.

**Effect:** Failure to properly evaluate risk for subrecipient monitoring may lead to an increased risk of noncompliance by the subgrantees with the terms and conditions of the Child and Adult Care Food Program subawards.

**Recommendation:** We recommend that the Oklahoma State Department of Education immediately design and implement the required risk assessment processes to ensure that each subrecipient's risk of noncompliance with Federal statutes, regulations, and the terms and conditions of the subaward is appropriately evaluated for monitoring purposes.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** October 2020

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-074 (Repeat #2019-054)

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

**CFDA NO:** 10.558

**FEDERAL PROGRAM NAME:** Child and Adult Care Food Program (CACFP)

**FEDERAL AWARD NUMBER:** 60K300330, 60K300349

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Procurement and Suspension and Debarment

**QUESTIONED COSTS:** \$0

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

7 CFR § 226.6(i) - *Standard contract states*, “Each State agency shall develop a standard contract in accordance with § 226.21 and provide for its use between institutions and food service management companies. The contract shall expressly and without exception stipulate:

- (1) The institution shall provide the food service management company with a list of the State agency approved child care centers, day care homes, adult day care centers, and outside-school-hours care centers to be furnished meals by the food service management company, and the number of meals, by type, to be delivered to each location;
- (2) The food service management company shall maintain such records (supported by invoices, receipts or other evidence) as the institution will need to meet its responsibilities under this part, and shall promptly submit invoices and delivery reports to the institution no less frequently than monthly;
- (3) The food service management company shall have Federal, State or local health certification for the plant in which it proposes to prepare meals for use in the Program, and it shall ensure that health and sanitation requirements are met at all times. In addition, the State agency may require the food service management company to provide for meals which it prepares to be periodically inspected by the local health department or an independent agency to determine bacteria levels in the meals being prepared. These bacteria levels shall conform to the standards which are applied by the local health authority with respect to the level of bacteria which may be present in meals prepared

## Schedule of Findings And Questioned Costs

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or served by other establishments in the locality. Results of these inspections shall be submitted to the institution and to the State agency;

(4) The meals served under the contract shall conform to the cycle menus upon which the bid was based, and to menu changes agreed upon by the institution and food service management company;

(5) The books and records of the food service management company pertaining to the institution's food service operation shall be available for inspection and audit by representatives of the State agency, of the Department, and of the U.S. General Accounting Office at any reasonable time and place, for a period of 3 years from the date of receipt of final payment under the contract, or in cases where an audit requested by the State agency or the Department remains unresolved, until such time as the audit is resolved;

(6) The food service management company shall operate in accordance with current Program regulations;

(7) The food service management company shall not be paid for meals which are delivered outside of the agreed upon delivery time, are spoiled or unwholesome at the time of delivery, or do not otherwise meet the meal requirements contained in the contract;

(8) Meals shall be delivered in accordance with a delivery schedule prescribed in the contract;

(9) Increases and decreases in the number of meal orders may be made by the institution, as needed, within a prior notice period mutually agreed upon in the contract;

(10) All meals served under the Program shall meet the requirements of § 226.20;

(11) All breakfasts, lunches, and suppers delivered for service in outside-school-hours care centers shall be unitized, with or without milk, unless the State agency determines that unitization would impair the effectiveness of food service operations. For meals delivered to child care centers and day care homes, the State agency may require unitization, with or without milk, of all breakfasts, lunches, and suppers only if the state agency has evidence which indicates that this requirement is necessary to ensure compliance with § 226.20.”

**Condition and Context:** While documenting controls over procurement we noted that OSDE’s contract template between CACFP institutions and Food Service Management Company (FSMC)/Vendors did not comply with all the required elements under 7 CFR § 226.6(i)(1-11).

We also noted that OSDE contract templates used by CACFP Institutions and sponsors for covered transactions do not include appropriate language to ensure that the non-Federal entity verified that entities are not suspended, debarred, or otherwise excluded.

**Cause:** We determined that OSDE did not make the required changes to the contract template within the audit period.

**Effect:** Failure to ensure contracts include all the required elements and are adequately reviewed could result in subrecipient and vendor noncompliance with grant requirements and suspension and debarment requirements.

**Recommendation:** We recommend that OSDE develop adequate policies and procedures/controls to ensure 1) that contracts between CACFP institutions and FSMC/Vendor contain all required elements; 2) all contract templates used by CACFP Institutions and sponsors include appropriate language to ensure that the non-Federal entity verified that entities are not suspended, debarred, or otherwise excluded; and 3) contracts between CACFP institutions and FSMC/Vendor are properly reviewed by the State agency prior to execution of the contract.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** This was completed on October 1, 2020

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

**FINDING NO:** 2020-076

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

**FEDERAL AGENCY:** United States Department of Agriculture (USDA)

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

**FEDERAL PROGRAM NAME:** Child Nutrition Cluster

**FEDERAL AWARD NUMBER:** 60K300329

**FEDERAL AWARD YEAR:** 2020

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**CONTROL CATEGORY:** Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Eligibility  
**QUESTIONED COSTS:** \$0

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

7 CFR § 245.9(c) - Special assistance certification and reimbursement alternatives states in part,

“(f) (4) *Community eligibility provision procedures* -

(viii) *New 4-year cycle.* To begin a new 4-year cycle, local educational agencies or schools must establish a new identified student percentage as of April 1 prior to the 4-year cycle. If the local educational agency, group of schools, or school meet the eligibility criteria set forth in paragraph (f)(3) of this section, a new 4-year cycle may begin.

(ix) *Grace year.* A local educational agency, group of schools, or school with an identified student percentage of less than 40 percent but equal to or greater than 30 percent as of April 1 of the fourth year of a community eligibility cycle may continue using community eligibility for a grace year that continues the 4-year cycle for one additional, or fifth, year. If the local educational agency, group of schools, or school regains the 40 percent threshold as of April 1 of the grace year, the State agency may authorize a new 4-year cycle for the following school year. If the local educational agency, group of schools, or school does not regain the required threshold as of April 1 of the grace year, they must return to collecting household applications in the following school year in accordance with paragraph (j) of this section. Reimbursement in a grace year is determined by multiplying the identified student percentage at the local educational agency, group of schools, or school as of April 1 of the fourth year of the 4-year CEP cycle by the 1.6 multiplier.

(i) *Availability of documentation.* Upon request, the local educational agency must make documentation available for review or audit to document compliance with the requirements of this section. Depending on the certification or reimbursement alternative used, such documentation includes, but is not limited to, enrollment data, participation data, identified student percentages, available and approved socioeconomic data that was used to grant an extension, if applicable, or other data.”

**Condition and Context:** While performing procedures related to the tracking of base years and reconsideration years for School Food Authorities (SFA) participating in special provision programs (Community Eligibility Provision (CEP), Provision 2 and Provision 3), we noted the following issues:

- CEP - For 15 of 151, or 9.93 % of SFAs participating in the CEP program, the base year and/or reconsideration year was listed incorrectly on the tracking spreadsheet
- Provision 2 – For 5 of 45, or 11.11% of SFAs participating in the Provision 2 program, the base year and/or reconsideration year was listed incorrectly on the tracking spreadsheet
- Provision 3 - For 1 of 4, or 25% of SFAs participating in the Provision 3 program, the base year and/or reconsideration year was listed incorrectly on the tracking spreadsheet

While performing procedures on 28 of 151, or 18.54% of School Food Authorities (SFA) participating in the CEP program, we noted the following issues related to the approval of a School Food Authority (SFA) for participation in the Community Eligibility Provision (CEP):

- For 3 of 28, or 10.71 % of SFAs tested, OSDE did not provide the supporting documentation for the base year and/or reconsideration year CEP claiming percentage calculations: we were unable to verify whether the ISP and Claiming percentages were calculated correctly and based on the appropriate data and whether the SFA was eligible to participate in the CEP program in school year 2019-20
- For 3 of 28, or 10.71 % of SFAs tested, the CEP claiming percentages were not calculated correctly and/or were not based on appropriate data and the entity was not eligible to participate in the CEP program in school year 2019-20

**Cause:** The tracking spreadsheet for special provision participation was not appropriately reviewed and approved by the appropriate OSDE staff. In addition, the calculation and support required for new CEP program participants or

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renewal CEP participants was not maintained appropriately and was not adequately reviewed and approved by the appropriate OSDE staff.

We also determined that a lack of understanding of some of the compliance requirements contributed to the deficiencies noted.

**Effect:** SFAs may be approved for and/or participating in a program when they are ineligible.

**Recommendation:** We recommend that OSDE develop adequate policies and procedures/controls to ensure the tracking spreadsheet for special provision programs is appropriately reviewed and approved to ensure that all renewal procedures are performed timely.

Also, we recommend that OSDE develop adequate policies and procedures/controls to ensure supporting documentation for CEP initial approvals and extensions is retained and appropriately reviewed to ensure that the CEP claiming percentages are calculated correctly based on the appropriate data.

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

**Contact Person:** Jennifer Weber, Executive Director of Child Nutrition

**Anticipated Completion Date:** May 2021

**Corrective Action Planned:** Management concurs with the finding. Please see the corrective action plan located in the corrective action plan section of the report.

## OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT

**FINDING NO:** 2020-052 (Partial Repeat #2019-008)

**STATE AGENCY:** Oklahoma Department of Emergency Management (the Department)

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

**CFDA NO:** 97.036

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

**FEDERAL AWARD NUMBER:** FEMA-4222, FEMA-4299, FEMA-4315, FEMA-4438

**FEDERAL AWARD YEAR:** 2019/2020

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

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR §200.62(b)(1) – *Internal control over compliance requirements for Federal awards* states, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program ...”

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

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

**Condition and Context:** We reviewed all *advances* and identified \$13,764,223 that was advanced to subgrantees without ensuring supported activities were in compliance with applicable Federal requirements prior to the closeout of the project. The advances represent 23.82% of the funds provided to subgrantees during the fiscal year.

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Also, during SFY 2020 the Department evaluated each subgrantee's risk of noncompliance; however, they did not use the results to determine the appropriate subrecipient monitoring.

**Cause:** The Department did not have during the award monitoring procedures/internal controls in place during SFY 2020 to ensure that funds *advanced* to subgrantees were being used in compliance with applicable Federal requirements. In addition, the Department did not have procedures/internal controls in place to determine the appropriate subrecipient monitoring based each subrecipient's risk of noncompliance.

**Effect:** The Department is not in compliance with the requirements of 2 CFR 200.331 (b) and 2 CFR 200.331(d) and Federal funds may not be utilized by the subrecipient in accordance with Federal regulations.

**Recommendation:** We recommend the Department develop policies and procedures/internal controls to ensure subgrantees receiving *advance* funds are monitored prior to the closeout of the project to ensure compliance with the applicable Federal regulations. In addition, we recommend the Department develop policies and procedures/internal controls to establish a monitoring plan for each subrecipient based on their risk of noncompliance.

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

**Contact Person:** Daniel Piltz and Michael Teague

**Anticipated Completion Date:** 10/6/2020

**Corrective Action Planned:** Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-066

**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-4117, FEMA-4222, FEMA-4247, FEMA-4256, FEMA-4274, FEMA-4299, FEMA-4315, FEMA-4324, FEMA-4373, FEMA-4438, FEMA-4453, FEMA-4530

**FEDERAL AWARD YEAR:** 2019/2020

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR §200.62(b)(1) – *Internal control over compliance requirements for Federal awards* states, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program.”

2 CFR §200.331 – *Requirements for pass-through entities* states, “All pass-through entities must:

(a) “Ensure that every subaward is clearly identified to the subrecipient as a subaward and includes the following information at the time of the subaward and if any of these data elements change, include the changes in subsequent subaward modification. When some of this information is not available, the pass-through entity must provide the best information available to describe the Federal award and subaward. Required information includes:

(1) Federal Award Identification. (xi) CFDA Number and Name; the pass-through entity must identify the dollar amount made available under each Federal award and the CFDA number at time of disbursement.”

(d) “Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include:

(1) Reviewing financial and performance reports required by the pass-through entity.

(2) Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the pass-through entity detected through audits, on-site reviews, and other means.

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(3) Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the pass-through entity as required by §200.521 Management decision.”

2 CFR §200.521 – *Management decision* states,

(c) “*Pass-through entity*. As provided in §200.331 Requirements for pass-through entities, paragraph (d), the pass-through entity must be responsible for issuing a management decision for audit findings that relate to Federal awards it makes to subrecipients.”

(d) “*Time requirements*. The Federal awarding agency or pass-through entity responsible for issuing a management decision must do so within six months of acceptance of the audit report by the FAC. The auditee must initiate and proceed with corrective action as rapidly as possible and corrective action should begin no later than upon receipt of the audit report.”

**Condition and Context:** While documenting the Oklahoma Department of Emergency Management’s subrecipient monitoring processes and performing related testwork, we noted:

- The Catalog of Federal Domestic Assistance (CFDA) number is not provided to the subrecipient unless the subrecipient requests the CFDA number.
- One subrecipient single audit for which the Oklahoma Department of Emergency Management should have issued a management decision on the audit finding and followed-up to ensure the subrecipient took appropriate and timely corrective action. The management decision letter has not been issued to the subrecipient.
- Two of seven subrecipients selected for testing from a population of 32 subrecipients had not provided their Single Audit to the Department and the Oklahoma Department of Emergency Management was unable to provide evidence of communication with the subrecipient requesting the audit.

In addition, we were unable to determine completeness of the subrecipient list used to track of subrecipients requiring a Single Audit.

**Cause:** Corresponding causes are:

- Prior to State Fiscal Year 2020, the CFDA number was included in the paper packets that were sent with the payment to the subrecipient. The Oklahoma Department of Emergency Management implemented an online grant management system where the payment information is provided online; however, the subrecipient does not have access to the Payment Request Form, which contains the CFDA number.
- A new reviewer misinterpreted the Single Audit and the management letter was not written.
- Follow-up communication with subrecipient did not occur and/or the communication was not retained.

Further, the subrecipient list is not in one database or location and portions of the population from the various sources must be commingled.

**Effect:** The potential effects are:

- The subrecipient does not have the all the information required to meet the Federal grant requirements.
- Without a management decision letter, the Oklahoma Department of Emergency Management is not prompted to follow-up to ensure that the subrecipient takes timely and appropriate action on deficiencies detected though audits.
- The Oklahoma Department of Emergency Management did not provide evidence of proper grant management as a pass-through entity.

In addition, it is impossible to know if all single audit reports are tracked and obtained without a complete population.

**Recommendation:** We recommend the Oklahoma Department of Emergency Management review the current subrecipient processes and implement the necessary processes to ensure all subrecipients are monitored in accordance with the requirements. Recommendations include:

- Make the Payment Request Form available to the subrecipient at the time of the payment or make the necessary changes to forms received by the subrecipient to ensure the information includes the CFDA number.

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- Continue tracking when subrecipients submit their Single Audits and ensure proper training is given to audit reviewers to ensure management decision letters are issued and that subrecipients take timely and appropriate action on deficiencies detected through audits.
- Retain all communication with subrecipients in regard to requesting required single audits.
- Further, we recommend the Oklahoma Department of Emergency Management save preliminary documentation used to prepare the subrecipient list utilized for single audit tracking.

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

**Contact Person:** Daniel Piltz

**Anticipated Completion Date:** 7/31/2021

**Corrective Action Planned:** Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-069 (Repeat #2019-033)

**STATE AGENCY:** Oklahoma Department of Emergency Management (the Department)

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

**CFDA NO:** 97.036

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

**FEDERAL AWARD NUMBER:** FEMA-4299, FEMA-4315, FEMA-4256, FEMA-4438

**FEDERAL AWARD YEAR:** 2019/2020

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

**QUESTIONED COSTS:** \$86,241

**Criteria:** 2 CFR § 200.62(b) – *Internal control over compliance requirements for Federal awards* states, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program...”

2 CFR § 200.403(g) – *Factors affecting allowability of costs* states in part, “Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: ... (g) Be adequately documented.”

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

**Condition and Context:** When testing 25 of the 52 large project payments to subgrantees, we noted ten payments without project certification reports, which document the Department’s review of the costs incurred by the subrecipient at the time of large project closeout. These payments are advances that were improperly identified as large project closeouts.

In addition, one of the ten payments included \$86,241 that was not supported by documentation in the file.

**Cause:** The review of the *Request for Advance or Reimbursement Form (15-Alpha)/Payment Request Form* did not detect that payments were marked as the incorrect type (small, large, advance).

In addition, the payment with questioned costs was originally a small project that received an increase in funding, which caused the small project to meet the threshold for a large project. The change in status was not detected during review resulting in payment of unsupported costs by the Department.

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**Effect:** Incorrect identification between large and advance projects increases the risk that the project certification report will not be completed at the time of payment. Without the project certification report, the Department risks making payments for unallowable costs.

In addition, the Department did not appropriately monitor the subrecipients to ensure compliance with Federal regulations for the subaward.

**Recommendation:** We recommend the Department review the procedures/internal controls pertaining to the *Request for Advance or Reimbursement Form (15-Alpha)/Payment Request Form* and implement the changes or training necessary to ensure the correct project type is identified (small, large, or advance), subgrantees receiving **large** project funds are monitored prior to the final payment and closeout of the project, and that all costs are adequately documented.

**Views of Responsible Official(s)**

**Contact Person:** Michael Teague

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** Management does not concur with the finding. See corrective action plan located in the corrective action plan section of this report

**Auditor Response:** Based on discussion with OEM, they are updating their processes to include a pre-closeout reimbursement. However, OEM did not provide SA&I with an updated process for FY 2020 for large project payments; therefore, the payments in question were audited against the processes identified by SA&I as significant resulting in the finding above.

**FINDING NO:** 2020-082

**STATE AGENCY:** Oklahoma Department of Emergency Management (the Department)

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

**CFDA NO:** 97.036

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

**FEDERAL AWARD NUMBER:** FEMA-4222 and FEMA-4256

**FEDERAL AWARD YEAR:** 2019/2020

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

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

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

2 CFR § 200.328(b) *Monitoring and reporting program performance* states in part, “*Non-construction performance reports*. The Federal awarding agency must use standard, OMB-approved data elements for collection of performance information (including performance progress reports, Research Performance Progress Report... (1) The non-Federal entity must submit performance reports at the interval required by the Federal awarding agency or pass-through entity to best inform improvements in program outcomes and productivity. Intervals must be no less frequent than annually nor more frequent than quarterly except in unusual circumstances, for example where more frequent reporting is necessary for the effective monitoring of the Federal award or could significantly affect program outcomes. Annual reports must be due 90 calendar days after the reporting period; quarterly or semiannual reports must be due 30 calendar days after the reporting period....”

44 CFR § 206.204(f) *Project Performance* states, “*Progress reports*. Progress reports will be submitted by the recipient to the Regional Administrator quarterly. The Regional Administrator and recipient shall negotiate the date for submission of the first report. Such reports will describe the status of those projects on which a final payment of the Federal share has not been made to the recipient and outline any problems or circumstances expected to result in noncompliance with the approved grant conditions.”

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FEMA - SOP9570.14 (effective December 2013) – 8.1 Grantee Quarterly Progress Reports states in part, “Quarterly progress reports, submitted by the Grantee to FEMA, are essential to the success of the Program Management and Grant Closeout phase. To comply with the requirements of 44 CFR §206.204, Project performance, and in accordance with 44 CFR 13.40, Monitoring and reporting program performance, Grantees must submit quarterly progress reports no later than 30 days after the end of each quarter.”

**Condition and Context:** The Department prepares and sends to FEMA a quarterly status report of open large projects that contains information obtained from subrecipients as to the status of those projects. We reviewed the quarterly status reports covering the State Fiscal Year 2020 and selected a sample of 61 subrecipient quarterly status reports to determine if the individual status reports match the information submitted to FEMA. We were unable to obtain 9 of the subrecipient quarterly status reports to verify agreement to the information reported to FEMA by the Department. We also noted that all four quarterly status reports were not submitted to FEMA within the deadline (30 days after quarter end).

In addition, we noted that the reports included project worksheets that are not related to the public assistance program with the exception of the report submitted for quarter ending June 30, 2020.

**Cause:** The missing subrecipient status reports are from the first half of SFY 2020, during which time the Department did not have the necessary staff to document verbal status reports obtained from subrecipients. In addition, the Department does not have adequate processes in place to ensure that reports were prepared in time to be submitted according to guidelines.

**Effect:** The department is not in compliance with reporting requirements and the projects without individual status reports may not have been reported accurately to FEMA.

**Recommendation:** We recommend the Department develop processes and procedures to document and prepare the quarterly status reports to ensure completeness, accuracy, and timeliness of the reports.

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

**Contact Person:** Michael Teague

**Anticipated Completion Date:** 11/12/2020

**Corrective Action Planned:** Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

## OKLAHOMA EMPLOYMENT SECURITY COMMISSION

**FINDING NO:** 2020-001 (Repeat #2019-078)

**STATE AGENCY:** Oklahoma Employment Security Commission

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

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** N/A – Related to Payments from Employers

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Special Tests and Provisions – UI Program Integrity - Overpayments

**QUESTIONED COSTS:** \$0

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

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42 U.S. Code § 503 (a) (11) states, “The Secretary of Labor shall make no certification for payment to any State unless he finds that the law of such State, approved by the Secretary of Labor under the Federal Unemployment Tax Act [26 U.S.C. 3301 et seq.], includes provision for -

- (A) At the time the State agency determines an erroneous payment from its unemployment fund was made to an individual due to fraud committed by such individual, the assessment of a penalty on the individual in an amount of not less than 15 percent of the amount of the erroneous payment; and
- (B) The immediate deposit of all assessments paid pursuant to subparagraph (A) into the unemployment fund of the State.”

40 O.S. § 2-613 (1) states, “Fraud overpayment: in which an individual intentionally makes a false statement or representation or fails to disclose a material fact, and has received any sum as benefits to which the individual was not entitled. The individual shall be liable to repay this sum, plus a penalty of twenty-five percent (25%) of the amount of the original overpayment and interest at the rate of one percent (1%) per month on the unpaid balance of the overpayment, to the Oklahoma Employment Security Commission. Three-fifths (3/5) of the penalty amount collected shall be deposited in the Unemployment Trust Fund for the State of Oklahoma and the remaining two-fifths (2/5) shall be deposited in the Oklahoma Employment Security Commission Revolving Fund. The interest shall cease to accrue when the total accrued interest equals the amount of the overpayment. If an overpayment is modified, the interest shall cease to accrue when the total accrued interest equals the amount of the modified overpayment. The Commission shall deduct the principal sum from any future benefits payable to the individual;”

**Condition and Context:** The Commission did not implement the 25% penalty for fraudulent overpayments in the g-link system until December 31, 2019.

**Cause:** The Commission had to transition to processing the fraudulent overpayments from the g-link system once the initial system they were planning to use was cancelled.

**Effect:** The Commission was not in compliance with 40 O.S. § 2-613 (1) for half of the audit period. In addition, the Commission was unable to attempt to collect the fraudulent overpayments until the system was installed.

**Recommendation:** We recommend the Commission continue to work to strengthen the system installed to ensure the fraudulent claimants are charged a penalty for the overpayments, and the overpayments are being followed-up on and collected.

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

**Contact Person:** Kerry Master

**Anticipated Completion Date:** This system was fully implemented effective 12/31/2019 and continues to remain operational.

**Corrective Action Planned:** OESC concurs with finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-017

**STATE AGENCY:** Oklahoma Employment Security Commission

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

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** N/A – No grant award exists

**FEDERAL AWARD YEAR:** 2019 and 2020

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

**QUESTIONED COSTS:** \$102,775

**Criteria:** The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 9.04 states, in part, “As part of risk assessment or a similar process, management analyzes and responds to identified changes and related risks in order to maintain an effective internal control system. Changes in conditions affecting the entity and its environment often require changes to the entity’s internal control system, as existing controls may not be effective for meeting objectives or addressing risks under changed conditions. Management analyzes the effect of

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identified changes on the internal control system and responds by revising the internal control system on a timely basis, when necessary, to maintain its effectiveness.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.03 states, in part, “Management designs appropriate types of control activities for the entity’s internal control system. Control activities help management fulfill responsibilities and address identified risk responses in the internal control system. ... Management establishes physical control to secure and safeguard vulnerable assets. Examples include security for and limited access to assets such as cash, securities, inventories, and equipment that might be vulnerable to risk of loss or unauthorized use. Management periodically counts and compares such assets to control records.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 10.06 states, “Control activities can be implemented in either an automated or a manual manner. Automated control activities are either wholly or partially automated through the entity’s information technology. ... Automated control activities tend to be more reliable because they are less susceptible to human error and are typically more efficient. If the entity relies on information technology in its operations, management designs control activities so that the information technology continues to operate properly.”

The *Government Accountability Office (GAO) Standards for Internal Control in the Federal Government* 11.13 states, in part, “Management evaluates security threats to information technology, which can be from both internal and external sources. External threats are particularly important for entities that depend on telecommunications networks and the Internet. External threats have become prevalent in today’s highly interconnected business environments, and continual effort is required to address these risks.”

*Oklahoma Statute 40 § 2-206* states, “The unemployed individual must have been unemployed for a waiting period of one (1) week. No week shall be counted as a week of unemployment for the purposes of this section:

- (4) Unless it occurs within the benefit year which includes the week with respect to which he claims payment of benefits;
- (5) If benefits have been paid with respect thereto;
- (6) Unless the individual was eligible for benefits with respect thereto.”

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

**Condition and Context:** The OESC paid out roughly \$2.2 billion in Unemployment Insurance claims for state fiscal year 2020 (approximately ten times more than state fiscal year 2019), and the agency’s internal controls were insufficient to prevent fraudulent unemployment benefit payments. The agency’s internal controls failed at the start of the COVID-19 pandemic largely because 1) There was an massive influx of online claims for which OESC could not physically verify the identification of the claimant because of social distancing restrictions; 2) the agency had an antiquated system that lacked proper automated edits to help prevent, deter, and detect fraudulent claims; and 3) the one-week waiting period before claimants could be paid was waived. Without the controls noted above, verification of a claimant’s information to establish eligibility was not always performed, or could not be performed as needed, to detect fraudulent claims.

In addition, during our testing of 137 Unemployment Insurance individual claim payments (identified by check number per payment data) totaling \$66,609; we noted 27 claimant exceptions (or 19.7 %) due to fraud totaling \$12,930. In isolating those 27 claimants from our entire population per the applicant identifier (appl\_dbkey per data), we identified a total of \$102,775 corresponding to 204 fraudulent claims paid to those claimants in state fiscal year 2020.

**Cause:** The lack of controls over the Unemployment Insurance benefit payments, at the insurgence of the COVID-19 pandemic, that led to the increase in fraud was a result of the following factors:

- Antiquated system that didn’t allow for proper edits or matching of all necessary fields at the time a claim was filed
- Large number of stolen identities
- No longer being able to physically verify the identification of the claimant

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- Dramatic increase in the number of claims
- Short amount of time to implement federal requirements with little guidance
- Emergency declaration by the Governor waiving the one week waiting period which allowed benefits to begin paying immediately
- Lack of adequate staffing to handle massive surge in claims
- Lack of adequate training for new staff hired to help with the massive surge in claims
- Delays in the process for employers to dispute claims since the process was largely manual through the mailing of notifications
- Lack of proper safeguards in place once funds were loaded onto the debit cards, including the lack of a restriction to prevent transfer of funds to personal bank accounts

**Effect:** Based on the control weaknesses noted above for the Unemployment Insurance program during the COVID-19 pandemic, verification of a claimant's information to establish eligibility was not always performed prior to payment. The result was a significant increase in fraud cases or claims, which helped deplete the Unemployment Insurance Trust Fund.

In addition, based on review of OESC commission minutes on July 7, 2020, the agency reported that almost 90,000 fictitious claims had been worked, and \$10,000,000 had been recaptured as of June 2020.

Lastly, with roughly \$2.2 billion in Unemployment Insurance claims paid out in state fiscal year 2020, we expect the dollar amount and number of fraudulent claims to be extensive. Efforts by OESC to identify and investigate known and suspected claims, and recover fraudulent claims, are ongoing. Because OESC is performing an exhaustive review of paid claims to determine which are fraudulent, we will not project our known fraud results to the population.

**Recommendation:** We recommend the OESC continue to work to improve internal controls over the automated system to better detect and prevent payment on fraudulent claims. Next, we recommend OESC continue to work to develop more analytics that will identify trends or anomalies in the data to catch fraudulent claims more timely and save taxpayer monies. We recommend the OESC work to automate the process whereby the separating employer is notified of a claim being filed via an electronic platform. In addition, we recommend the OESC implement identity verification questions as part of their eligibility determination process to help prevent fraudulent claims. Lastly, we recommend the OESC continue to work with the U.S. Department of Labor to recover the remaining fraudulent payments.

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

**Contact Person:** Shelley Zumwalt, Executive Director

**Anticipated Completion Date:** Improvements for fraud prevention are expected to be ongoing through at least March 2022 within OESC's BT40 Transformation.

**Corrective Action Planned:** OESC concurs with finding. See corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** Based on working with current OESC management since the early stages of the COVID-19 pandemic, we feel the agency has taken the weaknesses in internal control over the Unemployment Insurance program very seriously by being very proactive in their corrective action plans moving forward. We feel these corrective action measures should help reduce the number of fraudulent and/or errors related to Unemployment Insurance claims in the future.

**FINDING NO:** 2020-064

**STATE AGENCY:** Oklahoma Employment Security Commission

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

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** N/A – No grant award exists

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Reporting

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### QUESTIONED COSTS: \$0

**Criteria:** 2 CFR § 200.62, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: (1) Permit the preparation of reliable financial statements and Federal reports.”

2 CFR § 200.510 (b), “Schedule of expenditures of Federal awards. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended....”

2 CFR § 200.502 (a), “Determining Federal awards expended. The determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs....”

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

**Condition and Context:** Based on review of the GAAP Package Z-1 *Schedule of Expenditures of Federal Awards (SEFA)* for the Unemployment Insurance Program (CFDA #17.225) and COVID-19 - Unemployment Insurance Program (CFDA #17.225), which utilizes the modified-accrual basis of accounting, we noted that the OESC did not include Unemployment Insurance benefit payments as part of Accounts Payable when claimants created an economic event or service date prior to the fiscal year end, yet were not paid until after year-end. After requesting the Unemployment Insurance benefit payment data for July and August of 2020, we determined the total SEFA federal expenditures for regular Unemployment Insurance Program should have been \$917,615,156 and the total SEFA federal expenditures for COVID-19 - Unemployment Insurance Program should have been \$1,404,145,474. The original SEFA amount without the Unemployment Insurance claimant payables for the regular Unemployment Insurance Program was \$885,644,470 and the original SEFA amount without the claimant payables for COVID-19 - Unemployment Insurance Program was \$1,251,586,236.

**Cause:** The person responsible for preparing the GAAP Package Z-1 was unaware of the proper method that should use to calculate Accounts Payable, and the GAAP Package Z-1 was not properly reviewed to ensure all payables were recorded under a modified-accrual basis of accounting.

**Effect:** The SEFA federal expenditure total for the regular Unemployment Insurance Program was understated by \$31,970,686; and the SEFA federal expenditure total for the COVID-19 - Unemployment Insurance Program was understated by \$152,559,238. As a result, total modified-accrual expenditures for the Unemployment Insurance Program were understated by \$184,529,924.

**Recommendation:** We recommend the OESC develop and implement controls to ensure all modified-accrual Unemployment Insurance benefit payments get recorded on the GAAP Package Form Z-1.

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

**Contact Person:** Shelley Zumwalt, Executive Director

**Anticipated Completion Date:** Complete for fiscal 2021 reporting

**Corrective Action Planned:** OESC concurs with finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-065

**STATE AGENCY:** Oklahoma Employment Security Commission

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

**CFDA NO:** 17.225

**FEDERAL PROGRAM NAME:** Unemployment Insurance

**FEDERAL AWARD NUMBER:** N/A – No grant award exists

**FEDERAL AWARD YEAR:** 2019-2020

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**CONTROL CATEGORY:** Special Tests and Provisions - Reemployment Services and Eligibility Assessments (RESEA)

**QUESTIONED COSTS:** \$0

**Criteria:** Section 306 of the Social Security Act requires all states to operate either a Worker Profiling and Reemployment Services Program (WPRS) or a Reemployment Services and Eligibility Assessment Program (RESEA), or both. The State of Oklahoma only operates a RESEA program. The requirements include profiling of all claimants to determine who will likely exhaust their benefits and need reemployment services to transition to new employment. If operating only a RESEA program, the Commission must include the basic elements of the WPRS program which includes the required WPRS profiling model and statewide provision of services. With the onset of the COVID-19 pandemic, the U.S. Department of Labor (DOL) provided guidance under several Unemployment Insurance Program Letters (UIPL) for ongoing services to include virtual person-to-person technologies. They also communicated that the level and timeliness of remote service must be comparable to assistance the individual would receive if staff were assisting such individual in-person.

42 USC § 506(b) – *Grants to States for reemployment services and eligibility assessments* states in part, “The purposes of this section are to accomplish the following goals:

- (1) To improve employment outcomes of individuals that receive unemployment compensation and to reduce the average duration of receipt of such compensation through employment.
- (2) To strengthen program integrity and reduce improper payments of unemployment compensation by States through the detection and prevention of such payments to individuals who are not eligible for such compensation.
- (3) To promote alignment with the broader vision of the Workforce Innovation and Opportunity Act (29 U.S.C. 3101 et seq.) of increased program integration and service delivery for job seekers, including claimants for unemployment compensation.
- (4) To establish reemployment services and eligibility assessments as an entry point for individuals receiving unemployment compensation into other workforce system partner programs.”

Unemployment Insurance Program Letter No. 8-20, Number 7. Program Operations, b. Required Engagement of UI Staff, states in part: “UI staff must be engaged in RESEA planning, administration, and oversight, as well as providing all appropriate staff training on UC eligibility requirements. UI staff must be available and involved in the RESEA functions, including reporting, although it may not require a full-time position. Program staff delivering RESEAs must be qualified and have sufficient training from UI staff to conduct a thorough eligibility review and detect eligibility issues requiring referral to the UI agency for adjudication. Further, states must have UI staff participation to ensure accurate data are provided in the RESEA - required reports. Each calendar quarter, prior to submission, the reports must be reviewed for accuracy by a UI staff member, in addition to being reviewed by the RESEA program lead (if a different staff member).”

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

**Condition and Context:** The Commission did not comply with the federally mandated RESEA program requirements for a period from March 17, 2020 through July 13, 2020. While the Commission did provide a notification to the DOL that RESEA services were being suspended due to the COVID-19 pandemic, they did not receive proper approval to suspend the program during that time.

Additionally, we noted the following issues related to the RESEA program:

- The vendor America’s Job Link Alliance created a report in Tableau that reports the data from Oklahoma Job Match system (OKJM) on certain lines of the quarterly Employment and Training Administration (ETA) 9128 performance report. Also, OESC’s mainframe is used to generate a report that provides data that is reported on other lines of the ETA 9128 performance report. The RESEA staff is unaware of how the information from OKJM feeds into the vendor’s ETA 9128 data used for reporting. It is also not clear if the data from the OESC mainframe is feeding correctly into the generated report.

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- The OESC has no written procedures for the ETA 9128 performance report. In addition, the administrative areas that are impacted by the performance report and the parties preparing the ETA 9128 performance reports do not consistently communicate with each other when process changes occur, which has impacted the data reported on the ETA 9128 performance report.

Lastly, based on the lack of written procedures for the ETA 9128 performance report and the RESEA personnel's lack of understanding of the makeup of the report, we are unable to determine if the ETA 9128 performance report is accurately compiling all RESEA performance data.

**Cause:** The previous administration suspended services in part due to a directive from the Governor to suspend required work searches and the inability to meet with RESEA participants in person. In addition, the OESC does not have adequate controls in place to ensure the quarterly ETA 9128 performance report accurately and completely reports activity for the RESEA program.

**Effect:** Failure to actively operate the RESEA program could place future federal program funding in jeopardy. In addition, failure to provide reemployment services to claimants could seriously diminish the ability of claimants to obtain new employment; thereby prolonging the exponential rise in unemployment.

Lastly, without proper written procedures, the totals on the ETA 9128 performance report could be reported incorrectly, and RESEA participants may not get reported to adjudication for eligibility review as needed.

**Recommendation:** We recommend the Commission retain proof of a waiver from the Department of Labor before suspending future RESEA services. Further, we recommend the Commission strengthen controls through written procedures to ensure RESEA procedures are followed for optimal accuracy of the ETA 9128 performance report.

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

**Contact Person:** Brenda Orange, RESEA State Program Coordinator

**Anticipated Completion Date:** Ongoing process

**Corrective Action Planned:** OESC concurs with finding. See corrective action plan located in the corrective action plan section of this report.

## OKLAHOMA HEALTH CARE AUTHORITY

**FINDING NO:** 2020-021 (Repeat #2019-025)

**STATE AGENCY:** Oklahoma Department of Human Services (DHS) and Oklahoma Health Care Authority

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

**CFDA NO:** 10.551, 93.558, 93.575, 93.596, and 93.778

**FEDERAL PROGRAM NAME:** SNAP Cluster, TANF Program, CCDF Cluster, and Medicaid Cluster

**FEDERAL AWARD NUMBER:** G1901OKTANF, G2001OKTANF, G1901OKCCDF, G2001OKCCDF, 1905OK5MAP, and 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Special Tests and Provisions – ADP System for SNAP (SNAP); Special Tests and Provisions – Income Eligibility and Verification System (TANF); Eligibility (CCDF Cluster and Medicaid Cluster)

**QUESTIONED COSTS:** \$0

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

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45 CFR 205.56(a)(1)(iv) states, “For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary....”

DHS Policy OAC 340:65-3-4-4 (C) states in part, Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed. Automated data exchange information is also available within the DHS system to determine discrepancies. The worker is responsible for: (C) resolving data exchange discrepancy messages within 45-calendar days of the date the message is posted on the data exchange inquiry screen.

**Condition and Context:** We reviewed the SFY 2020 (July 1, 2019 – June 30, 2020) G1DX Exception and Clearance Reports to determine whether data exchange discrepancy (exception) messages were resolved within the required 45 calendar days of the date the message was posted on the data exchange inquiry screen. Because the method used to compile the discrepancy messages did not differentiate by program, the messages were reviewed at the error type level. Therefore, the discrepancies listed below are a culmination of multiple programs and may not apply to each program individually. We noted 113,701, or 35.62%, of a total of 319,167 exceptions were not resolved within the required 45 calendar day period as noted in the following schedule.

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	11,277	37,909	29.75%
CSE	11,888	18,268	65.08%
ENU	7,797	11,597	67.23%
IEV	3,238	6,907	46.88%
NNH	16,983	70,576	24.06%
OWG	12,485	33,309	37.48%
SDX	17,373	65,587	26.49%
SNH	23,610	53,179	44.40%
UIB	9,050	21,835	41.45%
<b>TOTAL</b>	<b>113,701</b>	<b>319,167</b>	<b>35.62%</b>

The G1DX System is a DHS application that compares client information entered by a DHS employee and DHS IEVS information sources as they are periodically updated. These sources include:

- Wage information for the State Wage Information Collection Agency (SWICA).
- Unemployment Compensation
- All available information from the Social Security Administration (SSA)
- Information from the U.S. Citizenship and Immigration Services
- Unearned Income from the Internal Revenue Services (IRS)

**Cause:** The discrepancies were not cleared within the allowable 45 days per federal regulation and DHS policy due to an inadequate number of personnel assigned to these duties. Additionally, management is not closely monitoring the clearance of G1DX discrepancies.

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

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**Recommendation:** We recommend the Department utilize the monitoring reports created for the GIDX 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 federal regulation and DHS policy.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Kendrick and Jeff Rosebeary (OKDHS); Ginger Clayton (OHCA)

**Anticipated Completion Date:** May 1, 2021

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-034 (Repeat #2019-089)

**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 1905OK5MAP; 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

42 CFR §431.10(c)(2) states, “The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis.”

42 CFR §431.10(c)(3)(ii) states in part, “The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ...”

OKDHS Policy OAC 340:65-3-4 (4) states in part, “Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed.”

**Condition and Context:** The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. OKDHS utilizes automated data exchange information obtained from other agencies to verify the information provided by recipients.

Office of Management and Enterprise Services – Information Services Division (OMES-ISD) runs scheduled data exchange jobs to gather the information from the various agencies for the Automated Caseload Evaluation System (ACES). The ACES system is a web-based application that gathers all available OKDHS data exchange information on a case, which is used by the Social Services Specialist to assist in determining Medicaid eligibility. The data exchange jobs are assigned to a coordinator who is responsible for seeing that the jobs are placed in the TWS (scheduling system) on the correct calendar with the date and time jobs are to run. Data exchange jobs determined significant for Medicaid eligibility were sampled and tested to determine if the jobs ran at the frequency required. One of the four (25%) CB077M monthly data exchange jobs sampled, did not run on the frequency scheduled.

Details of the reports and the deviation noted are as follows:

## Schedule of Findings And Questioned Costs

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
CB077M	IRS	Monthly	April 2020

**Cause:** The Authority lacked appropriate oversight over the data exchange jobs completed by OKDHS resulting in inadequate controls over the data exchange process to ensure jobs are ran at the frequency required.

**Effect:** Non-compliance with the Code of Federal Regulations (CFRs) and OKDHS Policy OAC 340:65-3-4, which could result in payment of Medicaid benefits to ineligible recipients.

**Recommendation:** To comply with the CFRs and OKDHS Policy OAC 340:65-3-4, we recommend the Authority review internal control policy and procedures over data exchange jobs and update as necessary to ensure they are operating effectively so that data exchange jobs are run at the frequently required and issues noted are addressed in a timely manner.

### Views of Responsible Official(s)

**Contact Person:** Jeff Rosebeary (OKDHS) and Ginger Clayton (OHCA)

**Anticipated Completion Date:** July 15, 2021

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-045 (Repeat #2019-087)

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

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

**CFDA NO:** 93.767; 93.778

**FEDERAL PROGRAM NAME:** Children’s Health Insurance Program; Medicaid Cluster

**FEDERAL AWARD NUMBER:** 1905OK5021 and 2005OK5021; 1905OK5MAP and 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

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

**QUESTIONED COSTS:** \$124 (MAP) - *due to scope limitation we were unable to identify all questioned costs*

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

42 CFR §435.900 through .965 (Subpart J) describes the federal regulations applicable to Medicaid eligibility. The specific federal regulations applicable to this finding are listed below.

- 42 CFR §435.916 (a)(2)
- 42 CFR §435.916 (c)
- 42 CFR §435.916 (d)(1) and (2)
- 42 CFR §435.916 (e)
- 42 CFR §435.945 (b)
- 42 CFR §435.948 (a) and (b) (c)
- 42 CFR §435.952 (a) and (c)(2)

Oklahoma Administrative Code (OAC) 317:35 describes the states administrative code the Authority applicable to Medicaid eligibility. The specific OAC sections applicable to this finding are listed below.

- OAC 317:35-6-60.1 (c)
- OAC 317:35-10-26

## Schedule of Findings And Questioned Costs

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

**Condition and Context:** The Authority lacked internal controls over the MAGI (Modified Adjusted Gross Income) eligibility determinations. MAGI-based Medicaid and CHIP eligibility are determined using the same methodology.

We tested a non-statistical sample of 73 Medicaid MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 694,865 Medicaid MAGI-based recipients with 9,831,119 medical claims totaling \$1,703,990,436. We sampled one medical claim tied to a specific date of service per recipient tested. Tested medical claims for sampled recipients totaled \$14,954.

- For 18 (25%) of 73 cases tested, the wage data exchange received was not compared against the household income each time quarterly wage data is received to determine if the recipient remained eligible throughout the year
  - One (1%) of the 73 cases exceeded the max federal poverty level percentage for the program before the date of service sampled. Since eligibility changes frequently, questioned costs are based only on the one medical claim tested for the case. Payment for medical expenditures to the recipient with non-compliance noted in the sample totaled \$200, of which \$124 is the federal questioned costs (\$200 times the average Federal Medical Assistance Percentage (FMAP) rate of 62.38%).
- For 6 (8%) of 73 cases tested, the case file lacked sufficient documentation to fully support the eligibility determination. The insufficient documentation included:
  - No evidence that self-reported income was verified
  - Limited evidence of requests for additional information
  - Applicants and/or their spouses lacked SSNs or other personal identifiers to compare self-reported income to a data exchange. In addition, no further evidence was obtained for verifying the income.

From the evidence in the case file, we were unable to determine eligibility for these 6 recipients. *Since the case records did not include the required documentation to support the eligibility determination, the payments made on behalf of these recipients could be considered improper payments.*

We tested a non-statistical sample of 73 CHIP MAGI based recipients for Medicaid eligibility requirements using the documentation in the Authority's eligibility case records. The universe included 214,665 Medicaid MAGI-based recipients with 2,331,784 medical claims totaling \$362,432,293.34. We sampled one medical claim tied to a specific date of service per recipient tested. Tested medical claims for sampled recipients totaled \$9,920.

- For 49 (67%) of 73 cases tested, the wage data exchange received was not compared against the household income each time quarterly wage data is received to determine if the recipient remained eligible throughout the year. Non-compliance was not noted for any of these cases.
- For 5 (7%) of 73 cases tested, the case file lacked sufficient documentation to fully support the eligibility determination. The insufficient documentation included:
  - No evidence that self-reported income was verified
  - Limited evidence of requests for additional information
  - Applicants and/or their spouses lacked SSN or other personal identifiers to compare self-reported income to a data exchange. In addition, no further evidence was obtained for verifying the income

From the evidence in the case file, we were unable to determine eligibility for these 5 recipients. *Since the case records did not include the required documentation to support the eligibility determination, the payments made on behalf of these recipients could be considered improper payments.*

**Cause:** The Authority accepted self-attested income without a wage match or requesting further documentation from the recipient. They also failed to compare data exchanges to the case files each time quarterly wage data was received; therefore, the methodology they used did not provide appropriate oversight over the eligibility determinations to ensure adequate controls are in place to properly determine eligibility.

## Schedule of Findings And Questioned Costs

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**Effect:** The Authority's methodology does not comply with the state and federal regulations and the Authority may be paying for services for which the recipient is not entitled.

**Recommendation:** We recommend the Authority review the current system of eligibility controls and update its methodology to ensure the required conditions of eligibility are met and comply with state and federal regulations when making eligibility determinations. This should include, but not be limited to taking steps to enhance the eligibility determination process and controls to ensure income is adequately verified.

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

**Contact Person:** Ginger Clayton

**Anticipated Completion Date:** September 14, 2020

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-051

**STATE AGENCY:** Oklahoma Health Care Authority

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 1905OK5MAP; 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Special Tests and Provisions - Medicaid National Correct Coding Initiative (NCCI)

**QUESTIONED COSTS:** \$0

**Criteria:** 42 USC §1396b(r)(1) *Mechanized claims processing and information retrieval systems; operational, etc., requirements* states "In order to receive payments under subsection (a) for use of automated data systems in administration of the State plan under this subchapter, a State must, in addition to meeting the requirements of paragraph (3), have in operation mechanized claims processing and information retrieval systems that meet the requirements of this subsection and that the Secretary has found— ... (B) are compatible with the claims processing and information retrieval systems used in the administration of subchapter XVIII, and for this purpose— ... (iv) effective for claims filed on or after October 1, 2010, incorporate compatible methodologies of the National Correct Coding Initiative administered by the Secretary (or any successor initiative to promote correct coding and to control improper coding leading to inappropriate payment) and such other methodologies of that Initiative (or such other national correct coding methodologies) as the Secretary identifies in accordance with paragraph (4) ... ."

**Condition and Context:** The purpose of the NCCI Program is to promote correct coding, prevent coding errors, prevent code manipulation, reduce improper payments and reduce the paid claims improper payment rate.

In paying applicable Medicaid claims, States' Medicaid Enterprise Systems (MES) are required to completely and correctly implement the following six Medicaid NCCI methodologies to ensure that only proper payments of procedures are reimbursed. OHCA has yet to fully implement the six NCCI methodologies:

- (1) NCCI Procedure-to-Procedure (PTP) edits for practitioner and ambulatory surgical center (ASC) claims.
- (2) NCCI PTP edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
- (3) Medically Unlikely Edit (MUE) units of service (UOS) edits for practitioner and ASC services.
- (4) MUE UOS edits for outpatient hospital services including emergency department, observation care, and outpatient hospital laboratory services.
- (5) MUE UOS edits for durable medical equipment (DME) billed by providers.
- (6) NCCI PTP edits for durable medical equipment (added in October 2012).

Since the NCCI methodologies have not been fully implemented, the OHCA has also been unable to use the following as intended:

- all four components of each Medicaid NCCI methodology;
- the most recent quarterly Medicaid NCCI edit files for States;

## Schedule of Findings And Questioned Costs

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- the Medicaid NCCI edits in effect for the date of service on the claim line or claim;
- the claim-adjudication rules in the Medicaid NCCI methodologies; and
- all modifiers for Healthcare Common Procedure Coding System (HCPCS) codes and Current Procedural Terminology (CPT) codes needed for the correct adjudication of applicable Medicaid claims.

Lastly, the OHCA has begun the process of implementing a new claims review system (Claims XTen) that is intended to incorporate the NCCI edits. However, as of 4/5/21 the estimated go live date for the first phase of the Claims XTen implementation is August 25, 2021.

**Cause:** The OHCA initially tried to implement the NCCI edits as part of their state edit system, or the Medicaid Management Information System (MMIS). However, after having trouble implementing the NCCI and state specific edits when needed per the Medicaid Technical Guidance Manual, the agency began working on a separate NCCI claims review system.

**Effect:** OHCA may be paying for services that were billed containing improper coding, coding errors, or code manipulation. As a result, significant Medicaid savings could be seen by fully implementing the required NCCI medical claims review edits.

**Recommendation:** We recommend OHCA continue to work on development of the NCCI edits to ensure full implementation of the NCCI methodologies into the agency's claim's review process.

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

**Contact Person:** Dr. Mike Herndon

**Anticipated Completion Date:** 8/25/2021 through 2022

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-068 (Repeat #2019-046)

**STATE AGENCY:** Oklahoma Health Care Authority

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 1905OK5MAP and 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

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

**QUESTIONED COSTS:** \$2,535

**Criteria:** 45 CFR § 75.403 *Factors affecting allowability of costs* states in part, "Costs must... (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, and (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items, and (g) Be adequately documented."

**Condition and Context:** Medical payments are direct medical costs that are initiated by the provider based on services rendered through the Medicaid Management Information System (MMIS). Based on a medical professional's review of 115 medical claims initiated by the provider for Medical Assistance Program (MAP) recipients, we noted the following:

- Three claims had payment errors totaling \$3,035, of which \$1,893 (\$3,035 x the applicable Federal Medical Assistance Percentage (FMAP) rate (62.38% for QE 9/30/19)) is the federal questioned costs. One billed claim was for a service improperly performed; therefore, the service was not eligible for payment under the Medicaid reimbursement guidelines. The other two billed claims were inpatient Diagnosis Related Group (DRG) claims that were reviewed by Telligen: one claim was improperly diagnosed as inpatient status when the member should have been on observation status only, one claim was billed using an incorrect principal diagnosis code.
- One claim had documentation errors totaling \$18. The medical records for the submitted pharmacy claim did not contain an electronic signature log from the pharmacist. For this claim, since the supporting

## Schedule of Findings And Questioned Costs

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documentation indicated the services provided did meet Medicaid policy/regulatory requirements and were adequately supported by medical records or other evidence indicating that the services were actually provided and/or necessary, we will not question the costs.

- One claim where OHCA was unable to obtain the medical records totaling \$1,028, of which \$642 (\$1,028 x the applicable Federal Medical Assistance Percentage (FMAP) rate (62.38% for QE 9/30/19)) is the federal questioned costs.

**Cause:** Providers submitted claims through the MMIS that did not meet MAP program requirements. In addition, since all provider claims are not scanned in the system, the only way these exceptions are detected are through audits or reviews.

**Effect:** The Oklahoma Health Care Authority (OHCA) may be paying for services that were not properly supported by medical records.

**Recommendation:** We recommend OHCA investigate the MAP medical exceptions noted and make any processing changes possible to ensure MAP claims are meeting program requirements.

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

**Contact Person:** Josh Richards

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-084

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

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

**CFDA NO:** 93.767

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

**FEDERAL AWARD NUMBER:** 1905OK5021 and 2005OK5021

**FEDERAL AWARD YEAR:** 2019 and 2020

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

**QUESTIONED COSTS:** \$97

**Criteria:** 45 CFR §75.403 (Subpart E) states in part, "Costs must...(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles, and (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items and (g) Be adequately documented."

**Condition and Context:** Medical payments are direct medical costs that are initiated by the provider based on services rendered through the Medicaid Management Information System (MMIS).

We tested a non-statistical sample of 30 Tax Equity and Fiscal Responsibility Act of 1982 (TEFRA) recipients and reviewed the case record documentation maintained at OKDHS for Medicaid eligibility requirements. The universe included 144 recipients with 8,445 medical claims totaling \$2,586,645. We sampled one medical claim for a specific date of service per recipient tested. Medical claims tested for the sampled recipients totaled \$80,420.

For one of the 30 (3.33%) medical claims tested, non-compliance was noted totaling \$105, of which \$97 (\$105 x the applicable Federal Medical Assistance Percentage (FMAP) rate (92.05% for QE 3/31/20)) is the federal questioned costs. The claim was filed as a Health Maintenance Organization (HMO) claim, which are automatically suspended and reviewed by OHCA staff. For HMO claims, OHCA only pays the co pay amount. According to OHCA, this claim was filed incorrectly because the member had a PPO (Preferred Provider Organization) healthcare policy. The claim should have been billed as a regular third-party liability (TPL) claim instead of an HMO claim. OHCA staff manually forced the claim to pay in error, and since the claim did not have an HMO co-pay amount, the total billed charges were paid, resulting in an overpayment. These costs will be questioned.

## Schedule of Findings And Questioned Costs

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**Cause:** The provider submitted a claim through the MMIS that did not meet CHIP program requirements. In addition, a proper review of the suspended claim was not performed.

**Effect:** The Authority did not fully comply with applicable laws and regulations; therefore, they may have paid for services for which the recipient was not entitled.

**Recommendation:** We recommend OHCA investigate the CHIP exception noted and make any processing changes possible to ensure CHIP claims are meeting program requirements.

**Views of Responsible Official(s)**

**Contact Person:** Ginger Clayton

**Anticipated Completion Date:** 06/30/2021

**Corrective Action Planned:** The Oklahoma Health Care Authority agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

### OKLAHOMA DEPARTMENT OF HUMAN SERVICES

**FINDING NO:** 2020-019 (Repeat #2019-031)

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

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

**CFDA NO:** 93.575, 93.596

**FEDERAL PROGRAM NAME:** CCDF Cluster

**FEDERAL AWARD NUMBER:** G1901OKCCDF

**FEDERAL AWARD YEAR:** 2019

**CONTROL CATEGORY:** Matching, Earmarking

**QUESTIONED COSTS:** \$6,011,382 (\$5,862,533 federal and \$148,849 state)

**Criteria:** Per 42 U.S. Code §9858e(a)(1), Activities to improve the quality of child care: “Reservation for activities relating to the quality of child care services a State that receives funds to carry out this subchapter for a fiscal year referred to in paragraph (2) shall reserve and use a portion of such funds, in accordance with paragraph (2), for activities provided directly, or through grants or contracts with local child care resource and referral organizations or other appropriate entities, that are designed to improve the quality of child care services and increase parental options for, and access to, high-quality child care, and is in alignment with a Statewide assessment of the State’s needs to carry out such services and care, provided in accordance with this subchapter.

(2) Amount of reservations such State shall reserve and use— (A) to carry out the activities described in paragraph (1), not less than -

- (i) 7 percent of the funds described in paragraph (1), for the first and second full fiscal years after November 19, 2014;
- (ii) 8 percent of such funds for the third and fourth full fiscal years after November 19, 2014; and
- (iii) 9 percent of such funds for the fifth and each succeeding full fiscal year after November 19, 2014; and

B) in addition to the funds reserved under subparagraph (A), 3 percent of the funds described in paragraph (1) received not later than the second full fiscal year after November 19, 2014, and received for each succeeding full fiscal year, to carry out the activities described in paragraph (1) and subsection (b)(4), as such activities relate to the quality of care for infants and toddlers.”

Per 45 CFR §75.303(a), the non-Federal entity must: “Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and terms and conditions of the Federal award...”

## Schedule of Findings And Questioned Costs

Per 45 CFR §98.50 Child care services. (e) Not less than 70 percent of the Mandatory and Federal and State share of Matching Funds shall be used to meet the child care needs of families who: (1) Are receiving assistance under a State program under Part A of title IV of the Social Security Act; (2) Are attempting through work activities to transition off such assistance program; and (3) Are at risk of becoming dependent on such assistance program.

(f) From Discretionary amounts provided for a fiscal year, the Lead Agency shall: (1) Reserve the minimum amount required under paragraph (b) of this section for quality activities, and the funds for administrative costs described at paragraph (d) of this section; and (2) From the remainder, use not less than 70 percent to fund direct services (provided by the Lead Agency).

**Condition and Context:** The Department of Human Services (DHS) uses an internal Excel spreadsheet to ensure that matching, level of effort, and earmarking requirements are tracked and met at the end of the federal fiscal year (FFY). Based on our review of the CCDF tracking spreadsheet applicable to FFY 2019, we noted DHS was unable to support that it met the 8% required minimum amount reserved for quality activities. The 8% requirement was underspent by \$3,153,752. Additionally, DHS was unable to support that it met the 3% required minimum amount reserved for quality of care for infants and toddlers. The 3% requirement was underspent by \$2,708,781.

We reviewed the “CCDF FFY19 – September19 Draw-Tracking – October 2018 thru September 2019” spreadsheet and calculated the State’s matching to be 37.14% (\$11,424,945.44 / 30,765,003.44) total matching funds. According to the ACF FY 2019 CCDF Allocation, the required State Match is 37.62% (100% - 62.38% Federal Match). Therefore, it appears the required State match was not met by DHS. In addition, we noted the Federal matching rate exceeded the ACF published FFY19 CCDF Allocation by 0.48% (62.86% - 62.38%) or \$148,849.

DHS was unable to support that it reserved 5% of discretionary funds for administrative costs. Nor was DHS able to support that it reserved a minimum of 8% of discretionary funds for quality activities. In addition, DHS was unable to support that it reserved a minimum of 3% of discretionary funds for quality improvements for infants and toddlers.

The amounts reported on the SEFA do not reconcile to the underlying financial records which are part of the statewide accounting system. Therefore, we cannot verify the amounts used in the computations were derived from the books and records from which the Comprehensive Annual Financial Report for Oklahoma were prepared.

**Cause:** DHS’s internal controls over matching, level of effort, and earmarking are not operating effectively. The program accountant did not ensure that the tracking spreadsheet accurately reflects the program’s funding activity. DHS encountered repeated turnover in the program accountant position related to the CCDF program. Supporting records and grant accounting methodologies were not maintained to ensure matching, level of effort, and earmarking requirements were met and verified by agency personnel other than the program accountant.

**Effect:** DHS is not in compliance with minimum earmarking requirements. Quality earmarking activities were underspent by \$3,153,752 and quality improvements for infant and toddlers were underspent by \$2,708,781. Additionally, State matching funds were underspent by 0.48% (\$148,849).

Control Category	Requirement	Questioned Costs		
		Federal	State	Total
Earmarking	Quality Activities – 8% minimum	\$ 3,153,752	\$ 0	\$ 3,153,752
Earmarking	Quality Improvement for Infants and Toddlers – 3% minimum	2,708,781		2,708,781
Match	State Match – 37.62%		148,849	148,849
Earmarking	Administrative Costs – reservation of 5% of Discretionary Funds	0	0	0

## Schedule of Findings And Questioned Costs

Earmarking	Quality Activities – reservation of 8% of Discretionary Funds	0	0	0
Earmarking	Quality Improvement for Infants and Toddlers – reservation of 3% of Discretionary funds	0	0	0
<b>Total</b>		<b>\$ 5,862,533</b>	<b>\$ 148,849</b>	<b>\$ 6,011,382</b>

In our review of the Tracking Spreadsheet maintained by DHS as their internal control to ensure earmarking and matching requirements are met, we noted that all but approximately \$3M in Discretionary funds were spent by the end Federal of Fiscal Year 2019. Therefore, the funds meant to meet the earmarking requirements above were spent in other areas resulting in questioned costs.

**Recommendation:** We recommend DHS strengthen its control process and review matching, level of effort, and earmarking requirements to ensure the implemented tracking process accurately reflects the underlying activity. Additionally, we recommend DHS ensure a process is in place to maintain the integrity of the program accounting function regardless of organizational challenges such as personnel turnover.

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

**Contact Person:** Charles Pruett and Chris Smith

**Anticipated Completion Date:** Start of FFY2020

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-021 (Repeat #2019-025)

**STATE AGENCY:** Oklahoma Department of Human Services (DHS) and Oklahoma Health Care Authority

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

**CFDA NO:** 10.551, 93.558, 93.575, 93.596, and 93.778

**FEDERAL PROGRAM NAME:** SNAP Cluster, TANF Program, CCDF Cluster, and Medicaid Cluster

**FEDERAL AWARD NUMBER:** G1901OKTANF, G2001OKTANF, G1901OKCCDF, G2001OKCCDF, 1905OK5MAP, and 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Special Tests and Provisions – ADP System for SNAP (SNAP); Special Tests and Provisions – Income Eligibility and Verification System (TANF Program); Eligibility (CCDF Cluster and Medicaid Cluster)

**QUESTIONED COSTS:** \$0

**Criteria:** According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Temporary Assistance for Needy Families program, each State shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. The State is required to review and compare the information obtained from each data exchange against information contained in the case record to determine whether it affects the individual's eligibility or level of assistance, benefits, or services under the applicable program.

45 CFR 205.56(a)(1)(iv) states in part “For individuals who are recipients when the information is received or for whom a decision could not be made prior to authorization of benefits, the State agency shall within forty-five (45) days of its receipt, initiate a notice of case action or an entry in the case record that no case action is necessary... .”

DHS Policy OAC 340:65-3-4-4 (C) states in part “Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed. Automated data exchange information is also available within the DHS system to determine discrepancies. The worker is responsible for: (C) resolving data exchange discrepancy messages within 45-calendar days of the date the message is posted on the data exchange inquiry screen.”

## Schedule of Findings And Questioned Costs

**Condition and Context:** We reviewed the SFY 2020 (July 1, 2019 – June 30, 2020) G1DX Exception and Clearance Reports to determine whether data exchange discrepancy (exception) messages were resolved within the required 45 calendar days of the date the message was posted on the data exchange inquiry screen. Because the method used to compile the discrepancy messages did not differentiate by program, the messages were reviewed at the error type level. Therefore, the discrepancies listed below are a culmination of multiple programs and may not apply to each program individually. We noted 113,701, or 35.62%, of a total of 319,167 exceptions were not resolved within the required 45 calendar day period as noted in the following schedule.

ERROR TYPE	OPEN & RESOLVED G1DX EXCEPTIONS OVER 45 DAYS	TOTAL OPEN & RESOLVED G1DX EXCEPTIONS	% OF EXCEPTIONS OVER 45 DAYS
BEN	11,277	37,909	29.75%
CSE	11,888	18,268	65.08%
ENU	7,797	11,597	67.23%
IEV	3,238	6,907	46.88%
NNH	16,983	70,576	24.06%
OWG	12,485	33,309	37.48%
SDX	17,373	65,587	26.49%
SNH	23,610	53,179	44.40%
UIB	9,050	21,835	41.45%
<b>TOTAL</b>	<b>113,701</b>	<b>319,167</b>	<b>35.62%</b>

The G1DX System is a DHS application that compares client information entered by a DHS employee and DHS IEVS information sources as they are periodically updated. These sources include:

- Wage information for the State Wage Information Collection Agency (SWICA).
- Unemployment Compensation
- All available information from the Social Security Administration (SSA)
- Information from the U.S. Citizenship and Immigration Services
- Unearned Income from the Internal Revenue Services (IRS)

**Cause:** The discrepancies were not cleared within the allowable 45 days per federal regulation and DHS policy due to an inadequate number of personnel assigned to these duties. Additionally, management is not closely monitoring the clearance of G1DX discrepancies.

**Effect:** The Department was not in compliance with the above stated requirement, which may result in ineligible individuals receiving program 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 federal regulation and DHS policy.

### Views of Responsible Official(s)

**Contact Person:** Paulette Kendrick and Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)

**Anticipated Completion Date:** May 31, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-022 (Repeat #2019-067)

## Schedule of Findings And Questioned Costs

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**STATE AGENCY:** Oklahoma Department of Human Services  
**FEDERAL AGENCY:** United States Department of Health and Human Services  
**CFDA NO:** 93.558  
**FEDERAL PROGRAM NAME:** Temporary Assistance for Needy Families  
**FEDERAL AWARD NUMBER:** G1701OKTANF G1801OKTANF  
**FEDERAL AWARD YEAR:** 2017 and 2018  
**CONTROL CATEGORY:** Reporting  
**QUESTIONED COSTS:** \$0

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

Form SF-425A Instructions for Line 5 (Cumulative Federal Cash Disbursements) state “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.”

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

**Condition and Context:** The SFY 2020 portion of the cumulative Federal cash disbursements reported on the quarter ending 6/30/20 SF-425A report for the TANF 2018 and 2017 grants do not agree with the SFY 2020 TANF total federal expenditures plus the transfers to CCDF and SSBG reported on the TANF ACF-196R reports for the 2018 and 2017 grants.

**Cause:** The SFY 2020 portion of the cumulative Federal cash disbursements reported on line 5 of the SF-425A report for the TANF 2018 and 2017 grants were not adequately reviewed for accuracy prior to submission and new personnel were responsible for completing the report.

**Effect:** The SFY 2020 portion of the cumulative Federal cash disbursement amounts reported on line 5 of the SF-425A report for the TANF 2018 grant is understated by \$8,655,157, and the 2017 grant is overstated by \$3,747,000 for SFY 2020.

**Recommendation:** We recommend the Department follow established procedures to ensure cumulative Federal cash disbursements are entered accurately on the SF-425A reports. Additionally, we recommend a correction be made as soon as possible to correct the cumulative Federal cash disbursement amounts recorded for the TANF 2018 and 2017 grants.

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

**Contact Person:** Chris Smith

**Anticipated Completion Date:** September 30, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-023

**STATE AGENCY:** Oklahoma Department of Human Services (OKDHS)

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

**CFDA NO:** 93.558

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

**FEDERAL AWARD NUMBER:** G1701OKTANF; G1801OKTANF; G1901OKTANF; G2001OKTANF

**FEDERAL AWARD YEAR:** 2017, 2018, 2019, 2020

## Schedule of Findings And Questioned Costs

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**CONTROL CATEGORY:** Activities Allowed or Unallowed and Maintenance of Effort

**QUESTIONED COSTS:** \$8,517,253 (85.04% State funding utilized for MOE & 14.96% Federal TANF funding)

**Criteria:** Title 45 CFR §263.2(b) states, “With the exception of paragraph (a)(4)(ii) of this section, the benefits or services listed under paragraph (a) of this section count only if they have been provided to or on behalf of eligible families. An “eligible family” as defined by the State, must: (1) Be comprised of citizens or noncitizens who: (i) Are eligible for TANF assistance; (ii) Would be eligible for TANF assistance, but for the time limit on the receipt of federally funded assistance; or (iii) Are lawfully present in the United States and would be eligible for assistance, but for the application of title IV of PRWORA; (2) Include a child living with a custodial parent or other adult caretaker relative (or consist of a pregnant individual); and (3) Be financially eligible according to the appropriate income and resource (when applicable) standards established by the State and contained in its TANF plan.

45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

**Condition and Context:** SAI staff made inquiry to OKDHS regarding the process in place over Child Welfare Services (CWS) Family and Children’s Services (FCS) Contracts and CWS Oklahoma Children’s Services (OCS) Contracts utilized as TANF MOE expenditures and TANF Federal expenditures to ensure the families receiving these services were income eligible for the TANF program. OKDHS was unable to provide SAI a full caseload report of all CWS FCS Contracts and CWS OCS Contracts records that included an income field which could be used to determine the families receiving these services were financially eligible according to the appropriate income and resource standards established by the State.

Based on this information, it does not appear OKDHS had any knowledge that the CWS FCS Contracts and CWS OCS Contracts costs being charged as TANF MOE and TANF Federal throughout SFY 2020 were made to, or on behalf of, TANF eligible families. Because of this, we question \$8,517,253 that consists of \$7,243,024.83 utilized as TANF MOE expenditures and \$1,274,227.88 utilized as TANF Federal expenditures during SFY 2020. The \$7,243,024.83 utilized as TANF MOE represents 12.05% of the required \$60,119,714 in TANF MOE.

**Cause:** OKDHS personnel were unaware of TANF MOE and TANF Federal funds requirements as they relate to CWS FCS Contracts and CWS OCS Contracts expenditures.

**Effect:** TANF MOE funds and TANF Federal funds used for CWS FCS Contract and CWS OCS Contract costs may not have been made to, or on behalf of, TANF eligible families. Therefore, the MOE requirement would not have been met.

**Recommendation:** We recommend the agency design and implement internal controls and develop written policies and procedures to ensure any TANF MOE funds and/or TANF Federal funds used for CWS FCS Contract and CWS OCS Contract costs have been made to, or on behalf of, TANF eligible families. This should include the ability to track these costs to the individual case file level to demonstrate exactly which cases are being utilized to meet TANF MOE fund and TANF Federal fund expenditure requirements.

**Views of Responsible Official(s)**

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** Fiscal Year 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-024

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

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

## Schedule of Findings And Questioned Costs

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**CFDA NO:** 93.558

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

**FEDERAL AWARD NUMBER:** G1701OKTANF G1801OKTANF G1901OKTANF G2001OKTANF

**FEDERAL AWARD YEAR:** 2017, 2018, 2019 & 2020

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

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

Form ACF-196R Line Item Instructions for Line 7.a (Foster Care Payments) state in part “The non-Federal entity should report foster care assistance on behalf of children, authorized solely under section 404(a)(2) of the Act and referenced in a state’s former AFDC or Emergency Assistance plan.”

Form ACF-196R Line Item Instructions for Line 11.a (Child Care Payments) state in part, “The non-Federal entity should report child care expenditures for families that need child care to work, participate in work activities (such as job search, community service, education, or training), or for respite purposes. This includes childcare provided to families who receive childcare during a temporary period of unemployment.”

**Condition and Context:** An independent review of Line 7.a (Foster Care Payments) expenditures reported on the SFY 2020 ACF-196R reports to ensure accuracy and completeness of the reported information was not performed. The TANF Reconciliation/supporting worksheet, that links the ACF-196R report to accounting records, does not agree to the ACF-196R report.

An independent review of Line 11.a (Child Care Payments) expenditures reported on the SFY 2020 ACF-196R reports to ensure accuracy and completeness of the reported information was not performed. There were eleven cases that were charged to both Daycare non-assistance and CCDF Daycare for MOE assistance.

**Cause:** OKDHS does not have adequate processes in place to ensure the Line 7.a (Foster Care) and Line 11.a (Child Care) expenditures reported on the ACF-196R report are independently reviewed for accuracy and completeness.

**Effect:** Line 7.a (Foster Care) and Line 11.a (Child Care) expenditures reported on the ACF-196R report may be incorrect and/or incomplete.

**Recommendation:** We recommend OKDHS implement procedures to ensure an independent review for accuracy and completeness of Line 7.a (Foster Care) and Line 11.a (Child Care) expenditures reported on the ACF-196R report occurs.

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

**Contact Person:** Chris Smith

**Anticipated Completion Date:** Immediate

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-033

**STATE AGENCY:** Oklahoma Department of Human Services (OKDHS)

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

**CFDA NO:** 93.558

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

**FEDERAL AWARD NUMBER:** G1701OKTANF; G1801OKTANF; G1901OKTANF; G2001OKTANF

**FEDERAL AWARD YEAR:** 2017, 2018, 2019, 2020

## Schedule of Findings And Questioned Costs

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**CONTROL CATEGORY:** Maintenance of Effort  
**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

According to Title 45 CFR §263.2, “What kinds of State expenditures count toward meeting a State's basic MOE expenditure requirement? (a) Expenditures of State funds in TANF or separate State programs may count if they are made for the following types of benefits or services:...(3) Education activities designed to increase self-sufficiency, job training, and work (see §263.4);...(b) With the exception of paragraph (a)(4)(ii) of this section, the benefits or services listed under paragraph (a) of this section count only if they have been provided to or on behalf of eligible families.”

Title 45 CFR §263.4 states, “When do educational expenditures count? (a) Expenditures for educational activities or services count if: (1) They are provided to eligible families (as defined in §263.2(b)) to increase self-sufficiency, job training, and work; and (2) They are not generally available to other residents of the State without cost and without regard to their income. (b) Expenditures on behalf of eligible families for educational services or activities provided through the public education system do not count unless they meet the requirements under paragraph (a) of this section.”

According to the intergovernmental agreement between DHS and the Oklahoma State Regents for Higher Education (OSRHE), “In accordance with this agreement, a 20% match to the Block Grant funding expended by DHS for post-secondary/vocational training programs at local colleges will be provided through OSRHE or local college funds and/or in-kind contributions. In lieu of transfer of matching funds from OSRHE or Local Colleges to DHS, OSRHE will identify the specific amount of matching funds ascertained and that are available for DHS to use as the non-federal share of Block Grant expenditures.” Additionally, “the purpose of this agreement is to set forth a process designed to provide post-secondary/vocational education skills (and/or other necessary skills) needed to gain employment for eligible recipients in the DHS TANF WORK program.

**Condition and Context:** Adequate review of the recipients receiving post-secondary/vocational education needed to gain employment through the OKDHS TANF Work program was not performed to ensure qualified expenditures used to meet MOE requirements were made on behalf of TANF eligible families. For a sample of 60 of 291 cases, we noted two cases (3.3%) where the case number was mis keyed by OSRHE staff and was not identified by DHS staff.

**Cause:** OKDHS does not have adequate processes in place to ensure OSRHE educational and training activities are provided to only TANF eligible families.

**Effect:** OSRHE education and training expenditures reported as TANF MOE may not have been made to, or on behalf of, TANF eligible families.

**Recommendation:** We recommend the agency design and implement internal controls and develop written policies and procedures to ensure any OSRHE education and training expenditures utilized as TANF MOE have been made to, or on behalf of, TANF eligible families.

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

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** Sept 1, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-034 (Repeat #2019-089)

## Schedule of Findings And Questioned Costs

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**STATE AGENCY:** Oklahoma Health Care Authority (the Authority)/Oklahoma Department of Human Services (OKDHS)

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

**CFDA NO:** 93.778

**FEDERAL PROGRAM NAME:** Medicaid Cluster

**FEDERAL AWARD NUMBER:** 1905OK5MAP; 2005OK5MAP

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**Criteria:** 45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal controls over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

42 CFR §431.10(c)(2) states, “The Medicaid agency may delegate authority to make eligibility determinations or to conduct fair hearings under this section only to a government agency which maintains personnel standards on a merit basis.”

42 CFR §431.10(c)(3)(ii) states in part, “The Medicaid agency must exercise appropriate oversight over the eligibility determinations and appeals decisions made by such agencies ...”

OKDHS Policy OAC 340:65-3-4 (4) states in part, “Automated data exchange with other agencies provides DHS with information regarding household members' benefits, wages, taxes, Social Security numbers, and current addresses. The system compares information obtained electronically with data stored within DHS electronic records to determine if there are discrepancies to be addressed.”

**Condition and Context:** The Authority delegates OKDHS to determine eligibility for non-MAGI (modified adjusted gross income) recipients. OKDHS utilizes automated data exchange information obtained from other agencies to verify the information provided by recipients.

Office of Management and Enterprise Services – Information Services Division (OMES-ISD) runs scheduled data exchange jobs to gather the information from the various agencies for the Automated Caseload Evaluation System (ACES). The ACES system is a web-based application that gathers all available OKDHS data exchange information on a case, which is used by the Social Services Specialist to assist in determining Medicaid eligibility. The data exchange jobs are assigned to a coordinator who is responsible for seeing that the jobs are placed in the TWS (scheduling system) on the correct calendar with the date and time jobs are to run. Data exchange jobs determined significant for Medicaid eligibility were sampled and tested to determine if the jobs ran at the frequency required. One of the four (25%) CB077M monthly data exchange jobs sampled, did not run on the frequency scheduled.

Details of the reports and the deviation noted are as follows:

DATA EXCHANGE JOB/TRANSMISSION JOB	OWNER	FREQUENCY	DEVIATION FROM SCHEDULED FREQUENCY
CB077M	IRS	Monthly	April 2020

**Cause:** The Authority lacked appropriate oversight over the data exchange jobs completed by OKDHS resulting in inadequate controls over the data exchange process to ensure jobs are ran at the frequency required.

**Effect:** Non-compliance with the Code of Federal Regulations (CFRs) and OKDHS Policy OAC 340:65-3-4, which could result in payment of Medicaid benefits to ineligible recipients.

## Schedule of Findings And Questioned Costs

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**Recommendation:** To comply with the CFRs and OKDHS Policy OAC 340:65-3-4, we recommend the Authority review internal control policy and procedures over data exchange jobs and update as necessary to ensure they are operating effectively so that data exchange jobs are run at the frequently required and issues noted are addressed in a timely manner.

**Views of Responsible Official(s)**

**Contact Person:** Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)

**Anticipated Completion Date:** July 15, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-035 (Repeat #2019-043)

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF and G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 and 2018

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

**QUESTIONED COSTS:** \$ 6,974

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

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

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

OAC 340:65-1-3 Instructions to Staff states in part “(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close...”

OAC 340:65-3-8(e)(1)(A) states in part, “Benefit renewal interview requirements vary depending on the program. A face-to-face interview is required for the TANF program.”

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

OAC 340:10-13-1(b)(1) states “An otherwise eligible child 18 years of age is included in the assistance unit if he or she is a full time secondary school student, attending GED classes, an alternative high school, or a virtual school and is expected to complete school before reaching 19 years of age or will graduate during the month he or she turns 19 years of age.”

OAC 340:10-3-56 Instructions to Staff states in part “(c) When an applicant or recipient received 60 months or more of TANF benefits, a hardship extension must be requested and approved by Adult and Family Services (AFS) TANF staff before further benefits are approved.”

## Schedule of Findings And Questioned Costs

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

**Condition and Context:** In a sample of 72 of 9,322 TANF cases, we noted the following:

- Four case files did not contain documentation of an eligibility re-determination for benefits paid during SFY 2020 and benefits were not discontinued when the period of eligibility expired (Questioned Costs \$1,999).
- Two case files did not contain documentation of an eligibility determination for benefits paid during SFY 2020 and benefits were not discontinued when the period of eligibility expired (Questioned Costs \$2,328).
- One case file did not contain documentation of secondary school attendance records for a child over 18 years old and benefits were paid for that child during SFY 2020 (Questioned Costs \$244).
- One case file did not contain documentation of an approved extension of benefits over 60 months due to a hardship and benefits were not discontinued when the period of eligibility expired during SFY 2020 (Questioned Costs \$1,127).
- One case file did not contain documentation of an eligibility re-determination and documentation of an approved extension of benefits over 60 months due to a hardship and benefits were not discontinued when the period of eligibility expired during SFY 2020 (Questioned costs \$1,276).

**Cause:** Adequate internal controls are not in place to ensure initial determinations and redeterminations are properly documented.

**Effect:** The Department is not in compliance with the above stated internal policies and federal program requirements, which may result in ineligible individuals receiving TANF benefits and cause the maintenance of effort expenditures to be overstated.

**Recommendation:** We recommend the Department follow policy and complete eligibility determinations and redeterminations for all TANF recipients as required and ensure benefits are discontinued when the period of eligibility expires. Also, we recommend the Department design and implement controls to ensure the determination and redetermination documentation is maintained in the case records.

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

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-036

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF and G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 and 2018

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

**QUESTIONED COSTS:** \$ 0

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

## Schedule of Findings And Questioned Costs

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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 1. (a) Instructions to Staff states in part “(a) Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits. The case record also includes all electronically maintained data associated with the same case number. For legal requirements and audit purposes, the Oklahoma Department of Human Services (DHS) retains case records for at least three years after all benefits included in the case close...”

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 and Context:** Based on procedures performed on 72 out of 9,322 cases, we noted three (4.17%) 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 2020.

**Cause:** Controls in place are not adequate to ensure the Oklahoma Department of Human Services (OKDHS) policies and procedures that require TANF applicants to assign to the OKDHS any support rights are consistently followed by staff.

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

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow policy and procedures to ensure TANF applicants assign to the Oklahoma Department of Human Services (OKDHS) any support rights or determine the assistance unit ineligible. Also, we recommend the Department ensure that documentation of the assignment of child support rights is maintained in the case records.

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

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** June 10, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-037 (Repeat #2019-044)

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF and G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 and 2018

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

**QUESTIONED COSTS:** \$ 0

## Schedule of Findings And Questioned Costs

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**Criteria:** 2 CFR Part 200 Compliance Supplement Part 4 TANF Part N2 Compliance Requirement states in part “Each state shall participate in the Income Eligibility and Verification System (IEVS) required by section 1137 of the Social Security Act as amended. Under the state plan the state is required coordinate data exchanges with other federally assisted benefit programs, request and use income and benefit information when making eligibility determinations and adhere to standardized formats and procedures in exchanging information with other programs and agencies.”

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

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (a) states in part “Definition of Adult and Family Services (AFS) case records. The AFS electronic case record is an accumulation of imaged documents organized into packets based on case actions that document a client's eligibility for and receipt of benefits.”

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b)(2) states “The FACS system includes an Interview Notebook, an Eligibility Notebook, and FACS case notes. The worker uses FACS to process applications, renewals, and change actions, and FACS case notes for case documentation.”

DHS Policy 340:65-1-3 INSTRUCTIONS TO STAFF 1. (b)(4)(D)(i) states in part, “Case notes must describe how initial eligibility, continuing eligibility, or ineligibility was determined, the verification used, and how income was calculated.”

**Condition and Context:** In a sample of 72 of 9,322 TANF cases, we noted one case (1%) where no income eligibility and verification system documentation was present in the electronic case record or FACS case notes for the period tested.

**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker to review data exchange information at application and eligibility renewal are consistently followed by staff. 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 strengthen internal controls designed to ensure staff follow established policy and procedures regarding the review of data exchange information at application and eligibility renewal. Also, we recommend the Department ensure that documentation is maintained to support income verification through data exchange was utilized in eligibility determination or re-determination.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-038

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

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

**CFDA NO:** 93.575 & 93.596

**FEDERAL PROGRAM NAME:** CCDF Cluster

**FEDERAL AWARD NUMBER:** G1901OKCCDF & G2001OKCCDF

**FEDERAL AWARD YEAR:** 2019 & 2020

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

**QUESTIONED COSTS:** \$20,784

## Schedule of Findings And Questioned Costs

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

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

OAC 340:75-7-65(e) states in part, “Resource parent responsibilities for EBT include: . . . (2) completing and submitting a signed Form 04MP042E, Application for Child Welfare Child Care Benefits”

**Condition and Context:** Based on procedures performed on a sample of 60 of 49,003 childcare cases, we noted five (8.33%) case files did not maintain a Form 04MP042E, Application for Child Welfare Child Care Benefits on file.

**Cause:** A lack of internal controls to ensure initial determinations and redeterminations are properly documented.

**Effect:** The Agency is not in compliance with the above state internal policies and federal requirements, which may result in ineligible individuals receiving CCDF benefits.

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

**Contact Person:** Jenny Countess

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-039

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF; G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 & 2018

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

**QUESTIONED COSTS:** \$ 1,225

**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.”

OAC 340:10-10-5(c) states “If the applicant or recipient refuses to cooperate with OKDHS without good cause, the cash assistance must be reduced by 25% of the TANF payment standard the next effective date.”

OAC 340:10-10-5 2.(a) Instructions to Staff states in part “Child Support Services (CSS) makes the determination of non-cooperation and whether to apply the 25% penalty, not the worker. (1) When CSS staff makes the determination

## Schedule of Findings And Questioned Costs

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of non-cooperation, CSS staff updates the child support computer system to show an "O" in the "cooperation" field, the reason code in the "reason code" field, and the date non-cooperation is determined in the "non-cooperation date" field. The worker views cooperation status by entering CCPI space and the client's family group number (FGN). (2) When the CCPI screen shows non-cooperation, the system: (A) automatically applies the 25% penalty.”

**Condition and Context:** When testing 60 of 3,311 child support non-cooperation occurrences, we noted five occurrences (8.33%) where good cause or other exception was not established, TANF benefits were not reduced or denied for child support non-cooperation as required, and the overpayments have not been recouped.

**Cause:** The PS2 system control did not perform as required in applying a 25% penalty when non-cooperation was determined.

**Effect:** The Department was not in compliance with the above stated requirement, which resulted in individuals receiving TANF benefits while not cooperating with Child Support Enforcement. According to the 2 CFR Part 200 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 and correct 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 Kendrick

**Anticipated Completion Date:** July 1, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-040 (Repeat #2019-027)

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF and G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 and 2018

**CONTROL CATEGORY:** Special Tests and Provisions – Penalty for Refusal to Work

**QUESTIONED COSTS:** \$ 0

**Criteria:** 45 CFR Sec. 261.14(a) states in part “ If an individual refuses to engage in work required under section 407 of the Act, the State must reduce or terminate the amount of assistance payable to the family, subject to any good cause or other exceptions the State may establish...”

OAC 340:10-2-2(c) states in part “The worker must contact the individual to determine good cause...”

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(c) states “When the worker is unable to reach the client by phone to schedule an interview, the worker may use Form 08AD092E, Client Contact and Information Request, to request contact.”

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(d) states “Family Assistance/Client Services (FACS) case notes must clearly document the worker's efforts to contact the client and, when contact is made, the client's reasons for failure to participate.”

**Condition and Context:** For a sample of 60 of 1,226 case sanction or closure occurrences, we noted three occurrences (5% of the sample) where effort to contact the individual and their refusal/failure to participate without good cause was not made or was not documented in the case file or the Family Assistance/Client Services (FACS) case notes.

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**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker contact individuals to determine good cause and document their efforts are consistently followed by staff.

**Effect:** The Department may not be in compliance with the above stated policy, which may result in individuals not meeting TANF work participation requirement with good cause to be denied TANF benefits.

**Recommendation:** We recommend the Department strengthen internal controls designed to ensure staff follow established policy to 1) make every effort to contact individuals to determine good cause and document their efforts as required, and 2) ensure that documentation of their effort to contact individuals to determine good cause is maintained in the case records.

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

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** 06/30/2020 - State wide 2<sup>nd</sup> party review is now in effect

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-041 (Repeat #2019-028)

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF and G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 and 2018

**CONTROL CATEGORY:** Special Tests and Provisions – Child under Six When Child Care Not Available

**QUESTIONED COSTS:** \$ 0

**Criteria:** 45 CFR Sec. 261.15(a) states in part “the State may not reduce or terminate assistance based on an individual’s refusal to engage in required work if the individual is a single custodial parent caring for a child under age six who has a demonstrated inability to obtain needed child care, as specified at § 261.56...”

45 CFR Sec. 261.56(c)(1) states “The TANF agency must inform parents about the penalty exception to the TANF work requirement, including the criteria and applicable definitions for determining whether an individual has demonstrated an inability to obtain needed child care.”

OAC 340:10-2-2(c) states in part “The worker must contact the individual to determine good cause...”

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(c) states “When the worker is unable to reach the client by phone to schedule an interview, the worker may use Form 08AD092E, Client Contact and Information Request, to request contact.”

INSTRUCTIONS TO STAFF OAC 340:10-2-2 2.(d) states “Family Assistance/Client Services (FACS) case notes must clearly document the worker's efforts to contact the client and, when contact is made, the reasons for failure to participate.”

**Condition and Context:** For a sample of 60 of 697 case sanction or closure occurrences with one adult and at least one child under six years of age, we noted six occurrences (10.0%) where effort to contact the individual and their refusal/failure to participate without good cause was not made or was not documented in the case file or the Family Assistance/Client Services (FACS) case notes.

**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that requires the worker contact individuals to determine good cause and document their efforts are consistently followed by staff.

**Effect:** The Department was not be in compliance with the above stated policy, which may result in individuals not meeting TANF work participation requirement with good cause to be denied TANF benefits.

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**Recommendation:** We recommend the Department strengthen internal controls to ensure staff follow established policy to 1) make every effort to contact individuals to determine good cause and document their efforts as required, and 2) ensure that documentation of their effort to contact individuals to determine good cause is maintained in the case records.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** 06-01-2020

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-053 (Repeat #2019-063)

**STATE AGENCY:** Oklahoma 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:** 1901OKFOST and 2001OKFOST

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Subrecipient Monitoring

**QUESTIONED COSTS:** \$0

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

Per 2 CFR Part 200, Appendix XI (Compliance Supplement) Part 3 – Subrecipient Monitoring, “A pass-through entity (PTE) must:

- *Identify the Award and Applicable Requirements* – Clearly identify to the subrecipient: (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.331(a)(1); (2) all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.331(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the Federal award (e.g., financial, performance, and special reports) (2 CFR section 200.331(a)(3)).
- *Monitor* – Monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, complies with the terms and conditions of the subaward, and achieves performance goals (2 CFR sections 200.331(d) through (f)). In addition to procedures identified as necessary based upon the evaluation of subrecipient risk or specifically required by the terms and conditions of the award, subaward monitoring must include the following:
  1. Reviewing financial and programmatic (performance and special reports) required by the PTE.
  2. Following-up and ensuring that the subrecipient takes timely and appropriate action on all deficiencies pertaining to the Federal award provided to the subrecipient from the PTE detected through audits, on-site reviews, and other means.
  3. Issuing a management decision for audit findings pertaining to the Federal award provided to the subrecipient from the PTE as required by 2 CFR section 200.521. ...”

**Condition and Context:** In our prior audit review of five of the nine SFY 19 Foster Care subrecipient contracts, we noted the following exceptions related to award identification requirements:

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- Five of five (100%) subawards did not contain the federal identification number, federal award date, period of performance, amount obligated by the pass-through entity, federal award project description, name of the Federal Awarding Agency, identification as to whether the award relates to research and development, and term & conditions concerning the closeout of the subaward and were not subject to financial and performance reporting requirements.
- Four of five (80%) subawards did not include all requirements to ensure compliance with Federal Laws and regulations and a Single Audit report was not reviewed.
- Two of five (40%) subawards did not contain the CFDA number, and award amounts.
- One of five (20%) subrecipients did not have a current subaward on file.

Based on inquiries performed during the SFY 20 audit, we learned that corrective actions had not been taken to address the identified deficiencies noted above. We further confirmed that there were no changes to the subrecipients between SFY 19 and SFY 20.

**Cause:** Management implemented corrective actions in the area of risk assessments in response to prior findings; however, no corrective action has been implemented to address identifying the award and applicable requirements or monitoring as required in 2 CFR 200.332.

**Effect:** OKDHS is not in compliance with the monitoring requirements for this program. Therefore, subrecipients may not be spending federal funds in accordance with program requirements.

**Recommendation:** We recommend OKDHS further modify its subrecipient agreements and related documentation to ensure all required award identification is provided. Additionally, we recommend OKDHS ensure all subrecipients provide detailed financial and performance reports to ensure OKDHS can assess subrecipient compliance with program requirements and achievements of performance goals. DHS should also establish policies and procedures to ensure OKDHS receives and reviews a single audit or program specific audit from those subrecipients who expend \$750,000 or more in Federal awards as required by 2 CFR 200.501.

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

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** July 1, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-054

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

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

**CFDA NO:** Various

**FEDERAL PROGRAM NAME:** Various

**FEDERAL AWARD NUMBER:** Various

**FEDERAL AWARD YEAR:** Various

**CONTROL CATEGORY:** Allowable Cost Principals

**QUESTIONED COSTS:** \$ 317,688

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

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

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

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

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**Condition and Context:** For our sample of fifty-nine allocated and indirect adjustments in SFY 2020, one indirect adjustment (1.69%) did not agree with supporting documentation.

**Cause:** An error was made on a cost allocation adjustment worksheet used to calculate the indirect adjustment for cost pool 917 (Agency-Wide Indirect Costs) and the error was not detected during review or an adequate review was not performed.

**Effect:** Agency-Wide indirect costs were overstated by \$317,688.

**Recommendation:** We recommend the Department follow established procedures to ensure adjustments are entered accurately into the cost allocation system. Additionally, we recommend a correction be made as soon as possible to correct the adjustment amount recorded for the Agency-Wide indirect cost.

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

**Contact Person:** John Guin

**Anticipated Completion Date:** Completed in the QE March 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-055

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

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

**CFDA NO:** 93.659

**FEDERAL PROGRAM NAME:** Adoption Assistance Program

**FEDERAL AWARD NUMBER:** 1901OKADPT

**FEDERAL AWARD YEAR:** 2019

**CONTROL CATEGORY:** Reporting and Maintenance of Effort

**QUESTIONED COSTS:** \$5,712,176

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

2 CFR Part 200, Appendix XI, Part 4 applicable to the Adoption Assistance program, states in part, “Adoption savings must be expended for services that may be provided under the Title IV-B or IV-E programs; at least 30 percent of which must be spent on post-adoption services, post-guardianship services and services to support positive permanent outcomes for children at risk of entering foster care. At least two-thirds (2/3) of the 30 percent must be spent on post-adoption and post-guardianship services ((42 USC 673(a)(8)(D)(i) as amended by Pub. L. No. 113183).”

2 CFR 200.333 states, “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditures report, or for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

**Condition and Context:** Adoption Savings Expenditures reported on the annual CB-496 Part 4 for the period ending 9/30/2019 were not supported by accounting records and the OKDHS was unable to provide documentation to support that Maintenance of Effort requirements were met. An independent review of adoption savings and related expenditures reported on the annual CB-496 Part 4 was not performed.

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**Cause:** OKDHS does not have adequate processes in place to ensure adoption savings and related expenditures reported on the annual CB-496 Part 4 are supported by documentation and independently reviewed for accuracy and completeness.

**Effect:** Adoption savings and related expenditures reported on the CB-496 Part 4 may be incorrectly stated. Minimum expenditure levels related to post-adoption or post-guardianship services may not have been maintained.

**Recommendation:** We recommend OKDHS implement procedures to ensure adoption savings and related expenditures are properly supported with accounting records and documentation to support that minimum expenditure levels were maintained. Furthermore, we recommend OKDHS implement procedures to ensure an independent review of the annual CB-496 Part 4 is performed by someone independent of the preparer.

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

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** The Department of Human Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The State Auditor and Inspector (SA&I) agrees with the Agency's response regarding the YI806-Adoption IV-E Savings report which was used to support *Adoption Savings* reported in Section A of the CB-496 Part 4. These totals were not identified as questioned costs.

Based on inquires with the Budget and Child Welfare Divisions, appropriate source documentation supporting the *Reporting Period Expenditures of Adoption Savings On: Post-Adoption or Post-Guardianship Services* in the amount of \$5,712,176 as reported on line B.10 of the CB-496 Part 4 for the period ending 9/30/2019 was not obtained. Consequently, the State Auditor and Inspector maintains the position that Adoption savings and related expenditures reported on the CB-496 Part 4 may be incorrectly stated and minimum expenditure levels related to post-adoption or post-guardianship services may not have been maintained.

**FINDING NO:** 2020-056

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

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

**CFDA NO:** 93.659

**FEDERAL PROGRAM NAME:** Adoption Assistance Program

**FEDERAL AWARD NUMBER:** 2001OKADPT

**FEDERAL AWARD YEAR:** 2019

**CONTROL CATEGORY:** Level of Effort – Maintenance of Effort

**QUESTIONED COSTS:** \$0

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

42 USC 673(a)(8)(D)(i) states, “A State shall spend an amount equal to the amount of the savings (if any) in State expenditures under this part resulting from the application of paragraph (2)(A)(ii) to all applicable children for a fiscal year, to provide to children of families any service that may be provided under part B or this part. A State shall spend not less than 30 percent of any such savings on post-adoption services, post-guardianship services, and services to support and sustain positive permanent outcomes for children who otherwise might enter into foster care under the responsibility of the State, with at least ⅔ of the spending by the State to comply with such 30 percent requirement being spent on post-adoption and post-guardianship services.”

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**Condition and Context:** OKDHS reported \$5,712,176 in post-adoption/post-guardianship services expenditures of adoption savings on the CB-496 Part E, line 10 for the Federal fiscal year ending on 9/30/2019. OKDHS did not maintain documentation to support that the reported amount was spent on post-adoption/post-guardianship services. Additionally, OKDHS did not demonstrate that controls were in place to ensure expenditures comply with 42 USC 673(a)(8)(D)(i).

**Cause:** The Agency did not understand the importance of retaining documentation supporting the use of adoption savings expenditures.

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

**Recommendation:** We recommend OKDHS immediately implement policies and procedures that would ensure compliance with 2 CFR §200.303(a) and 42 USC 673(a)(8)(D)(i). This would include:

- (1) maintaining adequate documentation to support amounts reported as Federal expenditures.
- (2) ensuring at least 30 percent of adoption savings are spent on post-adoption and post-guardianship services.
- (3) ensuring reported adoption savings expenditures are comprised of non-federal funds that are not also claimed for either federal reimbursement or as matching funds to secure federal financial participation.

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

**Contact Person:** Kevin Haddock

**Anticipated Completion Date:** N/A

**Corrective Action Planned:** The Department of Human Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** While adoption savings are not considered Federal expenditures, the Level of Effort – Maintenance of Effort compliance requirement referenced above sets minimum spending requirements applicable to the expenditures that are paid using adoption savings funds. The amount referenced above was reported by the Agency in Section B, “Adoption Savings Expenditures” of the CB-496 Part 4.

Based on inquiries with the Budget and Child Welfare Divisions, we were unable to identify a control process that directly addresses the aforementioned compliance requirement. A reconciliation that supports post-adoption expenditures funded with adoption savings for a minimum of 30% of those savings was not provided. Consequently, the State Auditor and Inspector maintains the position that adoption savings expenditures reported on line 10 of the CB-496 for the period ending 9/30/19 were not supported.

**FINDING NO:** 2020-057 (Repeat #2019-045)

**STATE AGENCY:** Oklahoma 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:** G1701OKTANF and G1801OKTANF

**FEDERAL AWARD YEAR:** 2017 and 2018

**CONTROL CATEGORY:** Eligibility

**QUESTIONED COSTS:** \$0

**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 §260.31 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

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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 340:10-1-4 states “Both federal and state laws specify that assistance is available to those persons who meet certain conditions of eligibility. Receipt of Temporary Assistance for Needy Families has been restricted to a lifetime limit of 60 months, whether consecutive or not, effective October 1, 1996. The time limit can be extended when a hardship extension has been approved.”

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.”

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(d)(2)(B) states “The client’s signature date on Form 08TW024E is used as the hardship extension request application date. Action is not taken on the hardship extension request until AFS TANF staff reaches a decision”

OAC INSTRUCTIONS TO STAFF 340:10-3-56 5.(f)(1) & (2) states (1) “When the client request an additional extension, the worker and client complete and sign Part 1 of Form 08TW025E, Extension Review/Disposition. The worker gives Form 08AD092E to the client when additional supporting documentation is needed.” (2) “The worker emails TANF@okdhs.org to request a hardship extension, attaches Form 08TW025E, and images any supporting documentation to the case record. AFS TANF staff reviews the request, completes Part II of Form 08TW025E approving or disapproving the request, and sends Form 08TW025E and all submitted information to the worker.”

**Condition and Context:** When testing 10 of the 83 TANF cases receiving benefits for more than sixty months, we noted the following:

- Form 08TW024E was not present in the case file documenting approval of a hardship for extension of benefits prior to benefits being awarded for two cases (20.0%).

**Cause:** Controls in place are not adequate to ensure OKDHS policies and procedures that require the worker and applicant to complete and sign Part I of Form 08TW024E, Extension Request for Temporary Assistance for Needy Families are consistently followed by staff.

**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 strengthen internal controls designed to ensure staff follow established policy and procedures addressing the completion, approval, and adequate documentation and retention, of request for TANF hardship extensions.

**Views of Responsible Official(s)**

**Contact Person:** Paulette Kendrick

**Anticipated Completion Date:** June 30, 2020

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-058 (Repeat #2019-016)

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

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

**CFDA NO:** 10.551

**FEDERAL PROGRAM NAME:** SNAP Cluster

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**FEDERAL AWARD NUMBER:** N/A

**FEDERAL AWARD YEAR:** 2019 & 2020

**CONTROL CATEGORY:** Special Tests and Provisions - EBT Card Security

**QUESTIONED COSTS:** \$0

**Criteria:** The Government Accountability Office (GAO) Standards for Internal Control in the Federal Government 10.10 states “Transaction control activities are actions built directly into operational processes to support the entity in achieving its objectives and addressing related risks. “Transactions” tends to be associated with financial processes (e.g., payables transactions), while “activities” is more generally applied to operational or compliance processes. For the purposes of this standard, “transactions” covers both definitions. Management may design a variety of transaction control activities for operational processes, which may include verifications, reconciliations, authorizations and approvals, physical control activities, and supervisory control activities.”

7 CFR § 274.41(a)(1)(i) states in part “State Agencies shall reconcile their issuances daily using daily tally sheets, cashiers’ daily reports, tapes or printouts.” Also, according to OKDHS’ Electronic Payments Handbook, “At the end of each day, the unused (EBT) cards will be returned to inventory, signed in by the EBT Specialist, and initialed by the County Director or designee.”

According to OKDHS’ Electronic Payments Handbook, “Cards returned by mail or dropped off at the county office must be properly logged and shredded under the following procedures ... 3) The card log and the cards will be provided to the supervisor for audit. The supervisor will ensure the cards have been logged and deactivated. 4) The two staff will then conduct the destruction of the cards received. Each staff must sign the log confirming the count, status change (if active) and destruction.”

7 CFR §274.8(b)(3) states in part “As an addition to or component of the Security Program required of Automated Data Processing systems prescribed under § 277.18(m) of this chapter, the State agency shall ensure that the following EBT security requirements are established: ... (i) Storage and control measures to control blank unissued EBT cards and PINs, and unused or spare POS devices.”

Best practice includes the security of Electronic Benefit Transaction (EBT) cards, which includes the security of the cards themselves as well as the security of the keys to the cards, the daily reconciliation of EBT cards, deactivation of an EBT card prior to destruction, and dual sign-off confirming EBT card destruction.

### **Condition and Context:**

Based on procedures performed on 72 out of 136,832 EBT cards on the card issuance logs from SFY 2020 we noted:

- 36 (50%) of the EBT cards issued to clients were not supported with records indicating the receipt of the card by the client.

Based on procedures performed on 72 out of 13,325 EBT cards on DHS destruction logs from SFY 2020 we noted:

- Four (5.56%) of the EBT cards were still active after the destruction process.

Based on procedures performed at 15 out of 75 county office locations, we noted:

- Six (40%) offices did not keep keys to the EBT card inventory secured.
- Seven (46.7%) offices did not maintain the EBT cards in a secure office location where access is restricted to designated staff.
- Eleven (73.3%) offices’ inventory logs did not support that the inventory count was performed by two individuals at the end of each day.

**Cause:** OKDHS policies and procedures related to the inventory accounting, security, and destruction process of EBT cards are not consistently followed by field employees.

**Effect:** EBT cards are at risk of improper use leading to potential misuse or misappropriation of Supplement Nutrition Assistance Program (SNAP) benefits.

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**Recommendation:** We recommend DHS ensure policies and procedures related to inventory accounting, security, and the destruction process of the cards are consistently followed and updated. Additionally, we recommend DHS provide training to staff regarding these policies and procedures. We further recommend management implement procedures to monitor the county office locations for compliance with these policies and procedures throughout the year.

**Views of Responsible Official(s)**

**Contact Person:** Thomas Pennington

**Anticipated Completion Date:** 7/31/2021

**Corrective Action Planned:** The Department of Human Services partially agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-061 (Repeat #2019-001)

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

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

**CFDA NO:** 93.575, 93.596

**FEDERAL PROGRAM NAME:** CCDF Cluster

**FEDERAL AWARD NUMBER:** 1901OKCCDF and 2001OKCCDF

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Special Tests and Provisions - Health and Safety Requirements

**QUESTIONED COSTS:** \$0

**Criteria:** CFR 45 §98.41 Health and safety requirements states, in part, “(a) 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 (appropriate to provider setting and age of children served) that are designed, implemented, and enforced to protect the health and safety of children. Such requirements must be applicable to child care providers of services for which assistance is provided under this part. Such requirements, which are subject to monitoring pursuant to §98.42, shall:

(1) Include health and safety topics consisting of, at a minimum:

(i) The prevention and control of infectious diseases (including immunizations); with respect to immunizations, the following provisions apply:

(A) As part of their health and safety provisions in this area, Lead Agencies shall assure that children receiving services under the CCDF are age-appropriately immunized. Those health and safety provisions shall incorporate (by reference or otherwise) the latest recommendation for childhood immunizations of the respective State, territorial, or tribal public health agency.

(B) Notwithstanding this paragraph (a)(1)(i), Lead Agencies may exempt:

(1) Children who are cared for by relatives (defined as grandparents, great grandparents, siblings (if living in a separate residence), aunts, and uncles), provided there are no other unrelated children who are cared for in the same setting.

(2) Children who receive care in their own homes, provided there are no other unrelated children who are cared for in the home.

(3) Children whose parents object to immunization on religious grounds.

(4) Children whose medical condition contraindicates immunization.

(C) Lead Agencies shall establish a grace period that allows children experiencing homelessness and children in foster care to receive services under this part while providing their families (including foster families) a reasonable time to take any necessary action to comply with immunization and other health and safety requirements.

(1) The length of such grace period shall be established in consultation with the State, Territorial or Tribal health agency.

(2) Any payment for such child during the grace period shall not be considered an error or improper payment under subpart K of this part.

(3) The Lead Agency may also, at its option, establish grace periods for other children who are not experiencing homelessness or in foster care.

(4) Lead Agencies must coordinate with licensing agencies and other relevant State, Territorial, Tribal, and local agencies to provide referrals and support to help families of children receiving services during a grace period comply with immunization and other health and safety requirements;

(ii) Prevention of sudden infant death syndrome and use of safe sleeping practices;

(iii) Administration of medication, consistent with standards for parental consent;

## Schedule of Findings And Questioned Costs

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- (iv) Prevention and response to emergencies due to food and allergic reactions;
- (v) Building and physical premises safety, including identification of and protection from hazards, bodies of water, and vehicular traffic;
- (vi) Prevention of shaken baby syndrome, abusive head trauma, and child maltreatment;
- (vii) Emergency preparedness and response planning for emergencies resulting from a natural disaster, or a man-caused event (such as violence at a child care facility), within the meaning of those terms under section 602(a)(1) of the Robert T. Stafford Disaster Relief and Emergency Assistance Act (42 U.S.C. 5195a(a)(1)) that shall include procedures for evacuation, relocation, shelter-in-place and lock down, staff and volunteer emergency preparedness training and practice drills, communication and reunification with families, continuity of operations, and accommodation of infants and toddlers, children with disabilities, and children with chronic medical conditions;
- (viii) Handling and storage of hazardous materials and the appropriate disposal of bio contaminants;
- (ix) Appropriate precautions in transporting children, if applicable;
- (x) Pediatric first aid and cardiopulmonary resuscitation;
- (xi) Recognition and reporting of child abuse and neglect, in accordance with the requirement in paragraph (e) of this section; and.....”

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

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

2 CFR 200.333 states, “Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditures report, or for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient.”

**Condition and Context:** We noted the following for a sample of 72 of 1,633 daycare centers and homes:

- 71 centers/homes (98.61%) where we could not determine that monitoring checklists were adequately documented in relation to compliance with the health and safety requirements.
- 10 centers/homes (13.89%) where the fire extinguisher was expired but was not noted as non-compliant.
- 5 centers/homes (6.94%) where no carbon monoxide test date was noted, and no non-compliance was noted.
- 4 centers/homes (5.56%) where the fire inspector visits were not up to date.
- 2 centers/homes (2.78%) where the health inspection was not up to date.
- 5 centers/homes (6.94%) where the number of visits were not performed according to the Monitoring Frequency Plan (MFP), and no Covid-19 contact was made. In addition, we were unable to verify if there would have been non-compliance that was followed up on.

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- 1 center/home (1.39%) closed during our audit period; however, no visits were made before closure. We determined that since the center closed on 3/20/20 and their MFP was 3, that sites visits could have been properly met.

During walk-through of the monitoring checklist software application in the prior year, we observed a drop-down box containing the requirements applicable to each header . When non-compliance was noted during monitoring, the monitoring specialist would mark the corresponding requirement in the drop-down box as well as “NC” beside the header. However, we noted that if ‘NC’ is not marked in the header, the non-compliance will not be carried forward to the monitoring summary report that is reviewed and signed by the center/home administrator and the monitoring specialist.

In addition, we could not determine that the tracking mechanism for monitoring visits is consistently used to ensure that all daycare facilities and homes are monitored in accordance with their applicable Monitoring Frequency Plan (MFP) or that follow-up takes place when non-compliance is noted. Work plan reports are generated in the Child Care Monitoring, Administration and Safety System (CCMASS) to assist with tracking monitoring visits, pending complaints, and Star review visits to be conducted; however, these are not retained by the licensing specialist, so we were unable to verify their use.

**Cause:** Monitoring checklists and summary reports are not sufficiently designed to allow a reviewer to see what has been observed. Additionally, a uniform system to track monitoring visits and non-compliance follow-up has been designed, but the Agency does not require monitors to use it.

**Effect:** The agency is not in compliance with the above stated requirements. If health and safety requirements are not met at each home/center, children in these facilities are at risk for illness and injury. Further, the lack of a required comparison back to the work plan 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 all health and safety requirements were reviewed 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 work plan report and the retention of these real time documents be emphasized to all staff.

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

**Contact Person:** Dione Smith

**Anticipated Completion Date:** December 1, 2021

**Corrective Action Planned:** The Department of Human Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The State Auditor’s Office did not recommend that DHS add an attestation statement to their checklists, this was a compromise reached between the State Auditor’s Office and DHS. At the time the compromise was reached the checklist used by DHS to monitor daycare centers and homes was more detailed. The current checklist provides detail under each header only if you are looking at an electronic version of the checklist where you can click on the header. Once completed by CCS staff, these checklists are maintained in hardcopy/scanned format, therefore it was the hardcopies we used during testwork. In looking at the checklists we, as the auditor, are unable to determine if the CCS staff member properly reviewed all aspects of the checklist since there are no markings required unless the requirement is non-compliance or not required. We cannot say with certainty that health and safety standards have been monitored.

**FINDING NO:** 2020-063

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

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

**CFDA NO:** 93.575, 93.596

**FEDERAL PROGRAM NAME:** CCDF Cluster

**FEDERAL AWARD NUMBER:** 1901OKCCDF and 2001OKCCDF

**FEDERAL AWARD YEAR:** 2019 and 2020

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**CONTROL CATEGORY:** Reporting – SEFA Only

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

2 CFR § 200.502(a) – *Basis for determining Federal awards expended* states in part, “the determination of when a Federal award is expended must be based on when the activity related to the Federal award occurs. Generally, the activity pertains to events that require the non-Federal entity to comply with Federal statutes, regulations, and the terms and conditions of Federal awards ... .”

**Condition and Context:** We noted a variance of approximately \$8,108,752.49 (5.24%) when reconciling the Schedule of Expenditures of Federal Awards (SEFA) to DHS accounting records.

**Cause:** A lack of internal controls to ensure proper review and approval of the SEFA.

**Effect:** Improper review and approval of the SEFA caused Federal expenditures to be materially understated.

**Recommendation:** We recommend that DHS update its review and approval procedures to ensure that information on the Schedule of Expenditures of Federal Awards is reported accurately and in accordance with guidelines. We further recommend an adjustment be made as soon as possible to correct the SEFA.

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

**Contact Person:** Chris Smith

**Anticipated Completion Date:** SFY2021 Submission of SEFA

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-078

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

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

**CFDA NO:** 93.575, 93.596

**FEDERAL PROGRAM NAME:** CCDF Cluster

**FEDERAL AWARD NUMBER:** G1901OKCCDF and G2001OKCCDF

**FEDERAL AWARD YEAR:** 2019 and 2020

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

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

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

**Condition and Context:** In a sample of 86 of 807 Non-Payroll (excluding benefit payments and travel) claims from CCDF-related Direct Cost Pools, we noted 3 instances (3.49%) in which the claim was not reviewed and approved by an individual listed in the authorized signature file.

**Cause:** A lack of internal controls to ensure claims are properly reviewed and approved for allowability.

**Effect:** Failure to properly review and approve expenditure claims could result in unallowable claims being paid.

## Schedule of Findings And Questioned Costs

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**Recommendation:** We recommend that DHS develop and implement appropriate policies and procedures to ensure claims are properly reviewed and approved prior to payment.

**Views of Responsible Official(s)**

**Contact Person:** Jesse Bratton

**Anticipated Completion Date:** June 30, 2021

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-079

**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:** 2019G992201, 2020G992201

**FEDERAL AWARD YEAR:** 2019 and 2020

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

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

The Health and Human Services’ *Instructions for the LIHEAP Performance Data Form for FY 2019* states in part, “The LIHEAP Performance Data Form (LPDF) is designed for State LIHEAP grantees to complete for Federal Fiscal Year 2019. The LPDF consists of the following three Modules:

- I. LIHEAP Grantee Survey [LPDF Module 1]. This Module collects and reports data on sources and uses of LIHEAP funds. NOTE: This Module is required for FY 2019.
- II. LIHEAP Performance Measures [LPDF Module 2]. This Module collects and reports data on energy burden targeting, restoration of home energy service, and prevention of loss of home energy service. NOTE: This Module is required for FY 2019.
- III. LIHEAP Performance Measures (Optional Reporting) [LPDF Module 3]. This Module collects and reports data from state grantees wishing to report additional data on the more advanced LIHEAP performance measures and indicators. NOTE: This Module is optional for FY 2019.”

**Condition and Context:** LIHEAP Performance Measures [LPDF Module 2] reported on the FFY 2019 LIHEAP Performance Data Form for the reporting period ending September 30, 2019 were not supported by source data reviewed.

**Cause:** Per inquiry with the LIHEAP Program Field Representative, OKDHS does not have access to the source data.

**Effect:** LIHEAP Performance Measures reported in Module 2 of the LIHEAP Performance Data Form are unsupported and cannot be verified.

**Recommendation:** We recommend OKDHS ensure that data used to support and calculate LIHEAP Performance Measures is provided to DHS by the entities from where it originated, and such data is properly maintained by DHS. Further, we recommend OKDHS ensure reported totals can be traced back to the source data.

**Views of Responsible Official(s)**

**Contact Person:** Casey Killion-Letran

**Anticipated Completion Date:**

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**Corrective Action Planned:** The Department of Human Services does not agree with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**Auditor Response:** The State Auditor and Inspector’s Office maintains the position that the finding has not been corrected. Per the U.S. Department of Health and Human Services, Administration for Children and Families’ website, “OCS staff are available to assist LIHEAP grantees with the data collection and reporting of these data, as well as how to use OLDC to submit the LIHEAP Household Report. ... APPRISE Incorporated, continues to be available to assist states that need assistance with data collection, reporting, or submission of their *LIHEAP Household Report Long Form for FFY 2020*.” Based on this guidance, it appears that states are responsible for the collection and reporting of the data though assistance is available. Data supporting the LIHEAP Performance Data Form was not provided. Consequently, we are unable to determine compliance with this compliance requirement.

**FINDING NO:** 2020-085

**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:** 2019G992201

**FEDERAL AWARD YEAR:** 2019

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

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

Instructions for the *LIHEAP Household Report Long Form for FFY’19* state, “The purpose of the LIHEAP Household Report is to report on the number of households assisted with all available LIHEAP funds during FY 2019, including those LIHEAP funds obligated in FY 2018, but not expended until FY 2019. Final LIHEAP household data for FY 2019 must be submitted to OCS through ACF’s OLDC system by Friday, February 14, 2020 in preparation for the corresponding Report to Congress.”

**Condition and Context:** Using the LIHEAP benefit data provided by DHS and the LIHEAP Household Report Long Form for FFY19 instructions, we tested the one yearly household report submitted for FFY19. We noted the following:

- Final submission of the Household report was submitted late (March 27, 2020).
- The total number of households receiving "any type of LIHEAP assistance" as reported in the FFY19 household report exceeded underlying data by 15,665 households or 14.77% (15,665/106,088)
- 1 of 12 categories listed under Cooling Assisted Household, 7 of 12 categories listed under ECAP Assisted Household and 6 of 7 categories listed under ECAP Applicant Household were not in agreement with the underlying data:

Cooling Assisted HH				
Data Types	HH Reported Amt (A)	LIHEAP Data Amount (C)	Variance (A - C)	Variance % (A - C)/ A
Elderly/Disabled/Young	37,424	42,631	(5,207)	-13.91%

ECAP Assisted HH				
Data Types	HH Reported Amt	LIHEAP Data Amount	Variance	Variance %

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	(A)	(C)	(A - C)	(A - C)/ A
Under 75% poverty	3,798	4,062	(264)	-6.95%
75% - 100% poverty	1,782	1,323	459	25.76%
101% - 125% poverty	349	474	(125)	-35.82%
126% - 150% poverty	174	71	103	59.20%
Age 5 years or under	1,750	1,601	149	8.51%
Age 2 years or under	1,213	1,067	146	12.04%
Age 3 to 5 years	1,354	1,203	151	11.15%

ECAP Applicant HH				
Data Types	HH Reported Amt (A)	LIHEAP Data Amount (C)	Variance (A - C)	Variance % (A - C)/ A
Under 75% poverty	10,150	13,581	(3,431)	-33.80%
75% - 100% poverty	3,211	1,555	1,656	51.57%
101% - 125% poverty	1,823	559	1,264	69.34%
126% - 150% poverty	956	186	770	80.54%
*Over 150% poverty	21	132	(111)	-528.57%
Data Unavailable	5	-	5	100.00%

**Cause:** The agency did not have adequate internal controls in place that should prevent and/or detect misinformation and late submission of the household report. The system data supporting the reported totals was not properly maintained.

**Effect:** The FFY2019 LIHEAP Household Report is not accurate or timely.

**Recommendation:** We recommend that OKDHS implement procedures to ensure correct and timely data and cutoff dates are used to complete the LIHEAP Household Report each year and the report is submitted timely in accordance with Federal reporting guidelines.

**Views of Responsible Official(s)**

**Contact Person:** Casey Killion-Letran

**Anticipated Completion Date:** 6/30/2020

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-086 (Repeat #2019-050)

**STATE AGENCY:** Oklahoma Department of Human Services (OKDHS)

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

**CFDA NO:** 93.667

**FEDERAL PROGRAM NAME:** Social Services Block Grant

**FEDERAL AWARD NUMBER:** G-1901OKSOSR, G-2001OKSOSR

**FEDERAL AWARD YEAR:** 2019 and 2020

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

**QUESTIONED COSTS:** \$14,479,300

**Criteria:** According to 2 CFR Part 200, Appendix XI, Part 4 applicable to the Social Services Block Grant, a State may transfer up to 10 percent of the combined total of the State family assistance grant, supplemental grant for population increases, and bonus funds for high performance and illegitimacy reduction, if any, (all part of TANF) for a given fiscal year to carry out programs under the SSBG. Such amounts may be used only for programs or services to children or their families whose income is less than 200 percent of the poverty level.

## Schedule of Findings And Questioned Costs

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45 CFR §75.303 states, “The non-Federal entity must:(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government” issued by the Comptroller General of the United States or the “Internal Control Integrated Framework”, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

**Condition and Context:** In SFY 2020, the Oklahoma Department of Human Services (OKDHS) transferred \$14,479,300 in TANF funds to the Social Services Block Grant (SSBG). However, the Agency did not have a process in place to ensure TANF transfers to SSBG are used only for programs or services for children or their families whose income is less than 200 percent of the poverty level.

SAI staff made inquiry to OKDHS in early July 2019 regarding the process in place to ensure these funds are used only for clients who meet the income threshold. Subsequent to SAI’s inquiry, OKDHS began working on a procedure for gathering data and developing a methodology to support that the income threshold related to TANF/SSBG transfers were met. However, the methodology used for SFY 2020 is not appropriately designed to meet the objective of verifying that transfers to SSBG are used only for programs or services to children or their families whose income is less than 200 percent of the poverty level.

As the basis for its methodology, OKDHS used the Random Moment Time Study (RMTS), a sampling method only approved for the purpose of allocating administrative expenditures to various grants in accordance with its Public Assistance Cost Allocation Plan (PACAP), to support that income thresholds related to TANF transfers to SSBG were met. The use of the RMTS methodology was not approved per the Agency’s PACAP or established in its policies and procedures.

OKDHS and our office have contacted the Division of Community Assistance within HHS-ACF for additional clarification on this matter but neither have received a response as of the date of our audit report.

**Cause:** OKDHS used the TANF transfers to SSBG based on the assumption that the population served by the incurred administrative expenditures met the income requirement without implementing a control process as required by 45 CFR §75.303.

**Effect:** OKDHS may have inappropriately expended funds transferred from TANF to SSBG in the amount of \$14,479,300.

**Recommendation:** We recommend the agency design and implement appropriate internal controls and develop written policies and procedures identifying a methodology to ensure compliance with TANF transfers to SSBG income requirements. This methodology should meet the objective of ensuring that all children or their families who benefit from program or services under the SSBG program meet the income requirements and should not be based on a statistical sample of cases supported by RTMS responses.

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

**Contact Person:** Paulette Kendrick, Kevin Haddock, Chris Smith

**Anticipated Completion Date:** Awaiting ACF decision

**Corrective Action Planned:** The Department of Human Services agrees with the finding. Please see the corrective action plan located in the corrective action plan section of this report.

**OKLAHOMA DEPARTMENT OF REHABILITATION SERVICES**

**FINDING NO:** 2020-046 (Repeat #2019-037)

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

**FEDERAL AGENCY:** United States Social Security Administration

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**CFDA NO:** 96.001; 96.006

**FEDERAL PROGRAM NAME:** Disability Insurance/SSI Cluster

**FEDERAL AWARD NUMBER:** 20040KDI00

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Reporting

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR §200.62 states, “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: (1) Permit the preparation of reliable financial statements and Federal reports; (2) Maintain accountability over assets; and (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award; (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.”

Program Operations Manual System (POMS) DI 39506.231 Preparation Instructions for Form SSA-4514 states, “The Form SSA-4514 is used to report the number of hours worked by staffing category and employment status (i.e., full-time, part-time, temporary). This report should reflect all hours worked by personnel engaged in the SSA disability program during the reporting period.”

**Condition and context:** The SSA-4514 for the quarter ending 12/31/2019 reported the following hours worked incorrectly:

- The number of hours reported for Total Direct Personnel Services Total Hours Excluding Overtime (column C) on the SSA-4514 is 0.00 because the full-time and part-time hours totaling 160,755.5 were not carried forward correctly.
- The number of hours reported on Line 1 for Full-time Personnel Overtime Hours (column D) on the SSA-4514 is 2,416.0; however, the Line 4 Total is reported as 0.0. The amount reported was not carried forward to the total line correctly.

Additionally, the SSA-4514 for the quarter ending 06/30/2020 reported the following hours worked incorrectly:

- The number of hours reported for Total Direct Personnel Services Total Hours Excluding Overtime (column C) on the SSA-4514 is 0.00 because the full-time and part-time hours totaling 154,399.8 were not carried forward correctly.
- The number of hours reported on Line 1 for Full-time Personnel Overtime Hours (column D) on the SSA-4514 is 3,498.3; however, the Line 4 Total is reported as 0.0. The amount reported was not carried forward to the total line correctly.

**Cause:** The Department has not implemented an adequate review process to ensure that the hours reported on the SSA-4514 are accurate and agree to supporting documentation.

**Effect:** Inaccurate reporting on the SSA-4514 may result in erroneous cost calculations for the workpower required to process claims. This in turn could cause improper decisions to be made by the federal agency.

**Recommendation:** We recommend the Department implement internal controls to ensure the SSA-4514 is adequately reviewed and agrees to supporting documentation before submission.

**Views of Responsible Official (s)**

**Contact Person:** Jennifer Thornton-Johnson and Cynthia Knight

**Anticipated Completion Date:** 12/31/2020

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**Corrective Action Planned:** Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

**FINDING NO:** 2020-059 (Partial repeat #2019-040)

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

**FEDERAL AGENCY:** United States Social Security Administration

**CFDA NO:** 96.001; 96.006

**FEDERAL PROGRAM NAME:** Disability Insurance/SSI Cluster

**FEDERAL AWARD NUMBER:** 2004OKDI00

**FEDERAL AWARD YEAR:** 2020

**CONTROL CATEGORY:** Special Tests and Provisions – Consultative Examination Process

**QUESTIONED COSTS:** \$0

**Criteria:** 2 CFR §200.62 states “Internal control over compliance requirements for Federal awards means a process implemented by a non-Federal entity designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards: (a) Transactions are properly recorded and accounted for, in order to: (1) Permit the preparation of reliable financial statements and Federal reports; (2) Maintain accountability over assets; and (3) Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award; (b) Transactions are executed in compliance with: (1) Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and (2) Any other Federal statutes and regulations that are identified in the Compliance Supplement; and (c) Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.”

20 CFR §404.1503a states “We will not use in our program any individual or entity, except to provide existing medical evidence, who is currently excluded, suspended, or otherwise barred from participation in the Medicare or Medicaid programs, or any other Federal or Federally-assisted program; whose license to provide health care services is currently revoked or suspended by any State licensing authority pursuant to adequate due process procedures for reasons bearing on professional competence, professional conduct, or financial integrity; or who, until a final determination is made, has surrendered such a license while formal disciplinary proceedings involving professional conduct are pending. By individual or entity, we mean a medical or psychological consultant, consultative examination provider, or diagnostic test facility. Also see §§404.1519 and 404.1519g(b)”.

According to Program Operations Manual System (POMS) DI 39569.300, section C.1.a, “New CE Providers: Prior to using the services of an CE provider...: the agency must 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 certification 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.”

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

### **Condition and Context:**

- When testing a sample of 13 of the 124 New CE providers (10.48% of population), we noted 1 instance where the New Vendor Audit checklist was not properly reviewed and approved by the Professional Relations Officer (PRO) performing the verifications (7.7% error rate).
- When testing the sample of New CE providers, we noted two instances of inactive providers included on the listing of active providers.

**Cause:** The Department has not implemented adequate internal controls to ensure that staff perform and retain documentation of the required medical license and SAM checks for prospective providers. Additionally, it appears the active provider listing was not properly maintained.

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

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**Effect:** Failure to properly perform/maintain documentation of the required medical license and SAM checks prevents the agency from ensuring that only licensed providers or providers that are not suspended/debarred are being utilized. Additionally, failure to maintain a current listing of active providers makes it difficult to ascertain which providers should be subject to compliance requirements.

**Recommendation:** We recommend management review current internal control procedures to determine if these procedures are sufficient to ensure that, before using the services of a new provider, a verification of licenses and check of the System of Award Management is completed, and the documentation is retained. We recommend management also review the current process for compiling and maintaining the listing of active providers to ensure this list is updated in a timely manner.

**Views of Responsible Official(s)**

**Contact Person:** Jennifer Thornton-Johnson

**Anticipated Completion Date:** 6/30/2021

**Corrective Action Planned:** Management concurs with finding. See corrective action plan located in the corrective action plan section of this report.

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

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Agriculture</b>					
Direct and Pass Through Programs:					
Plant and Animal Disease, Pest Control, and Animal Care	10.025		Department of Agriculture	\$ 872,620	
Voluntary Public Access and Habitat Incentive Program	10.093		Department of Wildlife Conservation	743,596	
Inspection Grading and Standardization	10.162		Department of Agriculture	1,116,256	
Market Protection and Promotion	10.163		Department of Agriculture	29,400	
Specialty Crop Block Grant Program - Farm Bill	10.170		Department of Agriculture	191,089	
Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	10.475		Department of Agriculture	853,989	
SNAP Fraud Framework Implementation Grant	10.535		Department of Human Services	50,259	
Supplemental Nutrition Assistance Program	10.551		Department of Human Services	944,839,662	⊛
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		Department of Human Services	40,836,205	⊛
			SNAP Cluster Total	985,675,867	⊛ ⊛
School Breakfast Program	10.553		Department of Education	47,930,518	⊛
COVID-19 School Breakfast Program	10.553		Department of Education	14,256,840	⊛
			Program Total	62,187,358	⊛
National School Lunch Program	10.555		Department of Education	133,407,779	⊛
National School Lunch Program	⊛ 10.555		Department of Human Services	23,988,344	⊛
COVID-19 National School Lunch Program	10.555		Department of Education	23,669,361	⊛
COVID-19 National School Lunch Program	⊛ 10.555		Department of Human Services	414,959	⊛
			Program Total	181,480,443	⊛
Special Milk Program for Children	10.556		Department of Education	4,534	⊛
Summer Food Service Program for Children	10.559		Department of Education	5,366,411	⊛
Summer Food Service Program for Children	⊛ 10.559		Department of Human Services	23,432	⊛
COVID-19 Summer Food Service Program for Children	10.559		Department of Education	14,756,645	⊛
			Program Total	20,146,488	⊛
			Child Nutrition Cluster Total	263,818,823	⊛ ⊛
WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557		State Department of Health	72,111,017	6,757,835
COVID-19 WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557		State Department of Health	288,302	
			Program Total	72,399,319	6,757,835
Child and Adult Care Food Program	10.558		Department of Education	50,768,874	50,530,023
COVID-19 Child and Adult Care Food Program	10.558		Department of Education	11,680,926	11,680,926
			Program Total	62,449,800	⊛ 62,210,949
State Administrative Expenses for Child Nutrition	10.560		Department of Education	3,284,801	520,330
State Administrative Expenses for Child Nutrition	10.560		Department of Human Services	2,047,821	
			Program Total	5,332,622	520,330

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Commodity Supplemental Food Program	10.565		Department of Human Services	1,255,048	282,931
Emergency Food Assistance Program (Administrative Costs)	10.568		Department of Human Services	1,263,885	1,242,052
Emergency Food Assistance Program (Food Commodities)	* 10.569		Department of Human Services	22,877,346	
			Food Distribution Cluster Total	25,396,279	1,524,983
Senior Farmers Market Nutrition Program	10.576		Department of Human Services	45,143	
Child Nutrition Discretionary Grants Limited Availability	10.579		Department of Education	819,969	819,969
Fresh Fruit and Vegetable Program	10.582		Department of Education	1,789,119	1,789,119
Forestry Research	10.652		Department of Agriculture	338,380	
Cooperative Forestry Assistance	10.664		Department of Agriculture	1,839,250	
Distance Learning and Telemedicine Loans and Grants	10.855		Department of Corrections	215,892	
Soil and Water Conservation	10.902		Department of Agriculture	8,646	
Soil and Water Conservation	10.902		Conservation Commission	698,277	
			Program Total	706,923	-
Watershed Protection Flood Prevention	10.904		Conservation Commission	160,060	
Environmental Quality Incentives Program	10.912		Conservation Commission	15,799	
Watershed Rehabilitation Program	10.916		Conservation Commission	1,260,767	
Agricultural Conservation Easement Program	10.931		Department of Wildlife Conservation	28,000	
Cost Reimbursement Contract - McGee Creek Project	10.UNK		Department of Wildlife Conservation	141,647	
U.S. Department of Agriculture-Subtotal				\$ 1,426,290,868	\$ 321,492,069
<b>U.S. Department of Commerce</b>					
Direct and Pass Through Programs:					
Cost Reimbursement Contract: Economic Adjustment Assistance	11.307		Oklahoma Center for the Advancement of Science and Technology	13,920	13,920
			Economic Development Cluster Total	13,920	13,920
COVID-19 State and Local Implementation Grant Program	11.549		Office of Management and Enterprise Services	250,141	
U.S. Department of Commerce-Subtotal				\$ 264,061	\$ 13,920
<b>U.S. Department of Defense</b>					
Direct and Pass Through Programs:					
Procurement Technical Assistance For Business Firms	12.002		Department of Career & Technology Education	787,832	364,812
COVID-19 Procurement Technical Assistance for Business Firms	12.002		Department of Career & Technology Education	4,244	
			Program Total	792,076	364,812
Cost Reimbursement Contract - Military Construction, National Guard	12.400		Oklahoma Military Department	8,582,787	
Cost Reimbursement Contract - National Guard Military Operations and Maintenance (O&M) Projects	12.401		Oklahoma Military Department	41,831,485	
Cost Reimbursement Contract - National Guard ChalleNGe Program	12.404		Oklahoma Military Department	5,357,051	
Troops to Teachers grant Program	12.620		Department of Education	251,415	
U.S. Department of Defense-Subtotal				\$ 56,814,814	\$ 364,812

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Housing and Urban Development</b>					
Direct and Pass Through Programs:					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	14.228		Department of Commerce	12,773,019 ♦	12,202,913
Emergency Solutions Grant Program	14.231		Department of Commerce	1,510,702 ♦	1,421,281
Shelter Plus Care	14.238		Mental Health and Substance Abuse Services	495,680	185,638
Hurricane Sandy Community Development Block Grant Disaster Recovery Grants (CDBG-DR)	14.269		Department of Commerce	1,116,364 ☼	936,878
			CDBG-Disaster Recovery Grants - Pub. L. No. 113-2 Cluster Total	1,116,364 ☼ ♦	936,878
U.S. Department of Housing and Urban Development-Subtotal				<u>\$ 15,895,765</u>	<u>\$ 14,746,710</u>
<b>U.S. Department of the Interior</b>					
Direct and Pass Through Programs:					
Road Maintenance - Indian Roads	15.033	900005997; 900007830; 9000007851; 9000008177	Pass-through from Seminole Nation to Department of Transportation	2,425	
Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	15.250		Department of Mines	1,170,897	
Abandoned Mine Land Reclamation (AMLR)	15.252		Conservation Commission	1,846,564	
Federal Oil and Gas Royalty Management State and Tribal Coordination	15.427		State Auditor and Inspector	442,971	
Title XVI Water Reclamation and Reuse	15.504		Water Resources Board	14,784	
Title XVI Water Reclamation and Reuse	15.504		Department of Tourism and Recreation	90,076	
			Program Total	<u>104,860</u>	<u>-</u>
Fish and Wildlife Management Assistance	15.608		Department of Wildlife Conservation	50,210	
Sport Fish Restoration Program	15.605		Department of Wildlife Conservation	7,390,180 ☼	793,737
Wildlife Restoration and Basic Hunter Education	15.611		Department of Wildlife Conservation	20,150,660 ☼	2,034,774
Enhanced Hunter Education and Safety	15.626		Department of Wildlife Conservation	155,802 ☼	
			Fish and Wildlife Cluster Total	27,696,642 ☼ ♦	2,828,511
Cooperative Endangered Species Conservation Fund	15.615		Department of Wildlife Conservation	100,590	55,591
Clean Vessels	15.616		Department of Environmental Quality	279,484	
Partners for Fish and Wildlife	15.631		Conservation Commission	100,000	
Partners for Fish and Wildlife	15.631		Department of Wildlife Conservation	256,519	
			Program Total	<u>356,519</u>	<u>-</u>
State Wildlife Grants	15.634		Department of Wildlife Conservation	650,676	546,732
Historic Preservation Fund Grants-In-Aid	15.904		Historical Society	1,031,435	606,258
Outdoor Recreation - Acquisition, Development and Planning	15.916		Department of Tourism and Recreation	473,389	465,118
National Ground-Water Monitoring Network	15.980		Water Resources Board	13,885	
Water Use and Data Research	15.981		Water Resources Board	51,237	
U.S. Department of the Interior-Subtotal				<u>\$ 34,271,784</u>	<u>\$ 4,502,210</u>

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Justice</b>					
Direct and Pass Through Programs:					
Sexual Assault Services Formula Program	16.017		District Attorneys Council	340,834	332,897
COVID 19 Coronavirus Emergency Supplemental Funding Program	16.034		District Attorneys Council	232,931	44,585
COVID 19 Coronavirus Emergency Supplemental Funding Program	16.034		Attorney General	83,927	
COVID 19 Coronavirus Emergency Supplemental Funding Program	16.034		State Bureau of Investigation	356,790	
				<u>Program Total</u>	<u>44,585</u>
				673,648	
Juvenile Justice and Delinquency Prevention	16.540		Office of Juvenile Affairs	264,369	
Juvenile Justice and Delinquency Prevention	16.540		District Attorneys Council	9,841	366
				<u>Program Total</u>	<u>366</u>
				274,210	
Missing Children's Assistance	16.543		State Bureau of Investigation	257,733	
State Justice Statistics Program for Statistical Analysis Centers	16.550		State Bureau of Investigation	74,613	
National Criminal History Improvement Program (NCHIP)	16.554		District Attorneys Council	536,436	529,499
National Criminal History Improvement Program (NCHIP)	16.554		State Bureau of Investigation	255,848	
				<u>Program Total</u>	<u>529,499</u>
				792,284	
Crime Victim Assistance	16.575		District Attorneys Council	27,112,687	23,364,926
Crime Victim Assistance	16.575		Medicolegal Investigation Board	22,921	
Crime Victim Assistance	16.575		Attorney General	158,187	
Crime Victim Assistance	16.575		State Bureau of Investigation	95,454	
				<u>Program Total</u>	<u>23,364,926</u>
				27,389,249	
Crime Victim Compensation	16.576		District Attorneys Council	1,464,856	1,402,048
Crime Victim Assistance/Discretionary Grants	16.582		District Attorneys Council	187,648	99,679
Crime Victim Assistance/Discretionary Grants	16.582		Mental Health and Substance Abuse Services	131,850	15,327
				<u>Program Total</u>	<u>115,006</u>
				319,498	
Drug Court Discretionary Grant Program	16.585		Mental Health and Substance Abuse Services	792,885	485,101
Violence Against Women Formula Grants	16.588		District Attorneys Council	2,054,599	1,073,195
Violence Against Women Formula Grants	16.588		Attorney General	226,416	
Violence Against Women Formula Grants	16.588		Department of Corrections	(14,214)	
				<u>Program Total</u>	<u>1,073,195</u>
				2,266,801	
Rural Domestic Violence, Dating Violence, Sexual Assault, and Stalking Assistance Program	16.589		District Attorneys Council	240,929	1,554
Grants to Encourage Arrest Policies and Enforcement of Protection Orders Program	16.590		District Attorneys Council	173,772	67,536
Residential Substance Abuse Treatment for State Prisoners	16.593		District Attorneys Council	8,837	1,042
Residential Substance Abuse Treatment for State Prisoners	16.593		Department of Corrections	260,300	
Residential Substance Abuse Treatment for State Prisoners	16.593		Mental Health and Substance Abuse Services	124,450	
Residential Substance Abuse Treatment for State Prisoners	16.593		Office of Juvenile Affairs	121,059	
				<u>Program Total</u>	<u>1,042</u>
				514,646	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
State Criminal Alien Assistance Program	16.606		Department of Corrections	1,884,206	
Bulletproof Vest Partnership Program	16.607		Department of Corrections	6,584	
Project Safe Neighborhood	16.609		District Attorneys Council	325,949	93,413
Public Safety Partnership and Community Policing Grants	16.710		Bureau of Narcotics & Dangerous Drugs Control	410,360	
Edward Byrne Memorial Justice Assistance Grant Program	16.738		District Attorneys Council	2,436,533	372,737
Edward Byrne Memorial Justice Assistance Grant Program	16.738		Department of Corrections	59,057	
			Program Total	2,495,590	372,737
DNA Backlog Reduction Program	16.741		State Bureau of Investigation	680,366	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		District Attorneys Council	52,933	44,768
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		State Bureau of Investigation	213,621	
Paul Coverdell Forensic Sciences Improvement Grant Program	16.742		Medicolegal Investigation Board	44,219	
			Program Total	310,773	44,768
Criminal and Juvenile Justice and Mental Health Collaboration Program	16.745		Mental Health and Substance Abuse Services	86,860	
Support for Adam Walsh Act Implementation Grant Program	16.750		Department of Corrections	24,660	
Harold Rogers Prescription Drug Monitoring Program	16.754		Bureau of Narcotics & Dangerous Drugs Control	839,721	
NICS Act Record Improvement Program (NARIP)	16.813		State Bureau of Investigation	638,637	
NICS Act Record Improvement Program (NARIP)	16.813		District Attorneys Council	235,466	228,921
			Program Total	874,103	228,921
John R. Justice Prosecutors and Defenders Incentive Act	16.816		District Attorneys Council	34,927	34,927
Postconviction Testing of DNA Evidence	16.820		State Bureau of Investigation	175,373	
Justice Reinvestment Initiative	16.827		Mental Health and Substance Abuse Services	1,020,812	328,817
Justice Reinvestment Initiative	16.827		Department of Corrections	135,960	
			Program Total	1,156,772	328,817
Innovative Responses to Behavior in the Community: Swift, Certain, and Fair Supervision Program	16.828		Department of Corrections	219,285	
National Sexual Assault Kit Initiative (SAKI)	16.833		Attorney General	103,904	
STOP School Violence	16.839		Department of Education	308,725	
U.S. Department of Justice-Subtotal				<u>\$ 45,514,116</u>	<u>\$ 28,521,338</u>
<b>U.S. Department of Labor</b>					
Direct and Pass Through Programs:					
Labor Force Statistics	17.002		Employment Security Commission	820,046	
Compensation and Working Conditions	17.005		Department of Labor	37,321	
Employment Service/Wagner-Peyser Funded Activities	17.207		Employment Security Commission	8,226,824	⊗
Employment Service/Wagner-Peyser Funded Activities	17.207		Office of Management and Enterprise Services	83,387	⊗
			Program Total	8,310,211	-
Jobs for Veterans State Grants	17.801		Employment Security Commission	1,671,697	⊗
Local Veterans' Employment Representative Program	17.804		Employment Security Commission	561,200	⊗
			Employment Service Cluster Total	2,232,897	⊗

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Workforce Innovation and Opportunity (WIAO) Adult Programs	17.258		Department of Commerce	670,122 ☹	136,770
Workforce Innovation and Opportunity (WIAO) Youth Activities	17.259		Department of Commerce	1,373,158 ☹	1,010,556
Workforce Innovation and Opportunity (WIAO) Dislocated Worker Formula Grants	17.278		Department of Commerce	852,089 ☹	409,756
			WIOA Cluster Total	2,895,369 ☹ ♦	1,557,082
Unemployment Insurance	17.225		Employment Security Commission	917,615,156	
COVID-19 Unemployment Insurance	17.225		Employment Security Commission	1,404,145,474	
			Program Total	2,321,760,630 ☹	-
Senior Community Service Employment Program	17.235		Department of Human Services	1,232,175	757,784
Trade Adjustment Assistance	17.245		Employment Security Commission	2,405,767	
Work Opportunity Tax Credit Program (WOTC)	17.271		Employment Security Commission	289,064	
Temporary Labor Certification for Foreign Workers	17.273		Employment Security Commission	89,524	
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277		Employment Security Commission	2,856,539	
Apprenticeship USA Grants	17.285		Department of Commerce	24,767	
Consultation Agreements	17.504		Department of Labor	1,376,241	
Mine Health and Safety Grants	17.600		Department of Mines	81,864	81,864
U.S. Department of Labor-Subtotal				\$ 2,344,412,415	\$ 2,396,730
<b>U.S. Department of Transportation</b>					
Direct and Pass Through Programs:					
GA Grant Runway FAA Spall Repair/Rehab	20.UNK		Space Industry Development Authority	35,100	
Airport Improvement Program	20.106		Aeronautics Commission	358,457	
Highway Research and Development Program	20.200		Department of Transportation	(652,006)	2,138
Highway Planning and Construction	20.205		Department of Transportation	747,654,545 ☹	4,841,702
Highway Planning and Construction	20.205	900000778	Pass-Through from Chickasaw Nation to Department of Transportation	1,632,000 ☹	
		9000006077;			
		9000007187;			
		9000007765;			
		9000008098;			
		9000008097;			
		9000008498;			
Highway Planning and Construction	20.205	9000008911;	Pass-Through from Texas Department of Transportation to Department of Transportation	10,666,290 ☹	
		9000009468	Transportation		
			Program Total	759,952,835 ☹	4,841,702
Recreational Trails Program	20.219		Department of Tourism and Recreation	1,022,087 ☹	865,501
			Highway Planning and Construction Cluster Total	760,974,922 ☹	5,707,203
Highway Training and Education	20.215		Department of Transportation	684,975	
Motor Carrier Safety Assistance	20.218		Department of Public Safety	2,141,334	
Motor Carrier Safety Assistance High Priority Activities Grants and Cooperative Agreements (Commercial Vehicle Info Systems and Networks)	20.237		Department of Transportation	813,443	
Federal Transit - Capital Investments	20.500		Department of Transportation	129,600 ☹	
Bus and Bus Facilities Formula, Competitive, and Low or No Emissions Programs	20.526		Department of Transportation	7,108,330 ☹	7,108,330
			Federal Transit Cluster Total	7,237,930 ☹	7,108,330

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505		Department of Transportation	1,364,415	1,242,546
Formula Grants for Rural Areas and Tribal Transit Program	20.509		Department of Transportation	16,902,688	14,364,247
COVID-19 Formula Grants for Rural Areas and Tribal Transit Program	20.509		Department of Transportation	5,280,885	5,280,885
			Program Total	22,183,573	19,645,132
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513		Department of Human Services	742,222	
			Transit Services Programs Cluster Total	742,222	-
Rail Fixed Guideway Public Transportation System State Safety Oversight Formula Grant Program	20.528		Department of Transportation	79,695	71,929
Cost Reimbursement Contract - National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614		Department of Public Safety	69,723	
E-911 Grant Program	20.615		Department of Emergency Management	41,175	41,175
E-911 Grant Program	20.615		Conservation Commission	9,825	
			Program Total	51,000	41,175
State and Community Highway Safety	20.600		Mental Health and Substance Abuse Services	19,065	
State and Community Highway Safety	20.600		Department of Public Safety	3,551,022	1,847,115
			Program Total	3,570,087	1,847,115
National Priority Safety Programs	20.616		Department of Public Safety	2,387,057	880,835
National Priority Safety Programs	20.616		State Bureau of Investigation	199,232	
National Priority Safety Programs	20.616		Mental Health and Substance Abuse Services	43,303	
National Priority Safety Programs	20.616		District Attorneys Council	155,146	
			Program Total	2,784,738	880,835
			Highway Safety Cluster Total	6,354,825	2,727,950
Cost Reimbursement Contract - Pipeline Safety Program State Based Grant	20.700		Corporation Commission	1,743,914	
Interagency Hazardous Materials Public Sector Training and Planning Grants	20.703		Department of Emergency Management	608,700	(66,218)
National Infrastructure Investments	20.933		Department of Transportation	5,526,555	
U.S. Department of Transportation- Subtotal				\$ 810,318,777	\$ 36,480,185
<b>U.S. Department of the Treasury</b>					
Direct and Pass Through Programs:					
COVID-19 Coronavirus Relief Fund	21.019		State of Oklahoma	\$ 3,840,245	\$ 3,824,358
COVID-19 Coronavirus Relief Fund	21.019		Accountancy Board	69	
COVID-19 Coronavirus Relief Fund	21.019		Oklahoma Military Department	388,076	
COVID-19 Coronavirus Relief Fund	21.019		Board of Licensed Architecture Professionals	827	
COVID-19 Coronavirus Relief Fund	21.019		Department of Agriculture	150,156	
COVID-19 Coronavirus Relief Fund	21.019		Attorney General	368,145	
COVID-19 Coronavirus Relief Fund	21.019		Oklahoma Arts Council	15,927	
COVID-19 Coronavirus Relief Fund	21.019		Aeronautics Commission	15,203	
COVID-19 Coronavirus Relief Fund	21.019		Office of Management and Enterprise Services	1,054,821	
COVID-19 Coronavirus Relief Fund	21.019		Department of Mines	28,713	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
COVID-19 Coronavirus Relief Fund	21.019		Oklahoma Commission on Children and Youth	357	
COVID-19 Coronavirus Relief Fund	21.019		Department of Corrections	615,017	
COVID-19 Coronavirus Relief Fund	21.019		Board of Behavior Health Licensure	4	
COVID-19 Coronavirus Relief Fund	21.019		Department of Commerce	41,144	
COVID-19 Coronavirus Relief Fund	21.019		Corporation Commission	39,590	
COVID-19 Coronavirus Relief Fund	21.019		Cosmetology Board	6,418	
COVID-19 Coronavirus Relief Fund	21.019		District Attorney's Council	42,005	
COVID-19 Coronavirus Relief Fund	21.019		Department of Education	6,599	
COVID-19 Coronavirus Relief Fund	21.019		Merit Protection	91	
COVID-19 Coronavirus Relief Fund	21.019		State Auditor and Inspector	9,119	
COVID-19 Coronavirus Relief Fund	21.019		Governor's Office	149,527	
COVID-19 Coronavirus Relief Fund	21.019		Pardon and Parole	5,074	
COVID-19 Coronavirus Relief Fund	21.019		Interstate Oil	4,042	
COVID-19 Coronavirus Relief Fund	21.019		Office of Disability Concerns	5,993	
COVID-19 Coronavirus Relief Fund	21.019		Department of Health	73,132,882	
COVID-19 Coronavirus Relief Fund	21.019		Historical Society	8,634	
COVID-19 Coronavirus Relief Fund	21.019		Department of Transportation	604,137	
COVID-19 Coronavirus Relief Fund	21.019		Horse Racing Commission	364	
COVID-19 Coronavirus Relief Fund	21.019		Insurance Department	2,531	
COVID-19 Coronavirus Relief Fund	21.019		Office of Juvenile Affairs	22,508	
COVID-19 Coronavirus Relief Fund	21.019		Department of Labor	36,098	
COVID-19 Coronavirus Relief Fund	21.019		Commissioners of the Land	687	
COVID-19 Coronavirus Relief Fund	21.019		Law Enforcement Educ & Training	78,985	
COVID-19 Coronavirus Relief Fund	21.019		Law Enforcement Retirement	2,099	
COVID-19 Coronavirus Relief Fund	21.019		House of Representatives	13,193	
COVID-19 Coronavirus Relief Fund	21.019		Lottery Commission	431	
COVID-19 Coronavirus Relief Fund	21.019		Mental Health and Substance Abuse	866,972	
COVID-19 Coronavirus Relief Fund	21.019		Bureau of Narcotics & Dangerous Drugs Control	2,728	
COVID-19 Coronavirus Relief Fund	21.019		Nursing Board	1,081	
COVID-19 Coronavirus Relief Fund	21.019		Pharmacy Board	532	
COVID-19 Coronavirus Relief Fund	21.019		Private Vocational Schools	4,023	
COVID-19 Coronavirus Relief Fund	21.019		Department of Public Safety	107,462	
COVID-19 Coronavirus Relief Fund	21.019		Physicians' Manpower	6,203	
COVID-19 Coronavirus Relief Fund	21.019		School of Science and Mathematics	352	
COVID-19 Coronavirus Relief Fund	21.019		Consumer Credit	1,056	
COVID-19 Coronavirus Relief Fund	21.019		Conservation Commission	2,056	
COVID-19 Coronavirus Relief Fund	21.019		J.D. McCarty Center	1,138,139	
COVID-19 Coronavirus Relief Fund	21.019		Oklahoma Tax Commission	83,084	
COVID-19 Coronavirus Relief Fund	21.019		Teachers' Retirement	6,005	
COVID-19 Coronavirus Relief Fund	21.019		Board of Alcohol & Drug Tests	2,388	
COVID-19 Coronavirus Relief Fund	21.019		Department of Career & Technology Education	139,993	
COVID-19 Coronavirus Relief Fund	21.019		Virtual Charter School Board	120	
COVID-19 Coronavirus Relief Fund	21.019		Department of Rehabilitation Services	4,124	
			Program Total	83,056,029	3,824,358
U.S. Department of the Treasury-Subtotal				\$ 83,056,029	\$ 3,824,358
<b>General Services Administration</b>					
Direct and Pass Through Programs:					
Donation of Federal Surplus Personal Property	39.003		Office of Management and Enterprise Services-DCAM	906,938	
General Services Administration-Subtotal				\$ 906,938	\$ -

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>National Foundation on the Arts and the Humanities</b>					
Direct and Pass Through Programs:					
Promotion of the Arts Partnership Agreements	45.025		State Arts Council	967,143	
Grants to States	45.310		Department of Libraries	1,583,085	343,092
COVID-19 Grants to States	45.310		Department of Libraries	60,000	53,274
				<u>Program Total</u>	<u>396,366</u>
				<u>1,643,085</u>	
National Foundation on the Arts and the Humanities-Subtotal				<u>\$ 2,610,228</u>	<u>\$ 396,366</u>
<b>U.S. Small Business Administration</b>					
Direct and Pass Through Programs:					
State Trade Expansion Program	59.061		Department of Commerce	4,850	
U.S. Small Business Administration-Subtotal				<u>\$ 4,850</u>	<u>\$ -</u>
<b>U.S. Department of Veterans Affairs</b>					
Direct and Pass Through Programs:					
Grants to States for Construction of State Home Facilities	64.005		Department of Veterans Affairs	383,580	
Veterans State Nursing Home Care	64.015		Department of Veterans Affairs	102,507,528	
Transportation of Veterans in Highly Rural Areas	64.035		Department of Veterans Affairs	25,367	
All-Volunteer Force Educational Assistance	64.124		Department of Veterans Affairs	592,718	
U.S. Department of Veterans Affairs-Subtotal				<u>\$ 103,509,193</u>	<u>\$ -</u>
<b>U.S. Environmental Protection Agency</b>					
Direct and Pass Through Programs:					
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		Department of Environmental Quality	530,699	
State Clean Diesel Grant Program	66.040		Department of Environmental Quality	437,612	
Multipurpose Grants to States and Tribes	66.204		Corporation Commission	37,368	
Water Pollution Control State, Interstate and Tribal Program Support	66.419	OK292PT2928126320; OK292PT2928131618; OK292PT2928131718	Pass-Through from Sec. of Energy & Enviro. to Water Resources Board	472,546	
State Underground Water Source Protection	66.433		Corporation Commission	212,784	
Lead Testing in Schools	66.444		Department of Environmental Quality	87,419	
Water Quality Management Planning	66.454	OK292PT2928139419	Pass-Through from Sec. of Energy & Enviro. to Water Resources Board	70,015	
Capitalization Grants for Clean Water State Revolving Funds	66.458		Water Resources Board	15,409,263	15,409,263
			Clean Water State Revolving Fund Cluster Total	15,409,263	15,409,263
Nonpoint Source Implementation Grants	66.460		Department of Environmental Quality		

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Nonpoint Source Implementation Grants	66.460	OK292PT2928130017; OK292PT2928131319; OK292PT2928131320; OK292PT2928131419; OK292PT2928131420; OK292PT2928131519; OK292PT2928131520;	Pass-Through from Sec. of Energy & Environment to Conservation Commission	2,967,112	
Nonpoint Source Implementation Grants	66.460	OK292PT2928134018	Conservation Commission	39,358	
			Program Total	3,006,470	-
Regional Wetland Program Development Grants	66.461	OK292PT2928133817; OK292PT2928139319	Pass-Through from Sec. of Energy & Environment to Water Resources Board	115,595	
Capitalization Grants for Drinking Water State Revolving Funds	66.468		Department of Environmental Quality	9,661,891	5,341,551
			Drinking Water State Revolving Fund Cluster Total	9,661,891	5,341,551
Performance Partnership Grants	66.605		Department of Environmental Quality	3,479,989	
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		Department of Environmental Quality	1,485	
Environmental Information Exchange Network Grant Program and Related Assistance	66.608		Water Resources Board	487,458	
			Program Total	488,943	-
Consolidated Pesticide Enforcement Cooperative Agreements	66.700		Department of Agriculture	586,503	
Toxic Substances Compliance Monitoring Cooperative Agreements	66.701		Department of Labor	159,165	
Pollution Prevention Grants Program	66.708		Department of Environmental Quality	108	
Superfund State, Political Subdivision, and Indian Tribe Site-Specific Cooperative Agreements	66.802		Department of Environmental Quality	6,564,597	
Underground Storage Tank (UST) Prevention, Detection and Compliance Program	66.804		Corporation Commission	494,719	
Leaking Underground Storage Tank Trust Fund Corrective Action Program	66.805		Corporation Commission	716,848	
State and Tribal Response Program Grants	66.817		Corporation Commission	185,194	
State and Tribal Response Program Grants	66.817		Department of Environmental Quality	512,707	
			Program Total	697,901	-
Brownfields Assessment and Cleanup Cooperative Agreements	66.818		Department of Environmental Quality	16,382	
U.S. Environmental Protection Agency-Subtotal				\$ 43,246,817	\$ 20,750,814
<b>U.S. Department of Energy</b>					
Direct and Pass Through Programs:					
State Energy Program	81.041		Department of Commerce	377,441	91,798
Weatherization Assistance for Low-Income Persons	81.042		Department of Commerce	1,679,217	1,306,829
U.S. Department of Energy-Subtotal				\$ 2,056,658	\$ 1,398,627

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
<b>U.S. Department of Education</b>					
Direct and Pass Through Programs:					
Adult Education - Basic Grants to States	84.002		Department of Corrections	284,954	
Adult Education - Basic Grants to States	84.002		Department of Career & Technology Education	6,308,017	4,945,830
COVID-19 - Adult Education - Basic Grants to States	84.002		Department of Corrections	3,355	
COVID-19 - Adult Education - Basic Grants to States	84.002		Department of Career & Technology Education	14,485	
				<u>Program Total</u>	<u>4,945,830</u>
				6,610,811	
Title I Grants to Local Educational Agencies	84.010		Department of Education	198,710,112	196,666,068
Title I Grants to Local Educational Agencies	84.010		Office of Juvenile Affairs	45,459	
				<u>Program Total</u>	<u>196,666,068</u>
				198,755,571	
Migrant Education State Grant Program	84.011		Department of Education	950,819	586,233
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Department of Education	(119,006)	
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Department of Corrections	13,016	
Title I State Agency Program for Neglected and Delinquent Children and Youth	84.013		Office of Juvenile Affairs	184,744	
				<u>Program Total</u>	<u>-</u>
				78,754	
Special Education Grants to States	84.027		Department of Education	154,644,814	139,887,934
Special Education Grants to States	84.027		Office of Juvenile Affairs	31,362	
				<u>Program Total</u>	<u>139,887,934</u>
				154,676,176	
Special Education Preschool Grants	84.173		Department of Education	3,247,369	3,102,088
			Special Education Cluster (IDEA) Total	157,923,545	142,990,022
Career and Technical Education - Basic Grants to States	84.048		Department of Career & Technology Education	15,428,816	12,546,428
COVID-19 Career and Technical Education - Basic Grants to States	84.048		Department of Career & Technology Education	30,577	
				<u>Program Total</u>	<u>12,546,428</u>
				15,459,393	
Rehabilitation Services Vocational Rehabilitation Grants to States	84.126		Department of Rehabilitation Services	40,146,616	
Migrant Education Coordination Program	84.144		Department of Education	47,458	
Rehabilitation Services Client Assistance Program	84.161		Office of Disability Concerns	143,556	
Rehabilitation Services Independent Living Services for Older Individuals Who are Blind	84.177		Department of Rehabilitation Services	319,126	
Special Education - Grants for Infants and Families	84.181		Department of Education	217,680	
Special Education - Grants for Infants and Families	84.181		State Department of Health	4,691,721	
COVID-19 Special Education - Grants for Infants and Families	84.181		State Department of Health	215,797	
				<u>Program Total</u>	<u>-</u>
				5,125,198	
School Safety National Activities (formerly, Safe and Drug-Free Schools and Communities-National Programs)	84.184		Department of Education	1,898,117	
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	739,810	725,657
Javits Gifted and Talented Students Education	84.206		Department of Education	434,849	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Twenty-First Century Community Learning Centers	84.287		Department of Education	10,649,066	9,925,089
Indian Education - Special Programs for Indian Children	84.299		Department of Education	908,537	
Special Education - State Personnel Development	84.323		Department of Education	813,384	
Rural Education	84.358		Department of Education	5,231,914	5,055,243
English Language Acquisition State Grants	84.365		Department of Education	6,531,971	6,248,518
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		Department of Education	18,315,064	17,106,407
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367		Office of Juvenile Affairs	6,000	
			Program Total	18,321,064	17,106,407
Grants for State Assessments and Related Activities	84.369		Department of Education	6,457,574	
Comprehensive Literacy Development (Striving Readers 2018)	84.371		Department of Education	6,026,839	5,763,890
School Improvement Grants	84.377		Department of Education	2,775,700	2,650,477
Performance Partnership Pilots for Disconnected Youth	84.420		Department of Human Services	29	
Student Support and Academic Enrichment Program	84.424		Department of Education	6,355,429	6,192,061
Student Support and Academic Enrichment Program	84.424		Office of Juvenile Affairs	30,000	
			Program Total	6,385,429	6,192,061
COVID-19 Education Stabilization Fund	84.425		Department of Education	10,281,318	7,642,720
U.S. Department of Education-Subtotal				\$ 503,316,448	\$ 419,044,643
<b>National Archives and Records Administration</b>					
Direct and Pass Through Programs:					
National Historical Publications and Records Grants	89.003		Department of Libraries	24,297	13,277
National Archives and Records Administration - Subtotal				\$ 24,297	\$ 13,277
<b>U.S. Election Assistance Commission</b>					
Direct and Pass Through Programs:					
Help America Vote Act Requirements Payments	90.401		State Election Board	709,859	
2018 HAVA Election Security Grants	90.404		State Election Board	1,081,913	
U.S. Election Assistance Commission - Subtotal				\$ 1,791,772	\$ -
<b>U.S. Department of Health and Human Services</b>					
Direct and Pass Through Programs:					
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041		Department of Human Services	66,881	56,689
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042		Department of Human Services	206,092	
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043		Department of Human Services	391,802	371,957
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044		Department of Human Services	4,104,738	3,977,558
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		Department of Human Services	8,045,087	7,967,927
COVID-19 - Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045		Department of Human Services	1,267,142	
			Program Total	9,312,229	7,967,927

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Nutrition Services Incentive Program	93.053		Department of Human Services	1,150,997	1,141,446
				Aging Cluster Total 14,567,964	13,086,931
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		Insurance Department	241,949	
Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		Department of Human Services	(1,143)	
COVID-19 Special Programs for the Aging, Title IV, and Title II, Discretionary Projects	93.048		Department of Human Services	10,763	
				Program Total 251,569	-
National Family Caregiver Support, Title III, Part E	93.052		Department of Human Services	2,928,217	2,595,249
Public Health Emergency Preparedness	93.069		State Department of Health	7,946,036	1,387,080
COVID-19 Public Health Emergency Preparedness	93.069		State Department of Health	607,216	
				Program Total 8,553,252	1,387,080
Medicare Enrollment Assistance Program	93.071		Insurance Department	208,857	
Medicare Enrollment Assistance Program	93.071		Department of Human Services	204,562	
				Program Total 413,419	-
Lifespan Respite Care Program	93.072		Department of Human Services	284,023	
Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		State Department of Health	194,536	
COVID-19 Birth Defects and Developmental Disabilities - Prevention and Surveillance	93.073		State Department of Health	3,680	
				Program Total 198,216	-
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074		State Department of Health	1,097,114	987,621
Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		State Department of Health	99,425	
COVID-19 Cooperative Agreements to Promote Adolescent Health through School-Based HIV/STD Prevention and School-Based Surveillance	93.079		State Department of Health	421	
				Program Total 99,846	-
Enhance Safety of Children Affected by Substance Abuse	93.087		Mental Health and Substance Abuse Services	652,496	
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		State Department of Health	722,009	559,196
COVID-19 Affordable Care Act (ACA) Personal Responsibility Education Program	93.092		State Department of Health	145	
				Program Total 722,154	559,196
Food and Drug Administration - Research	93.103		Department of Agriculture	571,446	
COVID-19 Food and Drug Administration - Research	93.103		State Department of Health	347,159	
				Program Total 918,605	-

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104		Mental Health and Substance Abuse Services	4,190,571	3,529,304
Maternal and Child Health Federal Consolidated Programs	93.110		State Department of Health	309,075	
COVID-19 Maternal and Child Health Federal Consolidated Programs	93.110		State Department of Health	4,423	
				<u>Program Total</u> 313,498	<u>-</u>
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		State Department of Health	808,698	
COVID-19 Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116		State Department of Health	41,982	
				<u>Program Total</u> 850,680	<u>-</u>
Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		State Department of Health	227,493	
COVID-19 Cooperative Agreements to States/Territories for the Coordination and Development of Primary Care Offices	93.130		State Department of Health	3,231	
				<u>Program Total</u> 230,724	<u>-</u>
Injury Prevention and Control Research and State and Community Based Programs	93.136		State Department of Health	2,298,451	370,194
Injury Prevention and Control Research and State and Community Based Programs	93.136		Bureau of Narcotics & Dangerous Drugs Control	9,431	
COVID-19 Injury Prevention and Control Research and State and Community Based Programs	93.136		State Department of Health	3,822	
				<u>Program Total</u> 2,311,704	<u>370,194</u>
Projects for Assistance in Transition from Homelessness (PATH)	93.150		Mental Health and Substance Abuse Services	675,015	350,222
COVID-19 - Childhood Lead Poisoning Prevention Projects, State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197		State Department of Health	454,485	
Family Planning Services	93.217		State Department of Health	5,691,184	1,096,024
COVID-19 Family Planning Services	93.217		State Department of Health	23,573	
				<u>Program Total</u> 5,714,757	<u>1,096,024</u>
Research on Healthcare Costs, Quality and Outcomes	93.226	1R18HS025067-01	Pass-Through from Agency for Healthcare Research to Mental Health and Substance Abuse Services	25,267	
Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		State Department of Health	823,332	365,377
COVID-19 Title V State Sexual Risk Avoidance Education (Title V State SRAE) Program	93.235		State Department of Health	852	
				<u>Program Total</u> 824,184	<u>365,377</u>
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		State Department of Health	213,028	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Department of Education	1,789,949	
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Mental Health and Substance Abuse Services	16,873,701	10,066,091

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		Department of Human Services	221	
COVID-19 Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		State Department of Health	34	
				<u>Program Total</u>	<u>10,066,091</u>
Early Hearing Detection and Intervention	93.251		State Department of Health	239,282	
Immunization Cooperative Agreements	❖ 93.268		State Department of Health	61,193,665	231,266
COVID-19 Immunization Cooperative Agreements	❖ 93.268		State Department of Health	16,253	
				<u>Program Total</u>	<u>231,266</u>
Viral Hepatitis Prevention and Control	93.270		State Department of Health	459,191	
COVID-19 Viral Hepatitis Prevention and Control	93.270		State Department of Health	22,404	
				<u>Program Total</u>	<u>-</u>
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305		State Department of Health	1,067,535	548,596
COVID-19 PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs-Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305		State Department of Health	7,658	
				<u>Program Total</u>	<u>548,596</u>
Early Hearing Detection and Intervention Information System (EHDI-IS) Surveillance Program	93.314		State Department of Health	152,545	
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		State Department of Health	1,724,893	2,029
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		State Department of Health	157,775	
				<u>Program Total</u>	<u>2,029</u>
State Health Insurance Assistance Program	93.324		Insurance Department	668,607	
COVID-19 - Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.354		State Department of Health	1,687,265	840,567
ACL Independent Living State Grants	93.369		Department of Rehabilitation Services	302,827	
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		State Department of Health	1,149,648	356,553
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		Mental Health and Substance Abuse Services	107,053	
COVID-19 Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426		State Department of Health	7,781	
				<u>Program Total</u>	<u>356,553</u>
Pregnancy Assistance Fund Program	93.500		State Department of Health	719,103	513,804
Pregnancy Assistance Fund Program	93.500		Office of Juvenile Affairs	100,845	
COVID-19 Pregnancy Assistance Fund Program	93.500		State Department of Health	1,119	
				<u>Program Total</u>	<u>513,804</u>

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
State Planning and Establishment Grants for the Affordable Care Act (ACA)'s Exchanges	93.525	4HBEIE100017-01-01	Pass-Through from Office of Consumer Information and Insurance Oversight to Mental Health and Substance Abuse Services	2,852	
Promoting Safe and Stable Families	93.556		Department of Human Services	5,324,359	452,429
Promoting Safe and Stable Families	93.556		Mental Health and Substance Abuse Services	58,220	
Promoting Safe and Stable Families	93.556		Office of Juvenile Affairs	136,133	
			Program Total	5,518,712	452,429
Temporary Assistance for Needy Families	93.558		Department of Human Services	32,226,111	
Temporary Assistance for Needy Families	93.558		Department of Career & Technology Education	3,795,406	
Temporary Assistance for Needy Families	93.558		Department of Libraries	259,585	
Temporary Assistance for Needy Families	93.558		Mental Health and Substance Abuse Services	3,437,198	
			Program Total	39,718,300	-
Child Support Enforcement Research	93.564		Department of Human Services	640	
Child Support Enforcement	93.563		Department of Human Services	27,887,333	(762,867)
Child Support Enforcement	93.563		District Attorneys Council	3,003,838	
			Program Total	30,891,171	(762,867)
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566		Department of Human Services	768,404	568,803
Low-Income Home Energy Assistance	93.568		Department of Human Services	50,488,537	
Low-Income Home Energy Assistance	93.568		Department of Commerce	884,653	817,185
			Program Total	51,373,190	817,185
Community Services Block Grant	93.569		Department of Commerce	8,180,915	7,810,189
Child Care and Development Block Grant	93.575		Department of Human Services	89,642,428	1,487,119
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		Department of Human Services	54,979,949	
			CCDF Cluster Total	144,622,377	1,487,119
State Court Improvement Program	93.586		Supreme Court	525,880	
Community-Based Child Abuse Prevention Grants	93.590		State Department of Health	252,495	16,873
Grants to States for Access and Visitation Programs	93.597		Department of Human Services	104,702	
Chafee Education and Training Vouchers Program (ETV)	93.599		Department of Human Services	1,023,681	
Head Start	93.600		Department of Commerce	167,887	161,882
			Head Start Cluster Total	167,887	161,882
Adoption and Legal Guardianship Incentive Payments	93.603		Department of Human Services	5,699,317	
Oklahoma City Basic Center Grant (OKCBCP)	93.623		Mental Health and Substance Abuse Services	234,413	79,043
Developmental Disabilities Basic Support and Advocacy Grants	93.630		Department of Human Services	888,016	
Children's Justice Grants to States	93.643		Department of Human Services	1,023,681	
Stephanie Tubbs Jones Child Welfare Services Program	93.645		Department of Human Services	974,099	
Child Welfare Research Training or Demonstration	93.648		Department of Human Services	426,350	
Adoption Opportunities	93.652		Department of Human Services	145	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Foster Care Title IV-E	93.658		Department of Human Services	67,884,145	1,571,327
Foster Care Title IV-E	93.658		Office of Juvenile Affairs	80,019	
			Program Total	67,964,164	1,571,327
Adoption Assistance	93.659		Department of Human Services	93,971,416	
COVID-19 Emergency Grants to Address Mental and Substance Use Disorders During COVID-19	93.665		Mental Health and Substance Abuse Services	54,627	
Social Services Block Grant	93.667		Department of Human Services	32,061,919	
Child Abuse and Neglect State Grants	93.669		Department of Human Services	156,442	
			Pass-Through from National Quality Improvement Center to Mental Health and Substance Abuse Services	218,723	
Child Abuse and Neglect Discretionary Activities	93.670	90CA1854			
Family Violence Prevention and Services/Domestic Violence Shelter and Supportive Services	93.671		Attorney General	1,352,051	1,210,882
John H. Chafee Foster Care Program for Successful Transition to Adulthood	93.674		Department of Human Services	4,432,833	1,173,815
State Public Health Approaches for Ensuring Qutline Capacity - Funded in part by Prevention and Public Health Funds (PPHF)	93.735		State Department of Health	259,497	
Elder Abuse Prevention Interventions Program	93.747		Department of Human Services	392,976	
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.757		State Department of Health	(335)	
Children's Health Insurance Program	93.767		Health Care Authority	242,728,077	
Children's Health Insurance Program	93.767		Mental Health and Substance Abuse Services	225,199	
Children's Health Insurance Program	93.767		State Department of Health	13,274	
COVID-19 Children's Health Insurance Program	93.767		Health Care Authority	7,561,146	
			Program Total	250,527,696	-
State Medicaid Fraud Control Units	93.775		Attorney General	1,706,819	
State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health	5,706,697	
COVID-19 State Survey and Certification of Health Care Providers and Suppliers (Title XVIII) Medicare	93.777		State Department of Health	83,723	
			Program Total	5,790,420	-
Medical Assistance Program	93.778		Office of Juvenile Affairs	28,455	
Medical Assistance Program	93.778		Health Care Authority	3,326,475,146	
Medical Assistance Program	93.778		State Department of Health	3,428,194	
Medical Assistance Program	93.778		Department of Human Services	49,926,919	
Medical Assistance Program	93.778		Mental Health and Substance Abuse Services	2,065,588	
COVID-19 Medical Assistance Program	93.778		Health Care Authority	163,333,342	
COVID-19 Medical Assistance Program	93.778		State Department of Health	200,652	
			Program Total	3,545,458,296	-
			Medicaid Cluster Total	3,552,955,535	-
Oploid STR	93.788		Mental Health and Substance Abuse Services	19,702,745	10,624,154
Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority	906,101	
COVID-19 Money Follows the Person Rebalancing Demonstration	93.791		Health Care Authority	2,572	
			Program Total	908,673	-
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		Health Care Authority	1,995,127	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		State Department of Health	3,927,619	
COVID-19 State Survey Certification of Health Care Providers and Suppliers (Title XIX) Medicaid	93.796		State Department of Health	527,978	
				<u>Program Total</u> 6,450,724	<u>-</u>
Hospital Preparedness Program (HPP) Ebola Preparedness and Response Activities	93.817		State Department of Health	76,598	
Maternal, Infant, and Early Childhood Home Visiting Grant	93.870		State Department of Health	6,568,696	4,119,753
COVID-19 Maternal, Infant and Early Childhood Home Visiting Grant	93.870		State Department of Health	18,674	
				<u>Program Total</u> 6,587,370	<u>4,119,753</u>
National Bioterrorism Hospital Preparedness Program	93.889		State Department of Health	1,597,238	1,059,097
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889		State Department of Health	22,983	
				<u>Program Total</u> 1,620,221	<u>1,059,097</u>
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898		State Department of Health	1,515,765	
HIV Care Formula Grants	93.917		State Department of Health	7,237,004	2,852,117
HIV Care Formula Grants	93.917		Department of Human Services	133,642	
COVID-19 HIV Care Formula Grants	93.917		State Department of Health	31,058	
				<u>Program Total</u> 7,401,704	<u>2,852,117</u>
Healthy Start Initiative	93.926		State Department of Health	9,755	
HIV Prevention Activities Health Department Based	93.940		State Department of Health	2,364,158	449,213
COVID-19 HIV Prevention Activities Health Department Based	93.940		State Department of Health	146,515	
				<u>Program Total</u> 2,510,673	<u>449,213</u>
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		State Department of Health	149,547	
Block Grants for Community Mental Health Services	93.958		Mental Health and Substance Abuse Services	10,351,908	3,258,722
Block Grants for Prevention and Treatment of Substance Abuse	93.959		Mental Health and Substance Abuse Services	19,570,947	5,032,155
Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		State Department of Health	1,080,913	
COVID-19 Sexually Transmitted Diseases (STD) Prevention and Control Grants	93.977		State Department of Health	39,942	
				<u>Program Total</u> 1,120,855	<u>-</u>
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		Department of Education	271,159	
Improving Student Health and Academic Achievement through Nutrition, Physical Activity and the Management of Chronic Conditions in Schools	93.981		State Department of Health	93,627	
				<u>Program Total</u> 364,786	<u>-</u>

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Mental Health Disaster Assistance and Emergency Mental Health	93.982		Mental Health and Substance Abuse Services	1,759,477	725,793
Preventive Health and Health Services Block Grant	93.991		State Department of Health	906,587	95,151
Preventive Health and Health Services Block Grant	93.991		Bureau of Narcotics & Dangerous Drugs Control	49,424	
COVID-19 Preventive Health and Health Services Block Grant	93.991		State Department of Health	30,070	
			Program Total	986,081	95,151
Maternal and Child Health Services Block Grant to the States	93.994		Department of Human Services	3,071,629	
COVID-19 Maternal and Child Health Services Block Grant to the States	93.994		State Department of Health	5,330,196	431,328
			Program Total	8,401,825	431,328
Assisted Outpatient Treatment	93.997		Mental Health and Substance Abuse Services	1,926,201	1,491,885
Cost Reimbursement Contracts:					
Implementation Alcohol/Drug Data Collection	93.UNK		Mental Health and Substance Abuse Services	39,990	
Client Level Projects	93.UNK		Mental Health and Substance Abuse Services	221,259	
U.S. Department of Health and Human Services-Subtotal				\$ 4,524,026,792	\$ 82,040,798
<b>Executive Office of the President</b>					
Cost Reimbursement Contract: High Intensity Drug Trafficking Areas Program	95.001		Bureau of Narcotics & Dangerous Drugs Control	30,858	
Executive Office of the President-Subtotal				\$ 30,858	\$ -
<b>Social Security Administration</b>					
Direct and Pass Through Programs:					
Social Security Disability Insurance	96.001		Department of Rehabilitation Services	44,323,648	
Supplemental Security Income	96.006		Department of Rehabilitation Services	-	
			Disability Insurance/SSI Cluster Total	44,323,648	-
Social Security Administration-Subtotal				\$ 44,323,648	\$ -
<b>U.S. Department of Homeland Security</b>					
Direct and Pass Through Programs:					
Boating Safety Financial Assistance	97.012		Department of Public Safety	1,017,315	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		Water Resources Board	362,093	
Community Assistance Program State Support Services Element (CAP-SSSE)	97.023		Department of Emergency Management	8,000	
			Program Total	370,093	-
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Department of Emergency Management	57,644,902	56,404,613
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Department of Environmental Quality	29,321	
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		Department of Transportation	25,586	
			Program Total	57,699,809	56,404,613
Hazard Mitigation Grant	97.039		Department of Emergency Management	16,196,668	15,607,651
National Dam Safety Program	97.041		Water Resources Board	190,140	
Emergency Management Performance Grants	97.042		Department of Emergency Management	7,858,464	2,178,599
Cooperating Technical Partners	97.045		Water Resources Board	362,330	

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass Through Entity Identifying Number	Agency	Expenditures	Expenditures to Subrecipients
Fire Management Assistance Grant	97.046		Department of Emergency Management	86,144	86,005
Fire Management Assistance Grant	97.046		Department of Agriculture	558,155	
				<u>Program Total</u>	<u>86,005</u>
				644,299	
Pre-Disaster Mitigation	97.047		Department of Emergency Management	14,840	14,840
State Homeland Security Program (SHSP)	97.073		Department of Public Safety	2,688,198	2,626,155
State Homeland Security Program (SHSP)	97.073		State Bureau of Investigation	381,182	
State Homeland Security Program (SHSP)	97.073		Conservation Commission	68,115	
				<u>Program Total</u>	<u>2,626,155</u>
				3,137,495	
Disaster Assistance Projects	97.088		Department of Emergency Management	230,352	227,792
U.S. Department of Homeland Security-Subtotal				<u>\$ 87,721,805</u>	<u>\$ 77,145,655</u>
<b>U.S. Drug Enforcement Administration</b>					
Direct and Pass Through Programs:					
Other Federal Assistance - Marijuana Eradication Suppression Program	99.UNK		Bureau of Narcotics & Dangerous Drugs Control	61,958	
U.S. Drug Enforcement Administration-Subtotal				<u>\$ 61,958</u>	<u>\$ -</u>
<b>Total Federal Assistance</b>				<u>\$ 10,130,470,891</u>	<u>\$ 1,013,132,512</u>

- ⌘ Noncash Assistance
- ❖ Partially Noncash Assistance
- ⊛ Tested as a major program as defined by 2 CFR §200.518
- ◆ Program audited as a major program by independent auditor
- ⊞ Programs defined as a cluster by OMB Compliance Supplement
- ⚡ See SEFA footnote #7
- UNK Unknown

**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, 2020

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

The accompanying Schedule of Expenditures of Federal Awards (schedule) includes the federal award activity of the State of Oklahoma for the year ended June 30, 2020. The information in this schedule is presented in conformity with the requirements set forth in Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

### A. Reporting Entity

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

### B. Basis of Presentation

The schedule presents expenditures and expenses for the fiscal year ended June 30, 2020. 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, supplemental nutrition benefits 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 supplemental nutrition benefits issuance amount included in the accompanying schedule is stated at the value of supplemental nutrition benefits 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 made by state primary recipients. The determination of when a federal award is expended is based on when the activity related to the federal award occurs. Generally, the activity pertains to events that require the state agency to comply with federal statutes, regulations, and the terms and conditions of federal awards. With reference to the primary government, the primary recipient expenditures are not adjusted for sub-recipient expenditures.

## Notes to the Schedule of Expenditures of Federal Awards

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Certain federal expenditure transactions may appear in the records of more than one state agency. To avoid duplication and overstatement of the aggregate level of federal expenditures by the State of Oklahoma, the following policies have been adopted:

- When monies are received by one state agency and distributed to another state agency, the federal expenditures are attributed to the state agency that actually expends the funds.
- When purchases of provider services between two state agencies occurs, the federal funds are normally recorded as expenditures on the purchasing state agency's records and provider service revenues on the records of the state agency rendering the services. Therefore, the receipt of federal funds related to provider services will be attributed to the purchasing agency which is the primary receiving/expending state agency.

Major programs are defined by levels of expenditures and expenses and risk assessments established in the Uniform Guidance.

### 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 CAFR. The modified accrual basis of accounting recognizes expenditures and expenses when liquidated with current resources. The Oklahoma Department of Wildlife Conservation, Oklahoma Department of Environmental Quality and Oklahoma Water Resources Board use the accrual basis of accounting that recognizes expenditures when incurred.

### Note 2. Indirect Cost Rate

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

<u>Yes</u>	<u>No</u>
Office of Management and Enterprise Services	State of Oklahoma Accountancy Board
Department of Mines	Military Department
Office of Disability Concerns	Attorney General
	Oklahoma Arts Council
	Oklahoma Aeronautics Commission
	Oklahoma Commission on Children and Youth
	Department of Corrections
	Department of Commerce
	District Attorney's Council
	Election Board
	Oklahoma Employment Security Commission
	State Auditor & Inspector
	Governor's Office
	Oklahoma State Bureau of Investigation
	Oklahoma Dept. of Emergency Management
	Oklahoma Dept. of Wildlife Conservation
	Medicolegal Investigation Board

## Notes to the Schedule of Expenditures of Federal Awards

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Transportation Department  
Oklahoma Space Industry Dev Authority  
Oklahoma Historical Society  
Office of Juvenile Affairs  
Department of Libraries  
Narcotics/Dangerous Drugs Control  
Ctr for Advancement of Science/Technology  
Supreme Court  
Oklahoma Tax Commission  
Oklahoma Health Care Authority  
Department of Human Services  
Veterans Affairs Department

### Note 3. State Unemployment Insurance Fund

Expenditures for unemployment insurance (UI), CFDA #17.225, include state UI funds as well as federal UI funds. The state portion of UI funds amounted to \$889,360,525. The federal portion of UI funds amounted to \$28,254,631. Federal UI funds expended specifically in response to the coronavirus pandemic amounted to \$1,404,145,474.

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

During fiscal year 2020, the Oklahoma Department of Health received cash rebates from infant formula manufacturers in the amount of \$19,079,483 on sales of formula to participants in the Special Supplemental Nutrition Program for Women, Infants, and Children, CFDA#10.557. The rebate contracts are authorized by 7 CFR 246.16a as a cost containment measure. The cash rebates are 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 are subsequently reimbursed. Project expenditures totaling \$10,445,000 were in suspense at June 30, 2020, and once the modified contracts are approved by the U.S. Department of Transportation an estimated 100% will be considered available.

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

Audits provided by auditors other than the principal auditor include:

Oklahoma Department of Commerce  
Oklahoma Department of Wildlife Conservation  
Oklahoma Department of Environment Quality  
Oklahoma Water Resources Board

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

### Note 6. Department of Transportation Federal Soft Match Provision

Beginning in the year 1992, the Oklahoma Department of Transportation began using the “soft match” provision of the Inter-modal Surface Transportation Efficiency Act, which allows the maintenance and construction cost of toll facilities that serve interstate commerce to be used in lieu of state matching funds.

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

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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 \$16,066,182 of the soft match provision for projects billed during fiscal year 2020. 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 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 the Federal Highway Administration.

### **Note 7. Department of Health HIV Care Rebates**

Although federal expenditures for HIV Care Formula Grants, CFDA #93.917, are minimal, this program also receives drug rebates to help administer the program. These rebates are not considered federal expenditures; however, they must be restricted and spent in accordance with applicable federal grant requirements. After considering these drug rebates, the Oklahoma State Department of Health expended \$15,319,512 during 2020 for this program.

## **Corrective Action Plan**



STATE OF OKLAHOMA – SINGLE AUDIT

CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2020

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-080	#21.019 Coronavirus Relief Fund	<p>We partially concur with this finding.</p> <p>The situation the State Department of Health was in at the onset of the global pandemic must be considered here. Department of Health was operating in crisis mode under emergency procedures. Regular internal controls were relaxed somewhat because the primary objective of state leadership was to get PPE and necessary health equipment into the hands of citizens and medical facilities as quickly as possible. The entire country was competing for the same resources and in many cases, payments had to be made in advance to obtain PPE. We agree that the administrative functions surrounding the tracking of PPE purchases at the Department of Health were insufficient but understandable because of the urgency and the focus at the time.</p> <p>Statewide policy has historically been for the invoice to support a disbursement. For many purchases a packing slip or bill of lading is never provided by a supplier and would not be appropriate. Purchases of services, purchases from stores, many online purchases do not typically have a packing slip. For that reason, the required documentation for reimbursement was the invoice or receipt. However, we were able to find documentation evidencing receipt of goods for most of the issues listed. In some cases, purchases not received had been reported to the CARES FORWARD team and already recovered into the CRF. Additional details are listed below:</p> <p>Bullet #1 - The SEFA has been corrected.</p> <p>Bullet #2 – We do not concur with the internal control portion of this bullet. For the questioned costs portion:</p> <ul style="list-style-type: none"> <li>Item #1 - \$890,417 - We believe this reimbursement to</li> </ul>	6/15/21  Recoupment will be pending additional investigations in progress.	Brandy Manek

		<p>be appropriate. The purchase was for 40 ventilators and we did provide documentation showing receipt of 40 ventilators from this vendor.</p> <ul style="list-style-type: none"> <li>• Item #2 - \$118,406 - We obtained a packing slip for this order number and believe the goods were received.</li> <li>• Item #3 - \$1,727,716 - This is a portion of a much larger purchase and our records show receiving documentation for all but \$1,599,987. There is a separate investigation of this purchase.</li> <li>• Item #4 - \$2,147,750 - DOH did not receive the goods. The reimbursement was pulled back into the CRF fund in full in March 2021.</li> </ul> <p>Bullet #3 - \$1,268,820 - The purchase was for 400,000 N95 masks. We found documentation for receipt of 400,000 masks and the date is reasonable. No vendor name is listed but this does appear to be documentation of receipt of this purchase.</p> <p>For the remainder of the administration of the CRF we will require both the invoice and documentation of receipt of goods or services if available, or certification that goods have been received prior to any reimbursement payment.</p> <p><b><i>Additional Response from the State Department of Health:</i></b>  There was a global supply shortage of PPE items which required the agency to contract with many new vendors that did not provide the type of receiving information we normally expect from our more traditional suppliers. In addition, the agency initially didn't have sufficient resources on staff to respond to the covid-19 emergency, so we prioritized the prompt distribution of PPE into the communities most adversely impacted over administrative tasks.</p>		
2020-081	#21.019 Coronavirus Relief Fund	<p>We partially concur with this finding. We do not agree that the internal controls for the reimbursements were not adequate. Statewide policy has historically been for the invoice to support a disbursement. For many purchases a packing slip or bill of lading is never provided by a supplier and would not be appropriate. Purchases of services, purchases from stores, many online purchases do not typically have a packing slip. For that reason, the invoice or receipt was the required documentation for reimbursement. Every request for reimbursement was reviewed carefully by a consulting team and documentation of the purchase was reviewed prior to approval. Regarding the questioned costs:</p> <ul style="list-style-type: none"> <li>• We agree with the questioned costs for the payment of \$143.76 to the City of Okmulgee. The goods were not received, and the city received a credit and has reimbursed the State's Coronavirus Relief Fund for that amount.</li> </ul>	6/15/21	Brandy Manek

		<ul style="list-style-type: none"> <li>The \$11,079.14 in questioned costs for the City of Anadarko was made up of two purchases of computer equipment and a purchase of masks and gowns. The City could not provide packing slips or bills of lading but did provide a newspaper article showing the masks being distributed as well as pictures of the new computer equipment. We are confident that these items were received by the City of Anadarko and were appropriate uses of the Coronavirus Relief Fund.</li> </ul> <p>For the remainder of the administration of the CRF we will require both the invoice and documentation of receipt of goods or services if available, or certification that goods have been received prior to any reimbursement payment.</p>		
2020-083	#21.019 Coronavirus Relief Fund	<p>We do not concur with this finding. We do not agree that the internal controls for the reimbursements were not adequate. Statewide policy has historically been for the invoice to support a disbursement. For many purchases a packing slip or bill of lading is never provided by a supplier and would not be appropriate. Purchases of services, purchases from stores, many online purchases do not typically have a packing slip. For that reason, the invoice or receipt was the required documentation for reimbursement. Every request for reimbursement was reviewed carefully by a consulting team and documentation of the purchase was reviewed prior to approval.</p> <p>For the remainder of the administration of the CRF we will require both the invoice and documentation of receipt of goods or services if available, or certification that goods have been received prior to any reimbursement payment.</p>	6/15/21	Brandy Manek

JOY HOFMEISTER  
 STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
 OKLAHOMA STATE DEPARTMENT OF EDUCATION

**OKLAHOMA STATE DEPARTMENT OF EDUCATION  
 STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
 2 CFR § 200.511(c)  
 SFY 2020**

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-002	10.558 Child and Adult Care Food Program	A checklist was developed based on information obtained from the State auditor of required documentation that is needed. The information for the checklist was received from Stephanie on May 19, 2020. While getting the new checklist ready for the field staff I had questions so Stephanie Orsburn and I spoke in early July and then the new spreadsheet was sent to the consultants which by that time several of these reviews had already been conducted prior to the field staff receiving the list of needed supporting documentation. Any reviews conducted in FY 20, October 1, 2019 – September 30, 2020 did contain the required supporting documentation. The issue is with the overlap of the audit year. Reviews conducted in FY 19, July 2019 – September 2020 did not have supporting documentation. FY 21 reviews will continue to have supporting documentation. Desk reviews are also conducted on reviews when submitted as they always have been.	October 2020	Jennifer Weber

JOY HOFMEISTER  
 STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
 OKLAHOMA STATE DEPARTMENT OF EDUCATION

**OKLAHOMA STATE DEPARTMENT OF EDUCATION  
 STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
 2 CFR § 200.511(c)  
 SFY 2020**

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-007	10.558 Child and Adult Care Food Program	<p>This is an ongoing process see each response for the bullet items.</p> <p>1<sup>st</sup> bullet – We currently do conduct desk reviews when these reviews are submitted by the field staff. The 4 of the 15 instances were oversights that were unfortunately not caught during the desk review.</p> <p>2<sup>nd</sup> bullet – This was an obvious oversight on the field staff. This has been discussed with all field staff in our May 2021 staff meeting.</p> <p>3<sup>rd</sup> bullet – When conducting an SD review follow-up we didn't assess additional fiscal action or disallow more meals. If during the SD follow-up the SD items were not fully and permanently corrected we moved straight to propose to terminate and propose to disqualify. This was for FY 20, in FY 21 we are not longer doing SD follow-up reviews.</p>	October 2022	Jennifer Weber

JOY HOFMEISTER  
 STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
 OKLAHOMA STATE DEPARTMENT OF EDUCATION

**OKLAHOMA STATE DEPARTMENT OF EDUCATION  
 STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
 2 CFR § 200.511(c)  
 SFY 2020**

<b>Finding Number</b>	<b>Subject Heading (Financial) or CFDA no. and program name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-008	10.559 Child Nutrition Cluster	Collection of supporting documentation continues to take place for auditor requirements. We have developed a checklist of the required documentation to be collected on a SFSP review and brought to the office for this requirement. The checklist was put in place around January 2021.	January 2021	Jennifer Weber

JOY HOFMEISTER  
 STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
 OKLAHOMA STATE DEPARTMENT OF EDUCATION

**OKLAHOMA STATE DEPARTMENT OF EDUCATION  
 STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
 2 CFR § 200.511(c)  
 SFY 2020**

<b>Finding Number</b>	<b>Subject Heading (Financial) or CFDA no. and program name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-011	10.553; 10.555 Child Nutrition Cluster	This was brought to our attention in a USDA ME conducted in March 2021. We are currently still waiting for the formal report to see how USDA wants us to address this issue going forward with any that were done incorrectly. Based on a preliminary report we have developed an excel spreadsheet that will figure the percent change for us unlike how it has been done the last 20+ years. This will ensure that the extensions are figured correctly, and all documentation is collected for these extensions. If a school does not qualify for an extension they can then go back to traditional counting and claiming or re-establish a new base year. Training of staff has already taken place.	SY 21-22	Jennifer Weber

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-012	84.010 & 84.367 Title I Grants to Local Educational Agencies (LEAs); Supporting Effective Instruction State Grant	<p>The Office of Federal Programs (OFP) concurs with the state audit finding. It is a practice and is a part of the OFP allocation procedures to ensure MOE reductions are included in the allocation spreadsheets, however when USDE allocation spreadsheet updates were replaced with existing allocation spreadsheets, the MOE reduction column was not imported and as a result, Big Pasture Public Schools Title I, A and Title II, A FY2020 allocations were not reduced according to guidance. Once state audit testwork was completed in January 2021, OFP was notified of the finding and immediately contacted the LEA informing it the MOE penalty reduction would be made to its Title I, A and Title II, A FY2021 revised allocations.</p> <p>To ensure MOE procedures are strengthened, OFP will ensure the MOE reduction column is added to future USDE updated allocation spreadsheets by cross referencing the existing allocation spreadsheet against the updated allocation spreadsheet to ensure all columns are being reflected.</p>	January 2021	Gloria Bayouth

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2020-018	84.010 Title I Grants to Local Educational Agencies (LEAs)	The director of finance will adjust the control worksheet to correctly calculate the hold harmless percentage. The adjustment will consist of not rounding the percentage amount. The second reviewer will review the control worksheet. The allocation adjustment will be made when FY2022 allocations are calculated.	July, 2021	Gloria Bayouth

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2020-025	84.367 Supporting Effective Instruction State Grant	The Office of Federal Programs concurs with the state audit finding. To ensure newly opened charter schools Title II, A allocation procedures are strengthened, the director of finance will ensure any revised enrollment counts reported in the Wave by the charter school match enrollment counts received by OFP before Title II, A allocations are made. A second reviewer will also be assigned to ensure the most recent enrollments counts are being applied to the Title II, A allocation calculation. The allocation adjustment will be made when FY2022 allocations are calculated.	July, 2021	Gloria Bayouth

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-026	84.010 Title I Grants to Local Educational Agencies (LEAs)	<p>The Office of Federal Programs (OFP) concurs with the state audit finding. OFP revised its FY2020 Schoolwide (SW) and Targeted Assistance (TA) Plan procedures in FY2021.</p> <p>LEAs are required to upload the SW/TA plans in the Title I A application which is part of the Consolidated Application located in GMS. All reviewers will verify that all LEAs have submitted SW and TA plans for all sites served with Title I A funds.</p>	July 2021	Gloria Bayouth

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-027	84.010 Title I Grants to Local Educational Agencies (LEAs)	<p>The Office of Federal Programs (OFP) concurs with the state audit finding.</p> <ul style="list-style-type: none"> <li>• To strengthen our written procedures a first reviewer, the State Ombudsman and second reviewer, a Grants Associate will verify all nonpublic packets have been received by each district and all data from the packet is entered correctly from the spreadsheet. OFP utilizes a review checklist that serves as a guide for the first and second reviewer to ensure a detailed review is performed.</li> <li>• OFP reviewers, Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes the review of non-public equitable services and set asides. Intensive training will also be provided in the fall to ensure the non-public carryover and equitable services are correctly documented. The Consolidated Application’s Title I instructions will be updated to include more detail for reviewers to follow and verify the process.</li> <li>• Intense training will be provided to all reviewers at the beginning of the year as well as in-house training on the review of equitable services and set-asides verification. The first reviewer, the State Ombudsman and second reviewer, a Grants Associate will periodically check to verify if services are being rendered to non-public schools.</li> </ul>	June 30, 2021	Gloria Bayouth

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2020-028	84.367 Supporting Effective Instruction State Grant	<p>The Office of Federal Programs (OFP) concurs with the state audit finding.</p> <ul style="list-style-type: none"> <li>• To strengthen our written procedures Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes the review of non-public equitable services and set asides. Intensive training will also be provided in the fall to ensure the non-public carryover and equitable services are correctly documented. The Consolidated Application’s Title II instructions will be updated to include more detail for reviewers to follow and verify the processes.</li> <li>• The first reviewer, the State Ombudsman and second reviewer, a Grants Associate will periodically communicate with the non-public school to verify if services are being rendered. FY2020 was a challenging year for public and non-public schools to fulfill services due to the COVID 19 pandemic however, all non-public schools that did not receive services during the COVID 19 pandemic will have carryover for FY2021.</li> <li>• Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes the review of non-public</li> </ul>	June 30, 2021	Gloria Bayouth

		<p>equitable services and verification of extenuating circumstances carryover amounts. Intensive training will also be provided in the fall to ensure the non-public carryover amounts are correctly documented. The Consolidated Application's Title II instructions will be updated to include more detail for reviewers to follow and verify the process.</p> <ul style="list-style-type: none"><li>• Program Specialist and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes verification of carryover amounts the State Ombudsman provides to all reviewers. The Consolidated Application's Title II instructions will be updated to include more detail for reviewers to follow and verify the process.</li></ul>		
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2020-032	84.010 Title I Grants to Local Educational Agencies (LEAs)	<p>The Office of Federal Programs (OFP) concurs with the state audit recommendation. To strengthen procedures, OFP will provide LEAs with methodology templates as a guide to prepare the LEA’s site allocation as well as training on how to create the Title I Supplement not Supplant methodology.</p> <p>OFP follows the Supplement not Supplant for FY2020, Non-Regulatory Informational Document dated June 2019, under Title I Part A of the Elementary and Secondary Education Act of 1965 as Amended by the Every Student Succeeds Act.</p> <ul style="list-style-type: none"> <li>• OFP requires all LEAs to submit a Title I methodology for sites served with Title I funds through the Consolidated Application in GMS. However, the Non-Regulatory Informational Document provides exceptions to all LEAs for submitting a Title I SNS methodology by stating an LEA need not have a methodology to comply with ESEA Section 1118(b)(2) if it has:           <ul style="list-style-type: none"> <li>○ One school</li> <li>○ Only Title I Schools or</li> <li>○ A grade span that contains only: a singly school, non-Title I schools, or Title I schools (i.e., no methodology is required for this grade span)</li> </ul> </li> </ul> <p>OFP provides staff training on the Title I Supplement not Supplant review process to ensure the LEA implements the Title I Supplement not Supplant requirement. Program Specialists and Grant Associates verify the LEAs methodology by reviewing and approving the LEAs Title I</p>	August 2021	Gloria Bayouth

		application and expenditure reports. OFP will include in the Title I Supplement not Supplant spreadsheet additional column(s) to include non-Title I LEA sites to review state/local/federal expenditures.		
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2020-043	84.027 & 84.173 Special Education Cluster (IDEA)	The OSDE Special Education Services division will develop procedures to ensure that administrative contracts are adequately tracked and reviewed in consultation with the Financial Services and Purchasing divisions. Procedures will include periodic review of, and reconciliation of internal contract lists within the division and Financial Services/Purchasing.	August 2021	Todd Loftin

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2020-047	10.558 Child and Adult Care Food Program	Since maintaining history in our CACFP system is not possible per our IT department, we will maintain a form when CACFP center participants change a mealtime so we are able to show that they were approved for a particular meal time even though it may have changed mid-year, but the system shows claims were paid for that meal service. The system does have an edit that will not allow them to claim a meal service they are not approved for and this has been presented to the State auditors. Unfortunately, we cannot show when and what months a time was changed.	July 1, 2021	Jennifer Weber

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2020-050	10.553, 10.555, and 10.556 Child Nutrition Cluster	We will continue to collect supporting documentation from the schools during administrative reviews. Reviews were not conducted in SY 21-22 due to COVID-19 and the USDA approved State waiver. The state did conduct Seamless Summer Option (SSO) technical assistance reviews and completed a checklist for these visits. The PLE Tool was also waived per a USDA waiver for SY 20-21. Once we the PLE waiver is completed again we will verify the three bullet points above regarding PLE.	July 1, 2021, SY 21-22	Jennifer Weber & Dana Parker

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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-062	84.367 Supporting Effective Instruction State Grant	<p>The Office of Federal Programs (OFP) concurs with the state audit finding. OFP has strengthened its policies and procedures to include additional review processes to identify and compare LEAs current year Title II professional development activities/services to prior year Title II professional development activities/services in order to determine if the Title II Supplement not Supplant requirement is being met or not met.</p> <p>OFP currently has processes in place, however the following factors affect the outcome of OFP meeting this finding based on:</p> <ol style="list-style-type: none"> <li>1) Reliance on another department for previous year Title I and Title II data,</li> <li>2) Approval from state auditor on OFP's FY2019 process to quantify the TII Supplement not Supplant requirement, and</li> <li>3) Once approved or other suggestions are made by the state auditor's office, OFP will proceed with gathering and preparing data to compare current year services to prior year services.</li> </ol>	October 31, 2021	Gloria Bayouth

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2020-072	10.558 Child and Adult Care Food Program (CACFP)	The issues at hand with this finding is in part due to COVID and the way reviews were conducted or in some instances not conducted due to facilities being closed. USDA allowed for reviews to be done, virtually through desk reviews if needed and even issued a waiver allowing for the 34% review requirement to be waived if needed. I feel a few reviews were missed due to being closed and then reopening at the very end of the FY which didn't give us enough time to get a review done. An updated log has been created to better track reviews during a FY.	FY 2022	Jennifer Weber

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2020-073	10.558 Child and Adult Care Food Program (CACFP)	A rubric for risk assessment was developed and claim validations for high risk claims based on the rubric is being conducted.	October 2020	Jennifer Weber

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2020-074	10.558 Child and Adult Care Food Program (CACFP)	All required elements were added to the CACFP FSMC contract for FY 21, including Debarment and Suspension.	October 2020	Jennifer Weber

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2020-076	10.553, 10.555, 10.556, and 10.559 Child Nutrition Cluster	The majority of these were corrected in FY 20, but due to the overlap of months in the audit year these still show as not being corrected. Several (Bennington, Putnam City, EPIC, Panola) have been corrected. Peggs and Eagletown were emailed to Stephanie based on documentation found in the file, Logs and systems have been updated and training was conducted with the person that has been doing this since last June.	May 2021	Jennifer Weber



STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT  
AND HOMELAND SECURITY

**OKLAHOMA DEPARTMENT OF EMERGENCY MANAGEMENT (OEM)  
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Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-052	97.036	ODEMHS has in place four documents which govern how PA advances and reimbursements are administered. The four documents are how to request and advance, how to process an advance request, an advancement agreement and the Public Assistance Applicant Reimbursement SOP. Applicants are required to provide a project plan with estimated dates at the time of the request. After an initial advancement of funds, applicants will not be given any additional funds until the initial advancement is supported with appropriate documentation. Following this guidance, ensures the recipient is monitoring how the subrecipient is spending the funding and limits how much funding the subrecipient has available; thus, limiting the overall risk to the recipient.	10/6/2020	Daniel Piltz & Michael Teague





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DEPARTMENT OF EMERGENCY MANAGEMENT  
AND HOMELAND SECURITY

2020-066	97.036	<p>ODEMHS does make the payment request form available, the subrecipient can access it from EMGrants. The subrecipient receives a payment notification email when payment is processed, it links them to the payment page in EMGrants and the payment request form is available on that page. The payment request form includes the CFDA #. ODEMHS will place the CFDA numbers on its website, on the PA state/local agreement, and on a slide in the PA applicant briefing. This will correct the CFDA number issue.</p> <p>ODEMHS will ensure all audit reviewers have gone through proper training for Single Audit reviews. ODEMHS has already reached out to FEMA Region 6 for existing training. Single Audit review staff will complete the training by 7/31/21.</p> <p>ODEMHS staff will start storing all Single Audit communications in EMGrants starting 6/1/21. Emails and/or call logs will be maintained in EMGrants. The Single Audit SOP will be revised to include this action.</p> <p>ODEMHS is switching from a manual Single Audit process to a module in EMGrants. This will auto generate all necessary documentation and will be store in EMGrants. This will be implemented by 7/31/21.</p>	7/31/2021	Daniel Piltz
2020-069	97.036	<p>The Public Assistance program allows for subrecipients to receive funds through three main processes: advances, pre-closeout reimbursements and post-closeout reimbursements. The FEMA approved State PA Admin plan allows the Recipient to reimburse a subrecipient up to the full federal share prior to closeout either through advances or pre-closeout reimbursements and may</p>	N/A	Michael Teague





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DEPARTMENT OF EMERGENCY MANAGEMENT  
AND HOMELAND SECURITY

		do so at any time between obligation and pre-closeout. Advances and pre-closeout reimbursements will not have a project certification report associated with it as this is a document which is part of the closeout process and specific to post-closeout reimbursements.		
2020-082	97.036	<p>Accessing Subrecipient Status Reports: Applicants are now required to submit its quarterly report through ok.emgrants.com. EMGrants is the Department's system of record and this requirement should negate future difficulties of accessing subrecipient quarterly status reports. A SOP was adopted by the Department on 2/15/2020 which requires the described workflow be followed.</p> <p>ODEMHS Public Assistance staff collected those nine jurisdictions quarterly reports verbally. They were submitted to FEMA.</p> <p>Deadline: FEMA sends a template which they require recipients use to submit the PA large project quarterly report. Sometimes this FEMA furnished template includes erroneous information. It is our practice to inform FEMA of the erroneous information however ODEMHS does not remove the information as it is FEMA's provided template.</p> <p>When the quarterly report template is sent to ODEMHS, FEMA has an established practice to automatically extend/set the deadline by which the quarterly report must be submitted by. In most cases, this FEMA extension is beyond the 30-day requirement listed in 2-CFR. Also due to COVID-19, FEMA granted additional time to submit quarterly reports.</p>	11/12/2020	Michael Teague



Shelley Zumwalt  
Executive Director



**OKLAHOMA**  
Employment Security Commission

J. Kevin Stitt  
Governor

**Representing Employers**  
Traci Cook, Commissioner  
Dustin Hilliary, Commissioner

**Representing the Public**  
David Reid, Chair

**Representing Employees**  
Aaron Johnson, Commissioner  
Jennifer Ellis, Commissioner

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2020-001	#17.225 Unemployment Insurance	The Oklahoma Employment Security Commission agrees with this finding and is pleased to report that we have successfully completed the design, programming and implementation of a system that will ensure compliance with 40 O.S. § 2-613 (1) in assessing a 25% penalty applicable to fraud overpayments with 3/5 of the penalty amount collected being deposited into the Unemployment Trust Fund.	12/31/19	Kerry Master
2020-017	#17.225 Unemployment Insurance	<p>The agency agrees with the recommendations put forth in the findings. The agency has recovered all or a portion of the funds paid out for 18 of the 27 claimants totaling \$43,823 and has requested funds to be refunded for the one additional claim and has not yet received these funds.</p> <p>A change in leadership at the agency occurred within the last 30 days of the audit time period. The new administration at the agency has made fraud prevention a priority and has addressed the concerns and findings in this audit and put safeguards (listed below) in place to mitigate future fraudulent activity. Within the first two weeks of the leadership change at the agency, fraud prevention measures were taken to limit ACH transfers. At the same time, deposits to two banks and one financial services vendor were prohibited indefinitely due to the volume of funds that were being trafficked through these three financial entities.</p> <p>Actions taken by the agency in response to unprecedented fraud during the Covid-19 pandemic include:</p> <ul style="list-style-type: none"> <li>• Kicked off and currently implementing an 18-month business process technology transformation, BT40, which will transform and update the agency's aging technology. This transformation will add fraud risk scoring with automated stops on claims,</li> </ul>	Improvements for fraud prevention are expected to be ongoing through at least March 2022 within OESC's BT40 Transformation	Shelley Zumwalt

		<p>provide digital or email notices to employers, automate manual processes and provide greater visibility to the agency on potentially fraudulent activity.</p> <ul style="list-style-type: none"> <li>• Implemented safeguards for all ACH transfers or funds transfers to personal bank accounts</li> <li>• Reinstated one week waiting period for all claims</li> <li>• Implemented required training for all staff who are assisting claimants</li> <li>• Implemented PUA on new GovServices platform <ul style="list-style-type: none"> <li>○ Additional security checks for weekly claims</li> <li>○ Additional controls to reduce the number of fraudulent claims</li> <li>○ Implemented DOL requirements</li> <li>○ Implemented Wage Benefit Amount functionality to improve accuracy on the amount to pay a claimant</li> </ul> </li> <li>• Implemented UI Analytics &amp; Reporting platform to improve claim processing efficiency and accuracy <ul style="list-style-type: none"> <li>○ Various mechanisms were developed and implemented to identify fraudulent claims and ensure accuracy and efficiency with processing claims <ul style="list-style-type: none"> <li>▪ Daily technical programs</li> <li>▪ Crossmatching algorithms</li> </ul> </li> <li>Implemented mitigation processes and procedures to reduce and prevent fraudulent claims through all channels (mail, email)</li> </ul> </li> <li>• Implemented mitigation processes and procedures to reduce and prevent fraudulent claims through all channels (mail, email)</li> <li>• Implemented Operational Reporting and Support</li> <li>• Implemented Fraud Form to provide the ability for a citizen or employer to report a fraud claim</li> <li>• Implemented application and infrastructure changes to increase security controls <ul style="list-style-type: none"> <li>○ Captcha implemented on main claim website</li> <li>○ Logging application implemented to provide IP address monitoring</li> </ul> </li> <li>• Conduent implemented account flagging to identify fraudulent activity</li> <li>• Implemented Digital Citizen Identify Verification application (VerifyOK)</li> <li>• Held multiple in person claims fairs requiring in person identity verification</li> </ul>		
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		<ul style="list-style-type: none"> <li>• Applied manual internal process controls to improve speed and accuracy of claims processing</li> <li>• Increased staffing and improved processes to increase capacity for mail and fax processing as part of the claims intake processes</li> <li>• Performed Fraud Assessment which became input into the Digital Transformation roadmap</li> </ul>		
2020-064	#17.225 Unemployment Insurance	<p>OESC concurs with the audit finding and agrees with the recommendation. We would like to acknowledge the liability for benefit payments increased significantly as a result of the coronavirus pandemic. The agency was still dedicating significant effort of all staff to manage the continued demand for unemployment and other federal benefits through the time period in which the need for these controls could have been recognized. The agency will establish a process for calculating Accounts Payable for the Unemployment Insurance Program (CFDA #17.225) to ensure that SEFA federal expenditures are reported on the modified accrual basis of accounting. The agency will work with our IT division to obtain data files on Unemployment Insurance benefit payments on a monthly basis. These files will allow the agency to identify monthly trends in benefit payments for prior months. We will utilize these trends as the basis for our best estimate of what the fiscal year end benefits payable for the SEFA federal expenditures will be. The calculation of the modified-accrual Unemployment Insurance benefits payable will be subject to supervisory review by the Comptroller, the Chief Financial Officer and the Chief of Operations. The calculated amount will be recorded on the GAAP Package Form Z-1.</p>	Complete for fiscal 2021 reporting	Shelley Zumwalt
2020-065	#17.225 Unemployment Insurance	<p>We are currently developing procedures to address deficiencies to ensure accurate and completeness of the ETA 9128 Report</p>	<p>Our RESEA State Program Coordinator, Brenda Orange will coordinate with Sharon Smith Program Manager II, to prepare an accurate ETA 9128 Report. This will be an ongoing process.</p>	Brenda Orange



Kevin Corbett | Chief Executive Officer

J. Kevin Stitt | Governor

**OKLAHOMA HEALTH CARE AUTHORITY  
STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2020**

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-021	93.778 Medicaid Cluster	<p><i>(OKDHS Response)</i> Work continues on creating an automated report to provide error counts and details to OHCA for monitoring purposes. Unfortunately, resource shortages at OMES have slowed progress, but progress is still being made and we hope to be able to project a completion time shortly.</p> <p>In the interim, employee training workshops focused solely on training staff in the timely handling of G1DX errors have been conducted in all field areas around the state within the last three months. We can also look at possibly manually generating a report from my unit after we discuss the parameters and frequency that the report needs to be generated.</p> <p><i>(OHCA Response)</i> OHCA Member Audit Unit will monitor G1DX completion for timeliness and accuracy on a monthly basis once files are established and provided to OHCA. In the interim, OHCA will monitor the status of the project to create the necessary reports.</p>	May 1, 2021	Paulette Kendrick
2020-034	93.778 Medicaid Cluster	<p><i>(OKDHS Response)</i> This gap in transmission was due to a technical issue at OMES that was not resolved until after the window of time that the IRS allows the report to be downloaded had closed. We maintain a transfer log that captures the outcome of all transfers.</p> <p>Unfortunately, another of the same type of issue occurred the following August, causing another missed report. The operating</p>	July 15, 2021	Ginger Clayton



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		<p>system for the IRS Tumbleweed machine was upgraded to a current version in early 2021, causing the IRS certificates to be invalidated. Since the upgrade, we have been waiting on the certificates to be upgraded, and for the resolution of related technical issues, which have resulted in a long stretch of missed transfers that we hope to have resolved very soon.</p> <p><i>(OHCA Response)</i> OHCA Member Audit Unit will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OHS to determine the appropriate remedy occurred to address the failed job.</p>		
2020-045	<p>93.767 Children’s Health Insurance Program</p> <p>93.778 Medicaid Cluster</p>	<p>The agency began working on two change orders to apply all received data exchange wage matches on May 5, 2020 and May 8, 2020, and the changes went into production on September 14, 2020. Cases beyond the production date are processed using the new logic. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established that Medicaid eligibility be extended for all members receiving, and approved for, benefits to remain eligible throughout the Public Health Emergency (PHE) which is ongoing. Following the current PHE, the Program Integrity and Accountability Division of Oklahoma Health Care Authority (OHCA) will resume audits of the effectiveness of the implemented changes.</p> <p>The agency began working on change orders to request unverified income on April 30, 2020, and the changes went into production on July 16, 2020. Cases beyond the production date are processed using the new logic. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established that Medicaid eligibility be extended for all members receiving, and approved for, benefits to remain eligible throughout the Public Health Emergency (PHE) which is ongoing. Following the current PHE, the Program Integrity and Accountability Division of Oklahoma Health Care Authority (OHCA) will resume audits of the effectiveness of the implemented changes.</p> <p>OHCA has established processes, through the identified change orders, to verify income for individuals listed in a member’s</p>	September 14, 2020	Ginger Clayton



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		household who do not have data wage exchange matches due to lack of social security number on file. The agency complies with §435.916(e) and §435.907(e) by requesting, but not requiring a non-applicant's social security number, and ensuring that provision of such social security number is voluntary.		
2020-051	93.778 Medicaid Cluster	<p>We concur with SAI's assessment. Approximately Aug. 25, 2021 is the implementation date for NCCI edits for professional services. OHCA is calling this, "Phase 1." OHCA is currently in the testing phase of implementation.</p> <p>OHCA has a signed contract amendment with Gainwell Technologies to implement the NCCI edits for institutional services ("Phase 2") after Phase 1 is complete. That implementation date has not yet been set, but a reasonable expectation would be to have them in MMIS production during 2022. New program code will need to be written into the MMIS system to integrate the institutional NCCI edit results from the Claims Xten system for both fee-for-service claims and managed care encounter processing, including coordinated encounter testing with managed care plans.</p>	8/25/2021 through 2022	Dr. Mike Herndon
2020-068	93.778 Medicaid Cluster	Concur. The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue with annual spring and fall provider training to better educate our providers. Regarding the payment errors noted in this finding, the federal share will be returned on the CMS-64 report for the quarter ended 6/30/2021.	June 30, 2021	Josh Richards
2020-084	93.767 Children's Health Insurance Program	OHCA determined the claim payment was an individual error, and not part of system processing. The agency will provide additional training on procedures for processing claims for different third party liability carrier types, and ongoing training will continue. Detailed claims resolution manuals will be utilized by appropriate agency employees, and the manager will continue reviewing processed claims.	June 30, 2021	Ginger Clayton



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**OKLAHOMA STATE DEPARTMENT OF HEALTH  
STATE OF OKLAHOMA – SINGLE AUDIT**

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2020**

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
340-004	ACFR – Miscellaneous Expenditures	The Oklahoma State Department of Health became one of the primary responders to the COVID-19 pandemic which impacted many areas of the agency, including the Financial Services department. For expediency of making payment to vendors to secure much needed supplies to respond to the pandemic, a decision was made to maintain entries in the PeopleSoft system and not the FISCAL system. The effort of the response did not subside enough to allow time to enter the entries into the FISCAL system before the state fiscal year end. The process of simultaneous dual entry has since been reinstated. Further, The Oklahoma State Department of Health continues to implement the Statewide Accounting System, PeopleSoft.	February 26, 2021	Diana O’Neal, CPA
20-340-016	ACFR – Miscellaneous Expenditures	The Oklahoma State Department of Health became one of the primary responders to the COVID-19 pandemic which impacted many areas of the agency, including the Financial Services department. Responding timely and appropriately in the early days of the pandemic required businesses to adjust processes. The Oklahoma State Department of Health does not typically utilize wire transfer payments so concur mistakes were made. To ensure this does not occur in the future should the need arise to utilize wire transfer payments, procedures have been documented. The Oklahoma State Department of Health also agrees it is not good business practice to pay (a deposit or in full) in advance of receiving goods and in normal circumstances this would not have occurred. During the pandemic, we temporarily followed common practice to pay a deposit to secure an order for personal protective equipment that was in high demand and essential to obtain to protect frontline workers. This practice is no longer used. The Oklahoma State Department of Health is currently working with the Oklahoma Attorney General to either receive the purchased items or obtain a refund.	February 26, 2021	Diana O’Neal, CPA



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

**CORRECTIVE ACTION PLAN  
2 CFR § 200.511(c)  
SFY 2020**

Finding Number	Subject Heading (Financial) or CFDA no. and program name (Federal)	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-019	93.575 and 93.596 – CCDF Cluster	<p>The Oklahoma Department of Human Services partially concurs with the current year finding. While the internal tracking spreadsheet for the ACF-696 only reflected \$9,569,754 of administrative spending on Quality and \$2,062,534 of administrative spending on Quality I&amp;T, the agency is allowed to use part of the direct services expenditures resulting from a rate increase to 3.0 star providers. This rate increase began in August 2018 and was designed to increase Quality standards and initiatives at providers. With the antiquated systems currently in place, the agency was not able to provide this data for Federal Fiscal Year 2019; though it is very clear the 8% and 3% thresholds were adequately met when the direct service expenditures are analyzed. Beginning with the Federal Fiscal Year 2020, the agency does not anticipate any problems providing sufficient data to show quality standards are being met at both the 9% (new reservation earmark) and 3% for that fiscal year.</p> <p>With regards to matching, the agency has fully updated and more thoroughly automated both the draw sheet and ACF-696 tracking sheet as of the start of Federal Fiscal Year 2020. This update will help prevent human error in future transactions and will allow for better controls.</p>	Start of FFY2020	Charles Pruett and Chris Smith
2020-021	10.551 – SNAP Cluster, 93.558 – TANF, 93.575 and 93.596 – CCDF Cluster, and 93.778 – Medicaid Cluster	<p>(OKDHS Response) The Oklahoma Department of Human Services concurs with the audit finding. The extreme increase in caseloads due to the worldwide pandemic contributed to this finding. Now that caseloads are moving back to normal rates, staff will better be able to address and keep up with the G1DX errors. All field staff were required to participate in the new LMS G1DX training by May 31, 2021. In addition, this finding will be added to AFS leadership agenda and addressed with the County Directors at the State Leadership Training &amp; the State Supervisors Training in July 2021. The process itself is currently under review for possible revision in 2022.</p> <p>Work continues on creating an automated report to provide error counts and details to OHCA for monitoring purposes. Unfortunately, resource shortages at OMES have slowed</p>	May 31, 2021	Paulette Kendrick and Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)

		<p>progress, but we hope to be able to project a completion time shortly.</p> <p>In the interim, employee training workshops focused solely on training staff in the timely handling of G1DX errors have been conducted in all field areas around the state within the last three months.</p> <p>(OHCA Response) OHCA Member Audit Unit will monitor G1DX completion for timeliness and accuracy on a monthly basis once files are established and provided to OHCA. In the interim, OHCA will monitor the status of the project to create the necessary reports.</p>		
2020-022	93.558 – TANF	The Oklahoma Department of Human Services concurs with the finding. Grant year 2017 had to be reported with the full expenditures as the SF425 instruction state since it was fully expended before the QE June 2020, but we do agree that it doesn't balance with the prior year SF425. In future submissions, detailed steps will be documented to show the expenditures for the fiscal year and the reconciliation of prior year amounts on the SF425.	September 30, 2021	Chris Smith
2020-023	93.558 – TANF	The Oklahoma Department of Human Services concurs with the finding. The TANF state plan during State Fiscal Year 2020 required an eligibility of 185% of federal poverty level (FPL) for these contracted services. This requirement is not set by the Administration of Children and Families (ACF). It is established solely within Oklahoma's plan. Beginning with State Fiscal Year 2021, the plan has been updated, and approved by ACF, to accommodate a broader scope of eligibility for the clients. The children receiving services on the contracts are some of the most vulnerable and needy in our state. The new plan will allow for eligibility to include any client who is currently receiving Medicaid, SNAP, Childcare, or TANF assistance/services. From the current population of clients within the FCS and OCS contracts, 68% receive one, or all, of the assistance/services provided under those programs. With 68% of the children/families eligible for Medicaid, SNAP, Childcare or TANF, the agency can prove the need for coverage by TANF for these contracted services which exceeds the questioned costs of this finding. While the OKDHS did not have the level of income details to meet the State Fiscal Year 2020 plan, all future fiscal years will have the information to show the clients are eligible by the established requirements.	Fiscal Year 2021	Kevin Haddock
2020-024	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. The reporting of the ACF-196 has been updated throughout state fiscal year 2021 and contains additional controls to ensure further accuracy. Line 7.a (Foster Care – prior law) is an extremely complicated funding source and requires the gathering of data from multiple legacy systems. As the agency moves towards more modern data warehousing, the reporting of the prior law will become easier. A spreadsheet was established in State Fiscal Year 2020 which provides exact details of the adjustments needed. That spreadsheet will be continued and provided upon request.	Immediate	Chris Smith
2020-033	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. In the data reporting mechanism provided by OSHRE, the OSHRE staff inadvertently mis-keyed two client numbers into their reporting spreadsheet provided to DHS which made it appear that the two cases	September 1, 2021	Paulette Kendrick

		were not eligible for funding. Verification of the referrals were provided documenting the correct case numbers and showing TANF eligibility. Contract Monitor Lisa French will address this at the annual ACTE Summer Conference Training held in August, 2021, with all of the contracted Special Project staff and stress the importance of ensuring all case numbers are keyed into data reporting systems accurately.		
2020-034	93.778 - Medicaid Cluster	<p>(OKDHS Response) This gap in transmission was due to a technical issue at OMES that was not resolved until after the window of time that the IRS allows the report to be downloaded had closed. We maintain a transfer log that captures the outcome of all transfers.</p> <p>Unfortunately, another of the same type of issue occurred the following August, causing another missed report. The operating system for the IRS Tumbleweed machine was upgraded to a current version in early 2021, causing the IRS certificates to be invalidated. Since the upgrade, we have been waiting on the certificates to be upgraded, and for the resolution of related technical issues, which have resulted in a long stretch of missed transfers that we hope to have resolved very soon.</p> <p>(OHCA Response) OHCA Member Audit Unit will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OHS to determine the appropriate remedy occurred to address the failed job.</p>	July 15, 2021	Jeff Rosebeary (OKDHS) Ginger Clayton (OHCA)
2020-035	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. Back to Basics training will be conducted for these counties to go over the eligibility & redetermination forms and documentation that are required to be uploaded into the case record.	June 30, 2021	Paulette Kendrick
2020-036	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. The AFS TANF Academy Instructor will be holding a Child Support Back to Basics trainings for these counties with instruction including how to address and complete Child Support paperwork, the process for establishing & assigning child support, process for submitting good cause exemptions and uploading signed documentation into the case record.	June 10, 2021	Paulette Kendrick
2020-037	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. This is a manual process that is dependent on a review to detect missing documentation in the case file. The Supervisor and both TANF Workers involved on this finding will attend the TANF Academy training in June.	June 30, 2021	Paulette Kendrick
2020-038	93.575 and 93.596 – CCDF Cluster	The Oklahoma Department of Human Services concurs with the audit finding. Foster Care and Adoption Programs as well as Permanency Planning and Child Protective Service Programs will work with leadership to send out reminders to staff. Foster Care and Adoption have added Form 04MP042E, Application for Child Welfare Child Care Benefits to Form 04AF053E, in the Resource Family Assessment Review Tool. This will ensure the Application for Child Welfare Child Care Benefits is completed at the time of approval of the resource home.	June 30, 2021	Jenny Countess
2020-039	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. It appears there was a systems issue that prevented these specific cases from going into payment	July 1, 2021	Paulette Kendrick

		status prior to the OCSS temporarily discontinuing the Non-coop penalties during COVID. We have notified Systems and they are researching the situation. We are working to get this resolved as quickly as possible.		
2020-040	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. After the state audit last year, we implemented a statewide corrective action plan that began in June 2020, requiring ALL TANF 52A closures to have a second party supervisory review, prior to closing the TANF case. The cases discovered by SAI were prior to the time period this was established. As part of the newly required second party supervisory review, the Supervisor ensures that all steps of determining good cause is established, and the appropriate documentation is imaged into the case record.	06/30/2020 - State wide 2 <sup>nd</sup> party review is now in effect	Paulette Kendrick
2020-041	93.558 – TANF	The Oklahoma Department of Human Services concurs with the audit finding. After the state audit last year, we implemented a statewide corrective action plan that began in June 2020, requiring ALL TANF 52A closures to have a second party supervisory review, prior to closing the TANF case. The cases discovered by SAI were prior to the time period this was established. As part of the newly required second party supervisory review, the Supervisor ensures that all steps of determining good cause is established, and the appropriate documentation is imaged into the case record.	6/1/2020	Paulette Kendrick
2020-053	93.658 – Foster Care Title IV-E	The Oklahoma Department of Human Services concurs with the audit findings. By the beginning of FY22, The OKDHS will modify its sub-recipient agreements to ensure all required award identification is provided. We will ensure all sub-recipients provide performance reports in addition to their detailed financial and to ensure we can assess sub-recipient compliance with program requirements and achievements of performance goals. We will establish policies and procedures to ensure we receive and review a single audit or program specific audit from those sub-recipients who expend \$750,000 or more in Federal awards as required by 2 CFR 200.501. Currently, sub-recipient claims are not processed until we receive the performance report. Single audit procedures have already been established with OIG.	July 1, 2021	Kevin Haddock
2020-054	Various	The Oklahoma Department of Human Services partially concurs. Although the schedule in question did contain a formula error which resulted in a temporary inaccurate adjustment from agency-wide indirect costs, this was corrected in the quarter ending March 2021. This June 2020 adjustment was a small part of a much larger Coronavirus Relief Fund (CRF) adjustment which had to wait until after the Office of Management and Enterprise Services (OMES) had completed the reimbursement of CRF to DHS. The overstatement amount reflected in this audit finding has already been fully corrected. With the onset of the pandemic, expenditures for the CRF and CARES Act activities were established in finance locations not typical to normal business. The full adjustment made in the quarter ending March 2021 provides the details to follow the expenditures and map them from the assorted finance locations. Electronic copies of all CRF adjustments have been provided to the State Auditors as documentation of the correction.	Completed in the QE March 2021	John Guin

2020-055	93.659 – Adoption Assistance	<p>The Oklahoma Department of Human Services does not concur with the finding. As a part of Fostering Connections Act (FCA), the adoption IV-E eligibility criteria was changed to allow more children to become IV-E eligible. This Act allowed states to access more adoption IV-E funding. The access funding provided to states for these adoptions, which would have been funded with 100% state funds, created less of a funding burden for states. The children who are now IV-E, but do not meet the IV-E requirements as they stood before FCA, are considered “applicable children”. The federal share of the adoption payments are called the “adoption savings”. As stated in the guidance and requirements, these state funds must be spent on Title IV-B or Title IV-E activities; of which 30% is to be used on post adoption/post guardianship services or prevention services. 2/3 of that 30% must be spent on post adoption/guardianship. Further, adoption savings cannot supplant state spending.</p> <p>For the OKDHS, the first step in the adoption savings process is to calculate the savings. Oklahoma uses the CB method with actual amounts to calculate the savings. The calculation starts with identifying the children that are “applicable children” which is done by using the KIDS report YI747. This reports identifies all children who meet the “applicable child” criteria. The report is then narrowed down to just the kids who did not meet the traditional eligibility; leaving only the children who met the “applicable child” criteria only. This list of applicable children is then compared to the KIDS report YI806. This allows a determination of the payments and monthly counts.</p> <p>Expenditures of prior calculated savings are shown on the CB-496 Part 4; which are signed by Kevin Haddock of Child Welfare and submitted to the CARE unit for entry into the OLDC. Kevin works with the Budget unit to calculate the savings amount. The Budget unit provides an independent review of the expenditures used in the savings. This is done in the month of October and used in the agency budget balancing process of the following year, typically in the March thru May timeframe. The agency uses the Adoption Savings to fund a shortfall in adoption assistance funding. This meets all requirements of the adoption savings spending as outlined in the Code of Federal Regulations and the Fostering Connections Act. The savings is shown in the budget balancing document for adoption assistance.</p> <p>After the state fiscal year has concluded, Child Welfare reconciles the adoption expenditures against all funding sources to verify the amount was actually spent in the fiscal year. This process details the amounts reported as savings, the budgeting of those funds, and the reconciliation of the adoption savings against the actual expenditures to show it was in fact expended as reported on the CB-496 Part 4.</p>	N/A	Kevin Haddock
2020-056	93.659 – Adoption Assistance	<p>The Oklahoma Department of Human Services does not concur. Adoption savings are not federal funds but rather state funds that are “saved” in definition by increased eligibility criteria in the Foster Connections Act. The state funds have guidelines on spending. Oklahoma uses adoption savings to fund a shortfall in adoption assistance payments. The Adoption budget reconciliation spreadsheet</p>	N/A	Kevin Haddock

		<p>shows not only the budgeting of the adoption savings but the expenditure reconciliation to ensure that adoption savings were spent appropriately. This ensures the savings were not used as state match and at least 20% was for post adoption/guardianship.</p> <p>The Oklahoma Department of Human Services ensures at least 30 percent of adoption savings are spent on post-adoption and post-guardianship services. The Adoption budget reconciliation spreadsheet clearly shows that 100% of expenditures is post adoptions.</p> <p>Per the Children’s Bureau’s Child Welfare policy manual question 8.2 3, adoption savings expenditures funds are allowable as matching funds in certain circumstances. This is detailed as allowable in this link:  <a href="https://www.acf.hhs.gov/cwpm/public_html/programs/cb/laws_policies/laws/cwpm/searchResults.jsp">https://www.acf.hhs.gov/cwpm/public_html/programs/cb/laws_policies/laws/cwpm/searchResults.jsp</a></p> <p>The Adoption budget reconciliation spreadsheet shows that the adoption savings are used for state only expenditures for non-federal adoption assistance after the permanent state dollars are exhausted.</p>		
2020-057	93.558 – TANF	<p>The Oklahoma Department of Human Services concurs with the audit finding. Back to Basics training will be conducted for counties regarding the TANF Hardship Extension process, the timeframe a TW-24 should be submitted for review in addition with information needed for the submission for approval. This training will also include ensuring that the TW-24 is imaged into the case record in a timely manner.</p>	June 30, 2020	Paulette Kendrick
2020-058	10.551 – SNAP Cluster	<p>The Oklahoma Department of Human Services partially concurs with the audit findings.</p> <p>The pandemic forced some rapid changes to the card replacement processes to limit contact and this included mailing replacement cards to clients rather than asking them to come to the office. FNS regulations allow us to mail cards to clients and a signature is not required in those cases. We are using a new revised form for all field offices for the client’s signature; however, we are still mailing cards out to clients that are printed in the field offices when requested. The EBT Specialist will appropriately mark “mailed” in place of the signature on the revised client signature form.</p> <p>AFS will conduct a Back to Basics training for all field EBT Specialists to make sure they are deactivating returned cards before destroying them. Training will be completed by July 31, 2021.</p> <p>AFS has made corrections for the listed offices. The Oklahoma Department of Human Services maintains that having the card stock in a locked file cabinet and the keys to this cabinet in a secure area that is only accessible to OKDHS employees does not violate federal regulations as found in Title 7 Chapter II Subchapter C Section 274.5 and does not show any degradation of security. We are removing card stock and EBT card printers from offices that only have one employee. The pandemic has changed the work environment and employees work remotely when possible. As a result, daily inventories will only be</p>	July 31, 2021	Thomas Pennington

		performed on the days that employees actually work in the office.		
2020-061	93.575 and 93.596 – CCDF Cluster	<p>The Oklahoma Department of Human Services does not concur that checklists were inadequately documented in relation to compliance with Health and safety requirements. On the recommendation of the State Auditor, a statement was added to the monitoring checklist in 2015 which states that “all items on the checklist were monitored and found to be in compliance at the time of the monitoring visit unless marked otherwise.” In addition, a statement was incorporated into the child care center monitoring checklist in 2016 stating that “All items listed below are compliant unless marked as “NC” Non-compliant or “NR” Not reviewed.” The format of the current monitoring checklist and summary used by licensing staff has not changed from the monitoring checklist and summary previously approved. It appears CCS staff followed existing DHS policy, OAC 340:110-1-9, when completing the monitoring checklists. In addition CCS staff completes rigorous training to ensure the monitoring visits and checklists are completed according to DHS policy. Child Care Services will research the option of revising the current monitoring forms and implementing procedures to ensure all monitoring visits are documented in a manner that clearly conveys all health and safety requirements were reviewed for the facility by 12-1-21.</p> <p>The Oklahoma Department of Human Services concurs with the remaining findings. Action plans to address these issues will be prepared and completed by August 1, 2021. In addition, quality review audits are being conducted annually with each supervisory group in Child Care Services to address errors or inconsistencies when monitoring child care programs. At the conclusion of each quality review audit, training is provided to staff regarding the findings of the internal audit. Each of the items noted above will be specifically addressed in the training.</p>	December 1, 2021	Diane Smith
2020-063	93.575 and 93.596 – CCDF Cluster	<p>The Oklahoma Department of Human Services concurs with the finding. State Fiscal Year 2020 offered complicated challenges with the COVID-19 pandemic forcing all employees to instantly move to a teleworking environment. The pandemic also brought a rush of new federal dollars in the CARES Act. CCDF was one of the primary focuses for CARES Act funding. With the move to teleworking and the increase in funding streams, the SEFA reporting for the fiscal year became exponentially more difficult. The error in reporting was fixed and submitted. Going forward, the OKDHS has implemented monthly/quarterly reconciliations of expenditures, draws and revenues. The reconciliations will create a control to allow for a more easy collection and reporting of expenditures for the SEFA. Employees have also come to terms with the teleworking environment and developed new traits, skills and controls which will help ensure future submissions are accurate.</p>	SFY2021 Submission of SEFA	Chris Smith
2020-078	93.575 and 93.596 – CCDF Cluster	<p>The Oklahoma Department of Human Services concurs with the audit finding. Although the two signers in question did not have direct authority to approve these claims, they are held with the responsibility of knowing the information provided by the vendor and were appropriate. No</p>	June 30, 2021	Jesse Bratton

		overpayments occurred. We will review the signature authority and make any necessary corrections.		
2020-079	93.568 - LIHEAP	<p>The Oklahoma Department of Human Services does not concur with the finding. The OKDHS collects and reports payment data on energy burden and restoration of home energy service as well as prevention of loss of home energy service. Module 2 is mainly statistical data that requires the annual consumption and the average billing for the households that meet the 12 month consecutive service along with the average utility expenditure reporting from the energy providers. The Administration for Children and Families (ACF) provides much of this data to Apprise, who is under federal contract and funded by the ACF. It is important to note that Apprise is listed on the ACF website as a contact for technical assistance and reporting. Apprise uses the data we provide through Base Camp to the ACF and additional data they collect to generate the Module 2 reporting. We depend on Apprise to compile the data, make computations, and generate the Module 2 reporting. Oklahoma is not the only grantee that uses Apprise in this manner.</p> <p>To ensure the correct data is reported back to Congress, the OCS made it mandatory for all grantees to upload data through Base Camp so Apprise can provide technical assistance where it is needed for accuracy. The ACF owns the data. Apprise is under contract to provide reporting but is not allowed by contract to share the data. The OKDHS cannot comply with a requirement to maintain data that is owned by the ACF. We believe we are in compliance with Module 2 reporting requirements by using Apprise which is under Federal contract.</p>	N/A	Casey Killion-Letran
2020-085	93.568 – LIHEAP	<p>The Oklahoma Department of Human Services concurs with the finding. The OKDHS has internal procedures to ensure that LIHEAP Household Reports are timely submitted in accordance with Federal reporting guidelines. We are reliant on OMES as our IT resource to provide the system reports used to complete the Household Report as well as supply the data files used by SAI for audit purposes. The OMES LIHEAP lead programmer retired on 12/30/2019. Weatherization data was also delayed from the Department of Commerce. The initial Household reports did not contain Heating data. We submitted a trouble ticket to OMES and did not get the corrected reports until March 27, 2020 which resulted in a late filing.</p> <p>The Household Report consists of unduplicated LIHEAP households. The LIHEAP data files provided to the auditors contain individual payment details. It is a very complex process to convert raw data from the various systems to the numbers needed for the Household reports and to create the payment data files. The OKDHS uses the household reports to provide consistency and accuracy for reporting purposes. We do not internally have resources properly qualified to identify why the data files do not agree to the Household Reports. We will submit a trouble ticket to OMES to determine the cause of the discrepancy and take appropriate actions based on the findings.</p>	June 30, 2020	Casey Killion-Letran

2020-086	93.667 - SSBG	The Oklahoma Department of Human Services concurs with the finding. Our concurrence is subject to change as we are still awaiting a decision from the Administration for Children and Families Audit Resolution team from the SFY19 audit. The OKDHS has had many discussions with the ACF on this matter and we believe they will uphold the methodology used on the expenditures for the provided services and activities.	Awaiting ACF decision	Paulette Kendrick, Kevin Haddock, and Chris Smith
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**Financial Services**

April 30, 2021

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

**CORRECTIVE ACTION PLAN**  
**2 CFR § 200.511(c)**  
**SFY 2020**

<b>Finding Number</b>	<b>Subject Heading (Financial) or CFDA no. and program name (Federal)</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2020-046	#96.001/96.006 Disability Insurance/SSI Cluster	<p>We now have a solid understanding regarding the finding, have fixed formulas that were not correct in the Excel spreadsheets, have notes to double check formulas, and have a process in place for DRS to double check the math to ensure that this doesn't happen again in the future.</p> <p>FSD has implemented a procedure to review each column and row addition on the SSA-4514, and to verify that the appropriate totals are carried forward to the total lines.</p>	<p>12/31/2020</p> <p>12/31/2020</p>	<p>Jennifer Thornton-Johnson</p> <p>Cynthia Knight</p>
2020-059	#96.001/96.006 Disability Insurance/SSI Cluster	<p>The DDS will readdress the importance of validating the checklist with the Professional Relations Officer.</p> <p>DDS will readdress the process of inactivating vendors with responsible staff. SSA is in the process of transitioning to a new case management system for the DDS. The details of how best to monitor active/inactive vendors is not currently known. DDS will review procedures involved with the new system to comply with the identified issue.</p>	6/30/2021	Jennifer Thornton-Johnson

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Executive Director Melinda Fruendt  
Commissioners Theresa Flannery, Wes Hilliard and Jace Wolfe

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



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Office of Management and Enterprise Services  
Prior Year Finding Follow-up  
2020

**Reference Number:** 19-695-023  
**Fund Type:** Governmental Funds: General Fund  
**Status:** Corrected

**Reference Number:** 19-695-029  
**Fund Type:** Agency Fund: Cash; General Fund: Cash/Cash Equivalents  
**Status:** Corrected

JOY HOFMEISTER  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT OF EDUCATION

**CFDA NO:** 84.010 & 84.367

**FINDING NO:** 2019-034 **Reportable**

**PROGRAM NAME:** Grants to Local Educational Agencies; Supporting Effective Instruction State Grant

**STATUS:** **Corrected-July 2019**

**CFDA NO:** 84.010

**FINDING NO:** 2019-035 (Repeat 2018-078) **Reportable**

**PROGRAM NAME:** Grants to Local Educational Agencies

**STATUS:** **Partially Corrected**

**Corrective Action Planned:** To strengthen our written procedures a first reviewer, the State Ombudsman and second reviewer, a Grants Associate will verify all nonpublic packets have been received by each district and all data from the packet is entered correctly from the spreadsheet. OFP utilizes a review checklist that serves as a guide for the first and second reviewer to ensure a detailed review is performed.

OFP reviewers, Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes the review of non-public equitable services and set asides. Intensive training will also be provided in the fall to ensure the non-public carryover and equitable services are correctly documented. The Consolidated Application's Title I instructions will be updated to include more detail for reviewers to follow and verify the process.

Intense training will be provided to all reviewers at the beginning of the year as well as in-house training on the review of equitable services and set-asides verification. The first reviewer, the State Ombudsman and second reviewer, a Grants Associate will periodically check to verify if services are being rendered to non-public schools.

**Anticipated Completion Date:** June 30, 2021

**CFDA NO:** 84.367

**FINDING NO:** 2019-036 (Repeat 2018-080) **Reportable**

**PROGRAM NAME:** Supporting Effective Instruction State Grant

**STATUS:** **Partially Corrected**

**Corrective Action Planned:** To strengthen our written procedures Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes the review of non-public equitable services and set asides. Intensive training will also be provided in the fall to ensure the non-public carryover and equitable services are correctly documented. The Consolidated Application's Title II instructions will be updated to include more detail for reviewers to follow and verify the processes.

The first reviewer, the State Ombudsman and second reviewer, a Grants Associate will periodically communicate with the non-public school to verify if services are being rendered. FY2020 was a challenging year for public and non-public schools to fulfill services due to the COVID 19 pandemic however, all non-public schools that did not receive services during the COVID 19 pandemic will have carryover for FY2021. Program Specialists and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application

JOY HOFMEISTER  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT OF EDUCATION

process which includes the review of non-public equitable services and verification of extenuating circumstances carryover amounts. Intensive training will also be provided in the fall to ensure the non-public carryover amounts are correctly documented. The Consolidated Application's Title II instructions will be updated to include more detail for reviewers to follow and verify the process.

Program Specialist and Grants Associate will receive professional development at the beginning of the new fiscal year. Program Specialists and Grants Associate are provided in-house training on the application process which includes verification of carryover amounts the State Ombudsman provides to all reviewers. The Consolidated Application's Title II instructions will be updated to include more detail for reviewers to follow and verify the process.

**Anticipated Completion Date:** June 30, 2021

**CFDA NO:** 84.010  
**FINDING NO:** 2019-049 (Repeat 2018-017) **Reportable**  
**PROGRAM NAME:** Grants to Local Educational Agencies  
**STATUS:** **Not Corrected**

**Corrective Action Planned:** The director of finance will adjust the control worksheet to correctly calculate the hold harmless percentage. The adjustment will consist of not rounding the percentage amount. The second reviewer will review the control worksheet. The allocation adjustment will be made when FY2022 allocations are calculated

**Anticipated Completion Date:** July 2021

**CFDA NO:** 84.010  
**FINDING NO:** 2019-055 (Repeat 2018-015) **Reportable**  
**PROGRAM NAME:** Grants to Local Educational Agencies  
**STATUS:** **Partially Corrected**

**Corrective Action Planned:** To strengthen procedures, OFP will provide LEAs with methodology templates as a guide to prepare the LEA's site allocation as well as training on how to create the Title I Supplement not Supplant methodology.

OFP follows the Supplement not Supplant for FY2020, Non-Regulatory Informational Document dated June 2019, under Title I Part A of the Elementary and Secondary Education Act of 1965 as Amended by the Every Student Succeeds Act.

- OFP requires all LEAs to submit a Title I methodology for sites served with Title I funds through the Consolidated Application in GMS. However, the Non-Regulatory Informational Document provides exceptions to all LEAs for submitting a Title I SNS methodology by stating an LEA need not have a methodology to comply with ESEA Section 1118(b)(2) if it has:
  - One school
  - Only Title I Schools or
  - A grade span that contains only: a singly school, non-Title I schools, or Title I schools (i.e., no methodology is required for this grade span)

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OKLAHOMA STATE DEPARTMENT OF EDUCATION

OFP provides staff training on the Title I Supplement not Supplant review process to ensure the LEA implements the Title I Supplement not Supplant requirement. Program Specialists and Grant Associates verify the LEAs methodology by reviewing and approving the LEAs Title I application and expenditure reports.

OFP will include in the Title I Supplement not Supplant spreadsheet additional column(s) to include non-Title I LEA sites to review state/local/federal expenditures

**Anticipated Completion Date:** August 2021

**CFDA NO:** 84.367

**FINDING NO:** 2019-056 (Repeat 2018-015) **Reportable**

**PROGRAM NAME:** Supporting Effective Instruction State Grant

**STATUS:** **Not Corrected**

**Corrective Action Planned:** The Office of Federal Programs (OFP) concurs with the state audit finding. OFP has strengthened its policies and procedures to include additional review processes to identify and compare LEAs current year Title II professional development activities/services to prior year Title II professional development activities/services in order to determine if the Title II Supplement not Supplant requirement is being met or not met.

OFP currently has processes in place, however the following factors affect the outcome of OFP meeting this finding based on:

- 1) Reliance on another department for previous year Title I and Title II data,
- 2) Approval from state auditor on OFP's FY2019 process to quantify the TII Supplement not Supplant requirement, and
- 3) Once approved or other suggestions are made by the state auditor's office, OFP will proceed with gathering and preparing data to compare current year services to prior year services.

**Anticipated Completion Date:** October 31, 2021

**CFDA NO:** 10.553, 10.555, 10.556

**FINDING NO** 2019-004

**PROGRAM NAME:** Child Nutrition Cluster

**STATUS:** **Corrected**

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

**FINDING NO** 2018-033, 2019-005

**PROGRAM NAME:** Child Nutrition Cluster

**STATUS:** **Partially Corrected**

**Corrective Action Planned:** We will continue to collect supporting documentation from the schools during administrative reviews. Reviews were not conducted in SY 21-22 due to COVID-19 and the USDA approved State waiver. The state did conduct Seamless Summer Option (SSO) technical assistance reviews and completed a checklist for these visits. The PLE Tool was also waived per a USDA waiver for SY 20-21. Once we the PLE waiver is completed again we will verify the three bullet points above regarding PLE.

**Anticipated Completion Date:** July 1, 2021, SY 21-22

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STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT OF EDUCATION

**CFDA NO:** 10.559  
**FINDING NO:** 2018-033, 2019-006  
**PROGRAM NAME:** Child Nutrition Cluster  
**STATUS:** Partially Corrected

**Corrective Action Planned:** Collection of supporting documentation continues to take place for auditor requirements. We have developed a checklist of the required documentation to be collected on a SFSP review and brought to the office for this requirement. The checklist was put in place around January 2021.

**Anticipated Completion Date:** This is an ongoing issue, January 2021

**CFDA NO:** 10.558  
**FINDING NO:** 2019-054  
**PROGRAM NAME:** Child and Adult Care Food Program  
**STATUS:** Not Corrected

**Corrective Action Planned:** All required elements were added to the CACFP FSMC contract for FY 21, including Debarment and Suspension.

**Anticipated Completion Date:** This was completed on October 1, 2020

**CFDA NO:** 10.558  
**FINDING NO:** 2018-034, 2019-057  
**PROGRAM NAME:** Child and Adult Care Food Program  
**STATUS:** Not Corrected

**Corrective Action Planned:** This is an ongoing process but supporting documentation was obtained for all FY20 ARs.

**Anticipated Completion Date:** October 2022

**CFDA NO:** 10.558  
**FINDING NO:** 2018-034, 2019-058  
**PROGRAM NAME:** Child and Adult Care Food Program  
**STATUS:** Not Corrected

**Corrective Action Planned:** A checklist was developed based on information obtained from the State auditor of required documentation that is needed. The information for the checklist was received from Stephanie on May 19, 2020. While getting the new checklist ready for the field staff I had questions so Stephanie Orsburn and I spoke in early July and then the new spreadsheet was sent to the consultants which by that time several of these reviews had already been conducted prior to the field staff receiving the list of needed supporting documentation. Any reviews conducted in FY 20, October 1, 2019 – September 30, 2020 did contain the required supporting documentation. The issue is with the overlap of the audit year. Reviews conducted in FY 19, July 2019 – September 2020 did not have supporting documentation. FY 21 reviews will continue to have supporting documentation. Desk reviews are also conducted on reviews when submitted as they always have been.

**Anticipated Completion Date:** Oct 2020

JOY HOFMEISTER  
STATE SUPERINTENDENT OF PUBLIC INSTRUCTION  
OKLAHOMA STATE DEPARTMENT OF EDUCATION

**CFDA NO:** 10.558  
**FINDING NO:** 2019-059  
**PROGRAM NAME:** Child and Adult Care Food Program  
**STATUS:** Partially Corrected

**Corrective Action Planned:** Since maintaining history in our CACFP system is not possible per our IT department, we will maintain a form when CACFP center participants change a mealtime so we are able to show that they were approved for a particular meal time even though it may have changed mid-year, but the system shows claims were paid for that meal service. The system does have an edit that will not allow them to claim a meal service they are not approved for and this has been presented to the State auditors. Unfortunately, we cannot show when and what months a time was changed.

**Anticipated Completion Date:** July 1, 2021

**CFDA NO:** 10.553, 10.555, 10.556, 10.559  
**FINDING NO:** 2019-081  
**PROGRAM NAME:** Child Nutrition Cluster  
**STATUS:** Corrected

**CFDA NO:** 10.553, 10.555, 10.556, and 10.559  
**FINDING NO:** 2018-036  
**PROGRAM NAME:** Child Nutrition Cluster  
**STATUS:** Partially Corrected

**Corrective Action Planned:** The field staff did review any school program that had significant review issues from the prior year, recalculation for instance. Some things didn't get to be completed because COVID shut schools down.

**Anticipated Completion Date:** We plan on picking back up with this for SY 21-22, school reviews are not being completed for SY 20-21.

**CFDA NO:** 10.558  
**FINDING NO:** 2018-037  
**PROGRAM NAME:** Child and Adult Care Food Program  
**STATUS:** Not Corrected

**Corrective Action Planned:** A rubric for risk assessment was developed and claim validations for high risk claims based on the rubric is being conducted.

**Anticipated Completion Date:** October 2020

**CFDA NO:** 10.558  
**FINDING NO:** 2018-038  
**PROGRAM NAME:** Child and Adult Care Food Program  
**STATUS:** Corrected



STATE OF OKLAHOMA  
DEPARTMENT OF EMERGENCY MANAGEMENT  
AND HOMELAND SECURITY

**CFDA No:** 97.036  
**Finding No:** 2015-012, 2016-002, 2017-015, 2018-013, 2019-008  
**Federal Program Name:** Disaster Grants - Public Assistance  
**Status:** Partially Corrected

ODEMHS has adopted a subrecipient monitoring policy and subrecipient risk assessments. This will ensure OEM monitors subrecipients in accordance with 2 CFR 200.331. Additionally, ODEMHS now monitors all advances prior to closeout or before advancing additional funds. This finding repeated due to timing of fiscal years.

**CFDA No:** 97.036  
**Finding No:** 2018-057, 2019-009  
**Federal Program Name:** Disaster Grants - Public Assistance  
**Status:** Corrected

**CFDA No:** 97.036  
**Finding No:** 2015-026, 2016-012, 2017-048, 2018-047, 2019-018  
**Federal Program Name:** Disaster Grants - Public Assistance  
**Status:** Corrected

**CFDA No:** 97.042  
**Finding No:** 2018-069, 2019-032  
**Federal Program Name:** Disaster Grants - Public Assistance  
**Status:** Corrected

**CFDA No:** 97.036  
**Finding No:** 2019-033  
**Federal Program Name:** Disaster Grants - Public Assistance  
**Status:** Not Corrected

ODEMHS has formal closeout procedures to ensure both programmatic allowability and financial compliance. The large project closeout issues have been resolved during SFY2021.

**CFDA No:** 97.036  
**Finding No:** 2018-012  
**Program Name:** Disaster Grants – Public Assistance  
**Status:** Not Corrected

ODEMHS has created a new draw process to ensure draws are made in accordance with the CMIA regulations. This process and procedure was adopted during SFY2021.





**OKLAHOMA**  
Employment Security Commission

**Shelley Zumwalt**  
Executive Director

**J. Kevin Stitt**  
Governor

**Representing Employers**  
Traci Cook, Commissioner  
Dustin Hilliary, Commissioner

**Representing the Public**  
David Reid, Chair

**Representing Employees**  
Aaron Johnson, Commissioner  
Jennifer Ellis, Commissioner

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**July 13, 2021**

**CFDA No:** 17.225

**Finding No:** 2018-060, 2019-077

**Program Name:** Unemployment Insurance

**Status:** Corrected

**CFDA No:** 17.225

**Finding No:** 2017-055, 2018-022, 2019-078

**Program Name:** Unemployment Insurance

**Status:** Partially Corrected

The Oklahoma Employment Security Commission has successfully completed the design, programming and implementation of a system that will ensure compliance with 40 O.S. § 2-613 (1) in assessing a 25% penalty applicable to overpayments with 3/5 of the penalty amount collected being deposited into the UI Trust Fund. The system was fully implemented on 12/31/2019.



**Kevin Corbett** | Chief Executive Officer

**J. Kevin Stitt** | Governor

**CFDA No:** 93.767; 93.778

**Finding No:** 2018-027, 2019-012

**Federal Program Name:** Children's Health Insurance Program; Medicaid Cluster

**Status:** Corrected

**CFDA No:** 93.778

**Finding No:** 12-807-008, 2013-043, 2014-026, 2015-035, 2016-006, 2017-033, 2018-025, 2019-046

**Federal Program Name:** Medicaid Cluster

**Status:** Partially Corrected, the federal share of questioned costs was returned. The OHCA will continue to utilize control processes and procedures to ensure medical claims are meeting program requirements. These processes include prior authorizations, suspended claim reviews, system edits, post payment reviews, and our payment accuracy measurement study. OHCA will also continue with annual spring and fall provider training to better educate our providers. Regarding the payment errors noted in this finding, the federal share will be returned on the CMS-64 report for the quarter ended 6/30/2021.

**CFDA No:** 93.767

**Finding No:** 12-807-006, 2013-044, 2014-025, 2015-036, 2016-007, 2017-034, 2018-026, 2019-047

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

**Status:** Corrected

**CFDA No:** 93.778

**Finding No:** 2018-054, 2019-053

**Federal Program Name:** Medicaid Cluster

**Status:** Corrected

**CFDA No:** 93.767; 93.778

**Finding No:** 2019-087

**Federal Program Name:** Children's Health Insurance Program; Medicaid Cluster

**Status:** Not Corrected, The agency began working on two change orders to apply all received data exchange wage matches on May 5, 2020 and May 8, 2020, and the changes went into production on September 14, 2020. Cases beyond the production date are processed using the new logic. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established that Medicaid eligibility be extended for all members receiving, and approved for, benefits to remain eligible throughout the Public Health Emergency (PHE) which is ongoing. Following the current PHE, the Program Integrity and Accountability Division of Oklahoma Health Care Authority (OHCA) will resume audits of the effectiveness of the implemented changes.

The agency began working on change orders to request unverified income on April 30, 2020, and the changes went into production on July 16, 2020. Cases beyond the production date are processed using the new logic. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act) established that Medicaid eligibility be extended for all members receiving, and approved for, benefits to remain eligible throughout the Public Health Emergency (PHE) which is ongoing. Following the current PHE, the Program Integrity and Accountability Division of Oklahoma Health Care Authority (OHCA) will resume audits of the effectiveness of the implemented changes.



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Helpline: 800-987-7767



**Kevin Corbett** | Chief Executive Officer

**J. Kevin Stitt** | Governor

OHCA has established processes, through the identified change orders, to verify income for individuals listed in a member's household who do not have data wage exchange matches due to lack of social security number on file. The agency complies with

§435.916(e) and §435.907(e) by requesting, but not requiring a non-applicant's social security number, and ensuring that provision of such social security number is voluntary.

**CFDA No:** 93.778

**Finding No:** 2016-008, 2017-004, 2018-023, 2019-088

**Federal Program Name:** Medicaid Cluster

**Status:** Corrected

**CFDA No:** 93.778

**Finding No:** 2019-089

**Federal Program Name:** Medicaid Cluster

**Status:** Partially Corrected, (*OKDHS Response*) This gap in transmission was due to a technical issue at OMES that was not resolved until after the window of time that the IRS allows the report to be downloaded had closed. We maintain a transfer log that captures the outcome of all transfers.

Unfortunately, another of the same type of issue occurred the following August, causing another missed report. The operating system for the IRS Tumbleweed machine was upgraded to a current version in early 2021, causing the IRS certificates to be invalidated. Since the upgrade, we have been waiting on the certificates to be upgraded, and for the resolution of related technical issues, which have resulted in a long stretch of missed transfers that we hope to have resolved very soon.

(*OHCA Response*) OHCA Member Audit Unit will monitor, on a monthly basis, the completion of scheduled data exchange jobs. Failed jobs will result in a request to OHS to determine the appropriate remedy occurred to address the failed job.



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**CFDA NO:** 10.557

**FINDING NO:** 2018-001

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

**STATUS:** Corrected

**CFDA NO:** 10.557

**FINDING NO:** 2018-071

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

**STATUS:** Not Corrected

OSDH currently has an allocation in place that should move the 1330 account code to a state fund. If any make it onto the federal funding we remove them before the grant is reported.

**CFDA NO:** 93.268

**FINDING NO:** 2019-041

**FEDERAL PROGRAM NAME:** Immunization Cooperative Agreements

**STATUS:** Corrected

**CFDA NO:** 93.268

**FINDING NO:** 2019-073

**FEDERAL PROGRAM NAME:** Immunization Cooperative Agreements

**STATUS:** Corrected

**CFDA NO:** 93.268

**FINDING NO:** 2019-084

**FEDERAL PROGRAM NAME:** Immunization Cooperative Agreements

**STATUS:** Not Corrected

OSDH will review the data that is received from the program to ensure that the cash amount are correct to ensure accuracy on the GAAP package schedule Z. We currently have added an extra reviewing layer to ensure that there is no discrepancies between the reports and schedule Z.

**CFDA NO:** 93.268

**FINDING NO:** 2019-085

**FEDERAL PROGRAM NAME:** Immunization Cooperative Agreements

**STATUS:** Not Corrected

Procedures will be put in place to ensure Pathfinder excess contributions are not charged to Federal grants. In the grant closeout process, we have added a review of the charges to identify if any 1330's have been charged to the federal grant. The accounting staff will request a journal entry from the reconciliation staff to have those moved to a state budget.

**CFDA NO:** 93.505; 93.870

**FINDING NO:** 2017-059, 2018-001

**FEDERAL PROGRAM NAME:** Maternal, Infant, and Early Childhood Home Visiting Cluster

**STATUS:** Not Corrected

OSDH is adding a query in PeopleSoft to make sure that this category is completed. OSDH is moving to PeopleSoft phase II which will add a project ID that will track all expenses related to a particular grant to ensure that only the correct expenses are added to each project.

**CFDA NO:** 93.505; 93.870

**FINDING NO:** 2017-065, 2018-028

**FEDERAL PROGRAM NAME:** Maternal, Infant, and Early Childhood Home Visiting Cluster

**STATUS:** Partially corrected

The Internal audit unit of OSDH performs an invoice validation within their limited scope audit. The audit includes validating the invoice as well as other aspects related to the compliance of the Sub-Recipients Operations as guided by 2 - CFR-200. These audits (Invoice Validations) will be performed for each sub-recipient not required to receive a single audit, preferably in the first two years of the project period, with the higher risk entities being the priority. Required single audits will be reviewed on an annual basis.

**CFDA NO:** 93.917

**FINDING NO:** 2019-068

**FEDERAL PROGRAM NAME:** HIV Care Formula Grant

**STATUS:** Not Corrected

This process was completed, but after the end of the fiscal year which may not have been reflected in the GraceR20 that was submitted.

**CFDA NO:** 93.917

**FINDING NO:** 2017-062, 2018-003, 2019-069

**FEDERAL PROGRAM NAME:** HIV Care Formula Grant

**STATUS:** Corrected

**CFDA NO:** 93.917

**FINDING NO:** 2019-070

**FEDERAL PROGRAM NAME:** HIV Care Formula Grant

**STATUS:** Not corrected

The OSDH procurement staff currently maintains a log of sub-recipient contracts. This list is forwarded to the grants unit on a monthly basis. The grant unit reviews the document for inclusion on the SEFA report. The grants unit maintains a list of grants including the FAIN #. This list is now supplied to OSDH procurement who will review Federal Award Identifying Numbers (FAINs) for inclusion on the sub-recipient award documentation. The Procurement Division will hire sufficient employees or adjust monitoring workloads to ensure OSDH is able to adequately monitor sub-recipients in accordance with the CMP.

This is not occurring monthly.

**CFDA NO:** 93.917

**FINDING NO:** 2019-071

**FEDERAL PROGRAM NAME:** HIV Care Formula Grant

**STATUS:** Corrected

**CFDA NO:** 93.917

**FINDING NO:** 2017-058, 2018-001, 2019-072

**FEDERAL PROGRAM NAME:** HIV Care Formula Grant

**STATUS:** Not Corrected

Rebates were not included in the 2020 SEFA as per federal guidelines. Rebate expenses were incurred on the 411 fund and the grant expenditures were on the 410 fund.



**CFDA No:** 93.575, 93.596

**Finding No:** 2019-001

**Program Name:** CCDF Cluster

**Status: Not Corrected.** The Oklahoma Department of Human Services does not concur that checklists were inadequately documented in relation to compliance with Health and safety requirements. A statement was added to the monitoring checklist in 2015 which states that “all items on the checklist were monitored and found to be in compliance at the time of the monitoring visit unless marked otherwise.” In addition, a statement was incorporated into the child care center monitoring checklist in 2016 stating that “All items listed below are compliant unless marked as “NC” Non-compliant or “NR” Not reviewed.” The OKDHS asserts that the act of checking a box as compliant does not provide any additional evidence or value to the process when the instructions clearly state that only non-compliant areas require additional documentation and the employee attests that the inspection was fully completed. The format of the current monitoring checklist and summary used by licensing staff has not changed from the monitoring checklist and summary previously approved. It appears CCS staff followed existing DHS policy, OAC 340:110-1-9, when completing the monitoring checklists. In addition CCS staff complete rigorous training to ensure the monitoring visits and checklists are completed according to DHS policy. Child Care Services will research the option of revising the current monitoring forms and implementing procedures to ensure all monitoring visits are documented in a manner that clearly conveys all health and safety requirements were reviewed for the facility by 12-1-21. Training and annual quality reviews were put in place and are ongoing.

**CFDA No:** 93.558

**Finding No:** 2019-014

**Program Name:** TANF Cluster

**Status: Corrected.**

**CFDA No:** 93.558

**Finding No:** 2019-015

**Program Name:** TANF Cluster

**Status: Corrected**

**FDA No:** 10.551

**Finding No:** 2018-067, 2019-016

**Program Name:** SNAP Cluster

**Status: Not Corrected.** The exceptions noted were all related to manual controls around the inventory, issuance, and destruction of EBT cards. They are performed by hundreds of DHS employees working in 75 different county offices. Training and monitoring are the key tools used to ensure compliance but employee turnover and the pandemic induced work environment changes presented new challenges in SFY2020.

The OKDHS was forced to make changes to the card replacement processes to limit contact which included mailing replacement cards to clients rather than asking them to come to the office. FNS regulations allow us to mail cards to clients and a signature is not required in those cases. We are using a new revised form for all field offices for the client’s signature; however, we are still mailing cards out to clients that are printed in the field offices when requested. The EBT Specialist will appropriately mark “mailed” in place of the signature on the revised client signature form.

The AFS will continue to conduct Back to Basics training for all field EBT Specialists to make sure they are deactivating returned cards before destroying them. It is important to note that the card deactivation exceptions were all related to one new employee who was still in training.

The OKDHS maintains that having the card stock in a locked file cabinet and the keys to this cabinet in a secure area that is only accessible to DHS employees does not violate federal regulations as found in Title 7 Chapter II Subchapter C Section 274.5 and does not show any degradation of security. The DHS is removing card stock and EBT card printers from offices that only have one employee. DHS employees have the ability to work remotely and daily inventories will only be performed on the days that employees actually work in the office.



**CFDA No:** 93.558

**Finding No:** 2019-024

**Program Name:** TANF Cluster

**Status:** Corrected

**CFDA No:** 93.558; 93.714

**Finding No:** 07-830-015, 08-830-015, 09-830-027, 10-830-031, 11-830-012, 12-830-001, 2013-034, 2014-020, 2015-014, 2016-013, 2019-025

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

**Status:** **Not Corrected.** The extreme increase in caseloads due to the worldwide pandemic contributed to this repeat finding. Now that caseloads are moving back to normal rates, staff will better be able to address and keep up with the G1DX errors. All field staff were required to participate in the new LMS G1DX training by May 31, 2021. This has now been completed. In addition, this finding will added to AFS leadership agenda as well as addressed with the County Directors at the State Leadership Training & the State Supervisors Training, both being held in July, 2021. The process itself is currently under review for possible revision in SFY2022.

Work continues on creating an automated report to provide error counts and details to OHCA for monitoring purposes. Unfortunately, resource shortages at OMES have slowed progress, but progress is still being made and we hope to be able to project a completion time shortly. In the interim, employee training workshops focused solely on training staff in the timely handling of G1DX errors have been conducted in all field areas around the state within the last three months. We can also look at possibly manually generating a report from the DHS unit after we discuss the parameters and frequency that the report needs to be generated.

**CFDA No:** 10.551

**Finding No:** 2019-025

**Program Name:** SNAP Cluster

**Status:** **Not Corrected.** The extreme increase in caseloads due to the worldwide pandemic contributed to this repeat finding. Now that caseloads are moving back to normal rates, staff will better be able to address and keep up with the G1DX errors. All field staff were required to participate in the new LMS G1DX training by May 31, 2021. This has now been completed. In addition, this finding will added to AFS leadership agenda as well as addressed with the County Directors at the State Leadership Training & the State Supervisors Training, both being held in July, 2021. The process itself is currently under review for possible revision in SFY2022.

Work continues on creating an automated report to provide error counts and details to OHCA for monitoring purposes. Unfortunately, resource shortages at OMES have slowed progress, but progress is still being made and we hope to be able to project a completion time shortly. In the interim, employee training workshops focused solely on training staff in the timely handling of G1DX errors have been conducted in all field areas around the state within the last three months. We can also look at possibly manually generating a report from the DHS unit after we discuss the parameters and frequency that the report needs to be generated.

**CFDA No:** 93.575, 93.596

**Finding No:** 2019-025

**Program Name:** CCDF Cluster

**Status:** **Not Corrected.** The extreme increase in caseloads due to the worldwide pandemic contributed to this repeat finding. Now that caseloads are moving back to normal rates, staff will better be able to address and keep up with the G1DX errors. All field staff were required to participate in the new LMS G1DX training by May 31, 2021. This has now been completed. In addition, this finding will added to AFS leadership agenda as well as addressed with the County Directors at the State Leadership Training & the State Supervisors Training, both being held in July, 2021. The process itself is currently under review for possible revision in SFY2022.



Work continues on creating an automated report to provide error counts and details to OHCA for monitoring purposes. Unfortunately, resource shortages at OMES have slowed progress, but progress is still being made and we hope to be able to project a completion time shortly. In the interim, employee training workshops focused solely on training staff in the timely handling of G1DX errors have been conducted in all field areas around the state within the last three months. We can also look at possibly manually generating a report from the DHS unit after we discuss the parameters and frequency that the report needs to be generated.

**CFDA No:** 93.778

**Finding No:** 2019-025

**Program Name:** Medicaid Cluster

**Status: Not Corrected.** The extreme increase in caseloads due to the worldwide pandemic contributed to this repeat finding. Now that caseloads are moving back to normal rates, staff will better be able to address and keep up with the G1DX errors. All field staff were required to participate in the new LMS G1DX training by May 31, 2021. This has now been completed. In addition, this finding will be added to AFS leadership agenda as well as addressed with the County Directors at the State Leadership Training & the State Supervisors Training, both being held in July, 2021. The process itself is currently under review for possible revision in SFY2022.

Work continues on creating an automated report to provide error counts and details to OHCA for monitoring purposes. Unfortunately, resource shortages at OMES have slowed progress, but progress is still being made and we hope to be able to project a completion time shortly. In the interim, employee training workshops focused solely on training staff in the timely handling of G1DX errors have been conducted in all field areas around the state within the last three months. We can also look at possibly manually generating a report from the DHS unit after we discuss the parameters and frequency that the report needs to be generated.

**CFDA No:** 93.558

**Finding No:** 2019-027

**Program Name:** TANF Cluster

**Status: Not Corrected.** The Oklahoma Department of Human Services was notified of the SFY 2019 exceptions in late April of 2020. With the audit process running almost a year in arrears, the OKDHS does not have an opportunity to address these unknown control exceptions until the end of the following fiscal year increasing the risk of repeat findings. The OKDHS implemented a statewide corrective action plan that began in June 2020, requiring ALL TANF 52A closures to have a second party supervisory review, prior to closing the TANF case. The cases discovered by SAI in this instance fell outside of the time period this was established. As part of the newly required second party supervisory review, the Supervisor ensures that all steps of determining good cause is established, and the appropriate documentation is imaged into the case record prior to the Supervisor passing on review.

**CFDA No:** 93.558

**Finding No:** 2019-028

**Program Name:** TANF Cluster

**Status: Not Corrected.** The Oklahoma Department of Human Services was notified of the SFY 2019 exceptions in late April of 2020. With the audit process running almost a year in arrears, the OKDHS does not have an opportunity to address these unknown control exceptions until the end of the following fiscal year increasing the risk of repeat findings. The OKDHS implemented a statewide corrective action plan that began in June 2020, requiring ALL TANF 52A closures to have a second party supervisory review prior to closing the TANF case. The cases discovered by SAI in were prior to the time period this was established. As part of the newly required second party supervisory review, the Supervisor ensures that all steps of determining good cause is established, and the appropriate documentation is imaged into the case record and case notes documenting the reason good cause was not established prior to the Supervisor passing on review.

**CFDA No:** 93.575, 93.596

**Finding No:** 2019-031

**Program Name:** CCDF Cluster



**Status: Partially Corrected.** The Oklahoma Department of Human Services partially concurs with the finding. While the internal tracking spreadsheet for the ACF-696 only reflected \$9,569,754 of administrative spending on Quality and \$2,062,534 of administrative spending on Quality I&T, the agency is allowed to use part of the direct services expenditures resulting from a rate increase to 3.0 star providers. This rate increase began in August 2018 and was designed to increase Quality standards and initiatives at providers. With the antiquated systems currently in place, the agency was not able to provide this data for FFY2019; though it is very clear the 8% and 3% thresholds were adequately met when the direct service expenditures are analyzed. Beginning with FFY2020, the agency does not anticipate any troubles providing sufficient data to show quality standards are being met at both the 9% (new reservation earmark) and 3% for that fiscal year.

In regard to the matching, the agency has fully updated and more thoroughly automated both the draw sheet and ACF-696 tracking sheet as of the start of FFY20. This update will help prevent human error in future transactions and will allow for better controls.

**CFDA No:** 93.558

**Finding No:** 2019-043

**Program Name:** TANF Cluster

**Status: Not Corrected.** The Oklahoma Department of Human Services was notified of the SFY 2019 exceptions in late April of 2020. With the audit process running almost a year in arrears, the OKDHS does not have an opportunity to address these unknown control exceptions until the end of the following fiscal year increasing the risk of repeat findings. Back to Basics training is ongoing to address the eligibility & redetermination forms/documentation that are required to be uploaded into the case record.

**CFDA No:** 93.558

**Finding No:** 2019-044

**Program Name:** TANF Cluster

**Status: Not Corrected.** The Oklahoma Department of Human Services was notified of the SFY 2019 exceptions in late April of 2020. With the audit process running almost a year in arrears, the OKDHS does not have an opportunity to address these unknown control exceptions until the end of the following fiscal year increasing the risk of repeat findings. This is a manual process that is dependent on a review to detect missing documentation in the case file. The DHS Employees involved on this finding will attend the TANF Academy training in June.

**CFDA No:** 93.558

**Finding No:** 2019-045

**Program Name:** TANF Cluster

**Status: Not Corrected.** The Oklahoma Department of Human Services was notified of the SFY 2019 exceptions in late April of 2020. With the audit process running almost a year in arrears, the OKDHS does not have an opportunity to address these unknown control exceptions until the end of the following fiscal year increasing the risk of repeat findings. Back to Basics training is ongoing to address the TANF Hardship Extension process, the timeframe a TW-24 should be submitted for review, and information needed for the submission for approval. This training includes ensuring that the TW-24 is imaged into the case record in a timely manner.

**CFDA No:** 93.667

**Finding No:** 2019-050

**Program Name:** Social Services Block Grant

**Status: Not Corrected.** The Oklahoma Department of Human Services is awaiting a decision from the Administration for Children and Families Audit Resolution team from this same issue on the SFY19 audit. The OKDHS has had many discussions with the ACF on this matter and we believe they will uphold the methodology used on the expenditures for the provided services and activities.

For information purposes, the \$14,479,300 of expenditures charged to the TANF Transfer to SSBG was spent on activities as defined in the Uniform Definition of Services for SSBG. These activities fall primarily on Prevention



and Intervention Services in Child Welfare (#20); as well as Foster Care Services for Children (#11). For SFY20, the agency expended over \$70M on these services within payroll of Child Welfare Services case workers. These activities are designed to both promote a stable and healthy living environment for children out-of-the-home and to establish a safe environment for those children who can remain in the home.

**CFDA No:** 93.558  
**Finding No:** 2019-051  
**Program Name:** TANF Cluster  
**Status:** Corrected

**CFDA No:** 93.558  
**Finding No:** 2019-052  
**Program Name:** TANF Cluster  
**Status:** Corrected

**CFDA No:** 93.658  
**Finding No:** 2017-050, 2018-052, 2019-063  
**Program Name:** Foster Care – Title IV-E  
**Status:** **Not Corrected.** This was partially corrected. By the beginning of FY22, OKDHS will modify its sub-recipient agreements to ensure all required award identification is provided. OKDHS will ensure all sub-recipients provide performance reports in addition to their detailed financial and to ensure OKDHS can assess sub-recipient compliance with program requirements and achievements of performance goals. OKDHS will establish policies and procedures to ensure OKDHS receives and reviews a single audit or program specific audit from those sub-recipients who expend \$750,000 or more in Federal awards as required by 2 CFR 200.501. Currently, sub-recipient claims are not processed until we receive the performance report. Single audit procedures have already been established with OIG.

**CFDA No:** 93.558  
**Finding No:** 2019-067  
**Program Name:** TANF Cluster  
**Status:** **Not Corrected.** The DHS believes grant year 2017 had to be reported with the full expenditures (as the SF425 instruction state) since it was fully expended before the QE June 2020. In future submissions, detailed steps will be documented to show the expenditures for the fiscal year and the reconciliation of prior year amounts on the SF425.

**CFDA No:** 93.558  
**Finding No:** 2019-074  
**Program Name:** TANF Cluster  
**Status:** Corrected

**CFDA No:** 93.558  
**Finding No:** 2019-075  
**Program Name:** TANF Cluster  
**Status:** Corrected

**CFDA No:** 93.575, 93.596  
**Finding No:** 2019-083  
**Program Name:** CCDF Cluster  
**Status:** Corrected

**CFDA No:** 93.659  
**Finding No:** 2017-051



**Program Name:** Adoption Assistance Program

**Status: Not Corrected.** The Oklahoma Department of Human Services is currently developing a process to reconcile source documentation supporting the reported expenditures of Adoption Savings for Post-Adoption or Post-Guardianship Services reported on the CB-496. This process will include an independent review from an appropriate individual allowing more visibility to follow the process. The DHS plans to have this in place prior to filing the CB-496 for the 2021 Federal Fiscal Year.

**CFDA No:** 93.568

**Finding No:** 2017-009

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

**Status: Not Corrected.** The OKDHS has internal procedures to ensure that LIHEAP Household Reports are timely submitted in accordance with Federal reporting guidelines. We are reliant on OMES as our IT resource to provide the system reports used to complete the Household Report as well as supply the data files used by SAI for audit purposes. The OMES LIHEAP lead programmer retired on 12/30/2019. Weatherization data was also delayed from the Department of Commerce. The initial Household reports did not contain Heating data. We submitted a trouble ticket to OMES and did not get the corrected reports until March 27, 2020 which resulted in a late filing.

The Household Report consists of unduplicated LIHEAP households. The LIHEAP data files contain individual payment details. It is a very complex process to convert raw data from the various systems to the numbers needed for the Household reports and to create the payment data files. The OKDHS uses the household reports to provide consistency and accuracy for reporting purposes. The Household Reports use data that is not included in the payment data files provided to SAI. We have submitted a trouble ticket to OMES to determine the cause of the discrepancy and will take appropriate actions based on the findings.



**➤ Financial Services**

April 30, 2021

**CFDA No:** 96.001; 96.006

**Finding No:** 2019-037

**Program Name:** Disability Insurance/SSI Cluster

**Status:** Partially corrected. We now have a solid understanding regarding the finding, have fixed formulas that were not correct in the Excel spreadsheets, have notes to double check formulas, and have a process in place for DRS to double check the math to ensure that this doesn't happen again in the future. FSD has implemented a procedure to review each column and row addition on the SSA-4514, and to verify that the appropriate totals are carried forward to the total lines.

**CFDA No:** 96.001; 96.006

**Finding No:** 2019-038

**Program Name:** Disability Insurance/SSI Cluster

**Status:** Corrected

**CFDA No:** 96.001; 96.006

**Finding No:** 2019-040

**Program Name:** Disability Insurance/SSI Cluster

**Status:** Partially corrected. The DDS will readdress the importance of validating the checklist with the Professional Relations Officer. DDS will readdress the process of inactivating vendors with responsible staff. SSA is in the process of transitioning to a new case management system for the DDS. The details of how best to monitor active/inactive vendors is not currently known. DDS will review procedures involved with the new system to comply with the identified issue.

**CFDA No:** 84.126

**Finding No:** 2019-079

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

**Status:** Corrected

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Executive Director Melinda Fruendt  
Commissioners Theresa Flannery, Wes Hilliard and Jace Wolfe



**Reference Number:** 18-695-006; 19-695-023

**Fund Type:** Governmental Funds: General Fund

**Account:** Taxes Receivable

**Status:** Corrected

**Reference Number:** 18-695-006; 19-695-024

**Fund Type:** Government-wide: Governmental Activities; Governmental Funds: General Fund

**Account:** Taxes Receivable

**Status:** Corrected

**Reference Number:** 18-695-006; 19-695-026

**Fund Type:** Government-wide: Governmental Activities; Governmental Funds: General Fund

**Account:** Taxes Receivable

**Status:** Corrected

**Reference Number:** 19-695-029

**Fund Type:** Fiduciary Fund: Agency Fund; Governmental Funds: General Fund

**Account:** Cash/Cash Equivalents

**Status:** Corrected



June 8, 2021

**Finding No:** 2018-065

**CFDA No:** 20.205

**Program Name:** Highway Planning and Construction Cluster

**Status:** Partially Corrected.

The risk assessment is in development.

O·K·L·A·H·O·M·A  
S·A·I  
STATE AUDITOR & INSPECTOR



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